

H.B. No. 2

SPECIAL PRINTING

Text of H.B. No. 2 as amended by the Senate

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H.B. No. 2

A BILL TO BE ENTITLED

1 AN ACT

2 relating to public education, public school finance matters, and
3 the imposition of a state ad valorem tax; imposing criminal
4 penalties.

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

6 ARTICLE 1. PUBLIC SCHOOL FINANCE

7 PART A. EDUCATION FUNDING AND SCHOOL PROPERTY TAX RELIEF

8 SECTION 1A.01. Sections 41.002(a) and (e), Education Code,
9 are amended to read as follows:

10 (a) A school district may not have a wealth per student
11 that exceeds \$339,000 [~~\$305,000~~].

12 (e) Notwithstanding Subsection (a), and except as provided
13 by Subsection (g), in accordance with a determination of the
14 commissioner, the wealth per student that a school district may
15 have after exercising an option under Section 41.003(2) or (3)
16 may not be less than the amount needed to maintain state and
17 local revenue in an amount equal to state and local revenue per
18 weighted student for maintenance and operation of the district
19 for the 1992-1993 school year less the district's current year
20 distribution per weighted student from the available school

1 fund, other than amounts distributed under Chapter 31, if the
2 district imposes an effective tax rate for maintenance and
3 operation of the district equal to the greater of the district's
4 current tax rate or the maximum maintenance tax rate permitted
5 under Section 45.003 [~~\$1.50 on the \$100 valuation of taxable~~
6 ~~property~~].

7 SECTION 1A.02. Section 41.157(d), Education Code, is
8 amended to read as follows:

9 (d) Notwithstanding Section 45.003, the consolidated taxing
10 district may levy, assess, and collect a maintenance tax for the
11 benefit of the component districts at a rate that exceeds the
12 maximum maintenance tax rate permitted under Section 45.003
13 [~~\$1.50 per \$100 valuation of taxable property~~] to the extent
14 necessary to pay contracted obligations on the lease purchase of
15 permanent improvements to real property entered into on or
16 before May 12, 1993. The proposition to impose taxes at the
17 necessary rate must be submitted to the voters in the manner
18 provided by Section 45.003.

19 SECTION 1A.03. Section 42.005(a), Education Code, is
20 amended to read as follows:

21 (a) In this chapter, average daily attendance is:

22 (1) the quotient of the sum of attendance for each day
23 of the minimum number of days of instruction as described under

1 Section 25.081(a) divided by the minimum number of days of
2 instruction; [~~or~~]

3 (2) for a district that operates under a flexible year
4 program under Section 29.0821, the quotient of the sum of
5 attendance for each actual day of instruction as permitted by
6 Section 29.0821(b)(1) divided by the number of actual days of
7 instruction as permitted by Section 29.0821(b)(1); or

8 (3) for a district that operates under a flexible
9 school day program under Section 29.0822, the quotient of the
10 sum of attendance for each full-time equivalent day of
11 instruction divided by the minimum number of days of instruction
12 as described under Section 25.081(a).

13 SECTION 1A.04. Subchapter A, Chapter 42, Education Code, is
14 amended by adding Section 42.008 to read as follows:

15 Sec. 42.008. REPORT ON EDUCATION SPENDING. Before each
16 regular session of the legislature, the Legislative Budget Board
17 shall submit to the commissioner and the legislature a report
18 that includes:

19 (1) a description of the amount of all spending on
20 primary and secondary education in this state, disaggregated by
21 federal, state, and local spending and spending by private
22 entities; and

23 (2) an analysis of the state's portion of spending.

1 SECTION 1A.05. Section 42.2512, Education Code, is amended
2 by adding Subsection (a-1) to read as follows:

3 (a-1) In addition to any amounts to which a school district
4 is entitled under Section 42.2541, a school district, including
5 a school district that is otherwise ineligible for state aid
6 under this chapter, is entitled to state aid in an amount, as
7 determined by the commissioner, equal to the product of the
8 following amount, as applicable, multiplied by the number of
9 classroom teachers, full-time librarians, full-time counselors
10 certified under Subchapter B, Chapter 21, and full-time school
11 nurses employed by the district and entitled to a minimum salary
12 under Section 21.402:

13 (1) \$1,500; or

14 (2) \$2,000, if H.B. No. 3, Acts of the 79th
15 Legislature, Regular Session, 2005, takes effect immediately.

16 SECTION 1A.06. Section 42.252(a), Education Code, is
17 amended to read as follows:

18 (a) Each school district's share of the Foundation School
19 Program is determined by the following formula:

20
$$\text{LFA} = \text{TR} \times \text{DPV}$$

21 where:

22 "LFA" is the school district's local share;

23 "TR" is a tax rate which for each hundred dollars of

1 valuation is an effective tax rate of \$0.76 [~~\$0.86~~]; and

2 "DPV" is the taxable value of property in the school
3 district for the preceding tax year determined under Subchapter
4 M, Chapter 403, Government Code.

5 SECTION 1A.07. Section 42.253, Education Code, is amended
6 by adding Subsection (e-2) to read as follows:

7 (e-2) For the 2005-2006 school year, the limit authorized
8 by Subsection (e) is reduced by \$0.35. This subsection expires
9 September 1, 2006.

10 SECTION 1A.08. Subchapter E, Chapter 42, Education Code, is
11 amended by adding Sections 42.2541 and 42.2542 to read as
12 follows:

13 Sec. 42.2541. ADDITIONAL TRANSITIONAL AID. (a) In this
14 section, "weighted average daily attendance" has the meaning
15 assigned by Section 42.302.

16 (b) Notwithstanding Section 42.253, a school district is
17 entitled to the amount of state revenue necessary to maintain
18 state and local revenue in an amount equal to the sum of:

19 (1) the amount of state and local revenue per student
20 in weighted average daily attendance for maintenance and
21 operation of the district that would have been available to the
22 district if the funding elements under Chapters 41 and 42,
23 including any amounts the district would have received under

1 Rider 82, page III-23, Chapter 1330, Acts of the 78th
2 Legislature, Regular Session, 2003 (the General Appropriations
3 Act), in effect during the 2004-2005 school year, were in effect
4 for the current school year; and

5 (2) an amount equal to \$37 per weighted student in
6 average daily attendance.

7 (c) The commissioner may increase the amount to which a
8 school district is entitled under Subsection (b) as the
9 commissioner determines necessary.

10 (d) The commissioner shall determine the amount of state
11 funds to which a school district is entitled under this section,
12 including the amount per student in weighted average daily
13 attendance, and shall make that determination available to the
14 Legislative Budget Board. The commissioner's determination is
15 final and may not be appealed.

16 Sec. 42.2542. TEMPORARY LIMITATIONS ON AID. (a)
17 Notwithstanding any other provision of this subtitle, for the
18 2005-2006 school year, the commissioner shall withhold from a
19 school district the amount of state funds necessary to ensure
20 that the district does not receive an amount of state and local
21 revenue per student in weighted average daily attendance that is
22 greater than 103 percent of the amount to which the district is
23 entitled under Section 42.2541(b)(1).

1 (b) The commissioner shall determine the amount of state
2 funds required to be withheld under this section. The
3 commissioner's determination is final and may not be appealed.

4 (c) This section expires September 1, 2006.

5 SECTION 1A.09. Subchapter E, Chapter 42, Education Code, is
6 amended by adding Section 42.261 to read as follows:

7 Sec. 42.261. USE OF CERTAIN REVENUE FOR ENHANCED SUPPORT
8 STAFF COMPENSATION. (a) Beginning with the 2005-2006 school
9 year, a school district must use state and local maintenance and
10 operations revenue to provide enhanced compensation to district
11 support staff.

12 (b) The commissioner shall adopt rules necessary to
13 implement this section. The rules must ensure compensation
14 provided to district support staff described by Section 22.007
15 is increased by the amounts specified by that section.

16 SECTION 1A.10. Section 42.302, Education Code, is amended
17 by amending Subsection (a) and adding Subsection (a-1) to read
18 as follows:

19 (a) Each school district is guaranteed a specified amount
20 per weighted student in state and local funds for each cent of
21 tax effort over that required for the district's local fund
22 assignment up to the maximum level specified in this subchapter.

23 The amount of state support, subject only to the maximum amount

1 under Section 42.303, is determined by the formula:

2
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

3 where:

4 "GYA" is the guaranteed yield amount of state funds to be
5 allocated to the district;

6 "GL" is the dollar amount guaranteed level of state and
7 local funds per weighted student per cent of tax effort, which
8 is the amount of district tax revenue per weighted student, per
9 cent of tax effort available to a school district at the 90th
10 percentile in wealth per student, as determined by the
11 commissioner [~~\$27.14~~] or a greater amount for any year provided
12 by appropriation;

13 "WADA" is the number of students in weighted average daily
14 attendance, which is calculated by dividing the sum of the
15 school district's allotments under Subchapters B and C, less any
16 allotment to the district for transportation, any allotment
17 under Section 42.158, and 50 percent of the adjustment under
18 Section 42.102, by the basic allotment for the applicable year;

19 "DTR" is the district [~~enrichment~~] tax rate of the school
20 district, which is determined by subtracting the amounts
21 specified by Subsection (b) from the total amount of maintenance
22 and operations taxes collected by the school district for the
23 applicable school year and dividing the difference by the

1 quotient of the district's taxable value of property as
2 determined under Subchapter M, Chapter 403, Government Code, or,
3 if applicable, under Section 42.2521, divided by 100; and

4 "LR" is the local revenue, which is determined by
5 multiplying "DTR" by the quotient of the district's taxable
6 value of property as determined under Subchapter M, Chapter 403,
7 Government Code, or, if applicable, under Section 42.2521,
8 divided by 100.

9 (a-1) In this section, "wealth per student" means a school
10 district's taxable value of property as determined under
11 Subchapter M, Chapter 403, Government Code, divided by the
12 number of students in weighted average daily attendance in the
13 district.

14 SECTION 1A.11. Section 42.303, Education Code, is amended
15 to read as follows:

16 Sec. 42.303. LIMITATION ON [~~ENRICHMENT~~] TAX RATE. The
17 district [~~enrichment~~] tax rate ("DTR") under Section 42.302 may
18 not exceed \$0.39 [~~\$0.64~~] per \$100 of valuation, or a greater
19 amount for any year provided by appropriation.

20 SECTION 1A.12. Section 45.003, Education Code, is amended
21 by amending Subsection (d) and adding Subsections (e) and (f) to
22 read as follows:

23 (d) A proposition submitted to authorize the levy of

1 maintenance taxes must include the question of whether the
2 governing board or commissioners court may levy, assess, and
3 collect annual ad valorem taxes for the further maintenance of
4 public schools, at a rate not to exceed the rate, which may be
5 not more than \$1.15 [~~\$1.50~~] on the \$100 valuation of taxable
6 property in the district, stated in the proposition.

7 (e) An election held before January 1, 2005, authorizing a
8 maintenance tax at a rate of at least \$1.15 on the \$100
9 valuation of taxable property in the district is sufficient to
10 authorize a rate of \$1.15 or less for the 2005 tax year. An
11 election held before January 1, 2006, authorizing a maintenance
12 tax at a rate of at least \$1.10 on the \$100 valuation of taxable
13 property in the district is sufficient to authorize a rate of
14 \$1.10 or less for the 2006 tax year or a subsequent tax year.

15 (f) Notwithstanding Subsections (d) and (e) if a school
16 district's maintenance and operations tax rate for the 2004 tax
17 year exceeded a rate of \$1.50 for each \$100 of taxable value of
18 property, the district is entitled to impose an ad valorem tax
19 under this section:

20 (1) without authorization at an election held for that
21 purpose; and

22 (2) at a rate not to exceed the sum of:

23 (A) the rate authorized under this section; and

1 (B) a rate equal to the amount by which the
2 district's maintenance and operations tax rate for the 2004 tax
3 year exceeded a rate of \$1.50 for each \$100 of taxable value of
4 property.

5 SECTION 1A.13. Sections 45.006(b) and (f), Education Code,
6 are amended to read as follows:

7 (b) Notwithstanding Section 45.003, a school district may
8 levy, assess, and collect maintenance taxes at a rate that
9 exceeds the maximum maintenance tax rate permitted under Section
10 45.003 [~~\$1.50 per \$100 valuation of taxable property~~] if:

11 (1) additional ad valorem taxes are necessary to pay a
12 debt of the district that:

13 (A) resulted from the rendition of a judgment
14 against the district before May 1, 1995;

15 (B) is greater than \$5 million;

16 (C) decreases a property owner's ad valorem tax
17 liability;

18 (D) requires the district to refund to the
19 property owner the difference between the amount of taxes paid
20 by the property owner and the amount of taxes for which the
21 property owner is liable; and

22 (E) is payable according to the judgment in more
23 than one of the district's fiscal years; and

1 (2) the additional taxes are approved by the voters of
2 the district at an election held for that purpose.

3 (f) The governing body of a school district that adopts a
4 tax rate that exceeds the maximum maintenance tax rate permitted
5 under Section 45.003 [~~\$1.50 per \$100 valuation of taxable~~
6 ~~property~~] may set the amount of the exemption from taxation
7 authorized by Section 11.13(n), Tax Code, at any time before the
8 date the governing body adopts the district's tax rate for the
9 tax year in which the election approving the additional taxes is
10 held.

11 SECTION 1A.14. Section 403.302, Government Code, is amended
12 by adding Subsection (c-1) to read as follows:

13 (c-1) This subsection applies only to a school district
14 whose central administrative office is located in a county with
15 a population of 9,000 or less and a total area of more than
16 6,000 square miles. If after conducting the annual study for a
17 tax year the comptroller determines that the local value for a
18 school district is not valid, the comptroller shall adjust the
19 taxable value determined under Subsections (a) and (b) as
20 follows:

21 (1) for each category of property sampled and tested
22 by the comptroller in the school district, the comptroller shall
23 use the weighted mean appraisal ratio determined by the study,

1 unless the ratio is more than four percentage points lower than
2 the weighted mean appraisal ratio determined by the comptroller
3 for that category of property in the immediately preceding
4 study, in which case the comptroller shall use the weighted mean
5 appraisal ratio determined in the immediately preceding study
6 minus four percentage points;

7 (2) the comptroller shall use the category weighted
8 mean appraisal ratios as adjusted under Subdivision (1) to
9 establish a value estimate for each category of property sampled
10 and tested by the comptroller in the school district; and

11 (3) the value estimates established under Subdivision
12 (2), together with the local tax roll value for any categories
13 not sampled and tested by the comptroller, less total deductions
14 determined by the comptroller, determines the taxable value for
15 the school district.

16 PART B. EDUCATION FUNDING AND EQUALIZATION

17 SECTION 1B.01. Section 42.002(b), Education Code, is
18 amended to read as follows:

19 (b) The Foundation School Program consists of:

20 (1) a basic program, as provided by this chapter, that
21 provides for [~~two tiers that in combination provide for:~~

22 [~~A~~] sufficient financing for all school
23 districts to provide a basic program of education that is rated

1 academically acceptable or higher under Section 39.072 and meets
2 other applicable legal standards; ~~and]~~

3 (2) an enrichment program, as provided by Subchapter
4 F, that includes a guaranteed yield component to provide ~~[(B)]~~
5 substantially equal access to funds to provide an enriched
6 program; and

7 (3) ~~[(2)]~~ a facilities component as provided by
8 Chapter 46.

9 SECTION 1B.02. Section 42.007, Education Code, is amended
10 by amending Subsection (c) and adding Subsection (e) to read as
11 follows:

12 (c) The funding elements must include:

13 (1) an accreditation ~~[a basic]~~ allotment for the
14 purposes of Section 42.101 that~~[, when combined with the~~
15 ~~guaranteed yield component provided by Subchapter F,]~~ represents
16 the cost per student of a regular education program that meets
17 all mandates of law and regulation;

18 (2) adjustments designed to reflect the variation in
19 known resource costs and costs of education beyond the control
20 of school districts;

21 (3) appropriate program cost differentials and other
22 funding elements for the programs authorized under Subchapter C,
23 with the program funding level expressed as dollar amounts and

1 as weights applied to the adjusted accreditation [~~basic~~]
2 allotment for the appropriate year;

3 (4) the maximum guaranteed level of qualified state
4 and local funds per student for the purposes of the enrichment
5 program under Subchapter F;

6 (5) the enrichment [~~and facilities~~] tax rate under
7 Subchapter F;

8 (6) the computation of students in weighted average
9 daily attendance under Section 42.302; and

10 (7) the amount to be appropriated for the school
11 facilities assistance program under Chapter 46.

12 (e) Notwithstanding Subsection (d), the board shall
13 contract for a comprehensive study of the funding elements. The
14 board shall report the results of the study to the commissioner
15 and the legislature not later than December 1, 2006. This
16 subsection expires January 1, 2007.

17 SECTION 1B.03. The heading to Subchapter B, Chapter 42,
18 Education Code, is amended to read as follows:

19 SUBCHAPTER B. BASIC PROGRAM [~~ENTITLEMENT~~]

20 SECTION 1B.04. Section 42.101, Education Code, is amended
21 to read as follows:

22 Sec. 42.101. ACCREDITATION [~~BASIC~~] ALLOTMENT. For each
23 student in average daily attendance, not including the time

1 students spend each day in special education programs in an
2 instructional arrangement other than mainstream or career and
3 technology education programs, for which an additional allotment
4 is made under Subchapter C, a district is entitled to an
5 accreditation allotment of \$4,300 [~~\$2,537~~]. A greater amount
6 for any school year may be provided by appropriation.

7 SECTION 1B.05. Section 42.102, Education Code, is amended
8 to read as follows:

9 Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) The
10 accreditation [~~basic~~] allotment for each district is adjusted to
11 reflect the geographic variation in known resource costs and
12 costs of education due to factors beyond the control of the
13 school district. The amount of the adjustment is 71 percent of
14 the total amount that would result from application of the cost
15 of education index adopted under this section, or a greater
16 amount for any year provided by appropriation.

17 (a-1) Notwithstanding any other provision of this section,
18 the initial amount of the cost of education index adjustment is
19 a percent determined by the Legislative Budget Board that would
20 result in a total amount of funds delivered under this section
21 that does not exceed the total amount of funds delivered using
22 the application of the cost of education index as it existed on
23 January 1, 2005.

1 (a-2) The Legislative Budget Board shall annually increase
2 the initial adjustment percentage determined under Subsection
3 (a) so that the percentage:

4 (1) increases at the same rate of growth as the
5 implementation of the small and mid-sized district adjustments
6 described by Sections 42.103(c-1) and (d-1); and

7 (2) does not exceed 71 percent.

8 (b) Except as provided by Subsection (c), the [The] cost of
9 education adjustment is determined using the average of the
10 three most recent index recomputations and adjustments adopted
11 by the Legislative Budget Board under Subsection (d) [~~cost of~~
12 education index adjustment adopted by the foundation school fund
13 budget committee and contained in Chapter 203, Title 19, Texas
14 Administrative Code, as that chapter existed on March 26, 1997].

15 (b-1) Except as provided by Subsection (c), the cost of
16 education index to be used in determining the cost of education
17 adjustment for the following school years is determined by the
18 following formulas:

19 (1) for the 2006-2007 school year:

20 $CEI = (TFE + (7 \times PCEI))/8$

21 (2) for the 2007-2008 school year:

22 $CEI = ((2 \times TFE) + (6 \times PCEI))/8$

23 (3) for the 2008-2009 school year:

1 CEI = ((2 x TFE) + (5 x PCEI) + LBBA)/8

2 (4) for the 2009-2010 school year:

3 CEI = ((2 x TFE) + (4 x PCEI) + (2 x LBBA))/8

4 (5) for the 2010-2011 school year:

5 CEI = ((2 x TFE) + (3 x PCEI) + (3 x LBBB))/8;

6 (6) for the 2011-2012 school year:

7 CEI = ((2 x TFE) + (2 x PCEI) + (4 x LBBB))/8;

8 (7) for the 2012-2013 school year:

9 CEI = ((2 x TFE) + PCEI + (5 x LBBC))/8; and

10 (8) for the 2013-2014 school year:

11 CEI = ((2 x TFE) + (6 x LBBC))/8

12 where:

13 "CEI" is the index to be used;

14 "TFE" is the teacher fixed effects index in the 2004 report
15 commissioned by the Joint Select Committee on Public School
16 Finance of the 78th Legislature;

17 "PCEI" is the index applied during the 2005-2006 school
18 year;

19 "LBBA" is the index adopted by the Legislative Budget Board
20 in accordance with Subsection (d) for the state fiscal biennium
21 beginning September 1, 2007;

22 "LBBB" is the index adopted by the Legislative Budget Board
23 in accordance with Subsection (d) for the state fiscal biennium

1 beginning September 1, 2009; and

2 "LBBC" is the index adopted by the Legislative Budget Board
3 in accordance with Subsection (d) for the state fiscal biennium
4 beginning September 1, 2011.

5 (c) If the adjustment provided by this section for a school
6 year is less than the adjustment to which a school district
7 would have been entitled using the index applied during the
8 2005-2006 school year, the district's adjustment shall be
9 computed using the index applied during the 2005-2006 school
10 year.

11 (c-1) The application of the cost of education index under
12 this section may not result in a greater difference between the
13 highest adjustment and the lowest adjustment than the difference
14 that existed between the highest and lowest adjustments under
15 Chapter 203, Title 19, Texas Administrative Code, as that
16 chapter existed on January 1, 2005. The Legislative Budget
17 Board shall increase the amount of the lowest adjustment to
18 satisfy this subsection.

19 (d) The Legislative Budget Board shall:

20 (1) conduct a study each biennium and recompute the
21 cost of education index; and

22 (2) adopt adjustments as the board determines are
23 necessary to ensure that the cost of education index reflects

1 current variations in known resource costs and costs of
2 education, including costs related to social security, due to
3 factors beyond the control of a school district.

4 (d-1) All information relating to the computation and
5 adoption of the cost of education index under this section,
6 including underlying data, assumptions, and computations used in
7 the development of the index, is public information.

8 (e) A school district may appeal a determination of the
9 Legislative Budget Board under Subsection (d) and request a
10 contested case hearing before an administrative law judge of the
11 State Office of Administrative Hearings. A district must pay
12 the cost of an appeal under this section. An appeal must be
13 limited to the computation and application of data under this
14 section and may not include an appeal of the methodology used to
15 compute the teacher fixed effects index.

16 (f) Subsection (b) applies beginning with the 2014-2015
17 school year. Subsections (a-1), (a-2), (b-1), and this
18 subsection expire September 1, 2015.

19 (g) Beginning with the 2007-2008 school year, the amount of
20 .062 (6.2 percent) is added to the adjustment provided for under
21 Subsections (b), (b-1), (c), and (d) for any school district
22 that pays taxes under 26 U.S.C. Section 3111(a), and its
23 subsequent amendments, for employees covered by the social

1 security retirement program, if the district covers all
2 employees and did so prior to January 1, 2005.

3 (h) Beginning with the 2007-2008 school year, the amount of
4 .031 (3.1 percent) is added to the adjustment provided for under
5 Subsections (b), (b-1), and (c) for any school district that
6 pays taxes under 26 U.S.C. Section 3111(a), and its subsequent
7 amendments, for employees covered by the social security
8 retirement program, if the district covers at least 25 percent
9 of its employees and did so prior to January 1, 2005.

10 (i) The commissioner may adopt rules necessary for the
11 implementation of this section.

12 SECTION 1B.06. Section 42.103, Education Code, is amended
13 by amending Subsections (a), (c), and (d) and adding Subsections
14 (c-1), (c-2), (d-1), and (f) to read as follows:

15 (a) The accreditation [~~base~~] allotment for certain small
16 and mid-sized districts is adjusted in accordance with this
17 section. In this section:

18 (1) "SA" [~~"AA"~~] is the district's size-adjusted
19 accreditation [~~adjusted~~] allotment per student;

20 (2) "ADA" is the number of students in average daily
21 attendance for which the district is entitled to an allotment
22 under Section 42.101; and

23 (3) "AA" [~~"ABA"~~] is the adjusted accreditation [~~base~~]

1 allotment determined under Section 42.102.

2 (c) The accreditation [~~basic~~] allotment of a school
 3 district that [~~contains less than 300 square miles and~~] has not
 4 more than 1,600 students in average daily attendance is adjusted
 5 by applying the following formula, or the formula under
 6 Subsection (d) if that results in a greater allotment:

$$7 \quad SA = (1 + ((1,600 - ADA) \times .0004)) \times AA$$

$$8 \quad [AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA]$$

9 (c-1) Notwithstanding Subsection (c), the accreditation
 10 allotment of a school district that has not more than 1,600
 11 students in average daily attendance is adjusted for the
 12 following school years by applying the following formulas, or
 13 the appropriate formula under Subsection (d-1) if that results
 14 in a greater allotment:

15 (1) for the 2006-2007 school year:

$$16 \quad SA = (1 + ((1,600 - ADA) \times .00026)) \times AA$$

17 (2) for the 2007-2008 school year:

$$18 \quad SA = (1 + ((1,600 - ADA) \times .00028)) \times AA$$

19 (3) for the 2008-2009 school year:

$$20 \quad SA = (1 + ((1,600 - ADA) \times .0003)) \times AA$$

21 (4) for the 2009-2010 school year:

$$22 \quad SA = (1 + ((1,600 - ADA) \times .00032)) \times AA;$$

23 (5) for the 2010-2011 school year:

1 SA = (1 + ((1,600 - ADA) X .00034)) X AA;

2 (6) for the 2011-2012 school year:

3 SA = (1 + ((1,600 - ADA) X .00036)) X AA; and

4 (7) for the 2012-2013 school year:

5 SA = (1 + ((1,600 - ADA) X .00038)) X AA

6 (c-2) Notwithstanding Subsection (c-1), for the 2006-2007,
 7 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, or 2012-
 8 2013 school year, the accreditation allotment of a school
 9 district that contains at least 300 square miles and has not
 10 more than 1,600 students in average daily attendance is adjusted
 11 by applying the following formula, or the appropriate formula
 12 under Subsection (d-1) if that results in a greater allotment:

13 SA = (1 + ((1,600 - ADA) X .0004)) X AA

14 (d) The accreditation [~~basic~~] allotment of a school
 15 district that offers a kindergarten through grade 12 program and
 16 has less than 5,000 students in average daily attendance is
 17 adjusted by applying the formula, of the following formulas,
 18 that results in the greatest adjusted allotment:

19 (1) the formula in Subsection [~~(b) or~~] (c) [~~for which~~
 20 ~~the district is eligible~~]; or

21 (2) SA = (1 + ((5,000 - ADA) X .00004)) X AA

22 [~~AA = (1 + ((5,000 - ADA) X .000025)) X ABA~~].

23 (d-1) Notwithstanding Subsection (d), the accreditation

1 allotment of a school district that offers a kindergarten
2 through grade 12 program and has less than 5,000 students in
3 average daily attendance is adjusted for the following school
4 years by applying the following formulas, or the formula under
5 Subsection (c) if that results in a greater allotment:

6 (1) for the 2006-2007 school year:

7
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000026)) \times \text{AA}$$

8 (2) for the 2007-2008 school year:

9
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000028)) \times \text{AA}$$

10 (3) for the 2008-2009 school year:

11
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .00003)) \times \text{AA}$$

12 (4) for the 2009-2010 school year:

13
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000032)) \times \text{AA};$$

14 (5) for the 2010-2011 school year:

15
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000034)) \times \text{AA};$$

16 (6) for the 2011-2012 school year:

17
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000036)) \times \text{AA}; \text{ and}$$

18 (7) for the 2012-2013 school year:

19
$$\text{SA} = (1 + ((5,000 - \text{ADA}) \times .000038)) \times \text{AA}$$

20 (f) Subsections (c) and (d) apply beginning with the 2013-
21 2014 school year. Subsections (c-1), (c-2), and (d-1) and this
22 subsection expire September 1, 2014.

23 SECTION 1B.07. Sections 42.104, 42.105, and 42.106,

1 Education Code, are amended to read as follows:

2 Sec. 42.104. USE OF SMALL OR MID-SIZED DISTRICT ADJUSTMENT
3 IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of
4 a special allotment under Subchapter C for a district to which
5 Section 42.103 applies, a district's adjusted accreditation
6 [~~basic~~] allotment is considered to be the district's adjusted
7 accreditation allotment determined under Section 42.103.

8 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding Sections
9 42.101, 42.102, and 42.103, a school district that has fewer
10 than 130 students in average daily attendance shall be provided
11 an adjusted accreditation [~~basic~~] allotment on the basis of 130
12 students in average daily attendance if it offers a kindergarten
13 through grade 12 program and has preceding or current year's
14 average daily attendance of at least 90 students or is 30 miles
15 or more by bus route from the nearest high school district. A
16 district offering a kindergarten through grade 8 program whose
17 preceding or current year's average daily attendance was at
18 least 50 students or which is 30 miles or more by bus route from
19 the nearest high school district shall be provided an adjusted
20 accreditation [~~basic~~] allotment on the basis of 75 students in
21 average daily attendance. An average daily attendance of 60
22 students shall be the basis of providing the adjusted
23 accreditation [~~basic~~] allotment if a district offers a

1 kindergarten through grade 6 program and has preceding or
 2 current year's average daily attendance of at least 40 students
 3 or is 30 miles or more by bus route from the nearest high school
 4 district.

5 Sec. 42.106. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT
 6 OFFERING ALL GRADE LEVELS. For purposes of this chapter, the
 7 taxable value of property of a school district that contracts
 8 for students residing in the district to be educated in another
 9 district under Section 25.039(a) is adjusted by applying the
 10 formula:

11 ADPV = DPV - (TN/MTR) [~~(TN/.015)~~]

12 where:

13 "ADPV" is the district's adjusted taxable value of property;

14 "DPV" is the taxable value of property in the district for
 15 the preceding tax year determined under Subchapter M, Chapter
 16 403, Government Code; ~~and~~

17 "TN" is the total amount of tuition required to be paid by
 18 the district under Section 25.039 for the school year for which
 19 the adjustment is made, not to exceed the amount specified by
 20 commissioner rule under Section 25.039(b); and

21 "MTR" is the maximum maintenance tax rate permitted under
 22 Section 45.003, expressed as a rate to be applied to the total
 23 valuation of taxable property.

1 SECTION 1B.08. Sections 42.151(a), (b), (e), (g), and (k),
2 Education Code, are amended to read as follows:

3 (a) For each student in average daily attendance in a
4 special education program under Subchapter A, Chapter 29, in a
5 mainstream instructional arrangement, a school district is
6 entitled to an annual allotment equal to the adjusted
7 accreditation [~~basic~~] allotment multiplied by 1.1. For each
8 full-time equivalent student in average daily attendance in a
9 special education program under Subchapter A, Chapter 29, in an
10 instructional arrangement other than a mainstream instructional
11 arrangement, a district is entitled to an annual allotment equal
12 to the adjusted accreditation [~~basic~~] allotment multiplied by a
13 weight determined according to instructional arrangement as
14 follows:

15	Homebound	5.0
16	Hospital class	3.0
17	Speech therapy	5.0
18	Resource room	3.0
19	Self-contained, mild and moderate, regular campus ...	3.0
20	Self-contained, severe, regular campus	3.0
21	Off home campus	2.7
22	Nonpublic day school	1.7
23	Vocational adjustment class	2.3

1 (b) A special instructional arrangement for students with
2 disabilities residing in care and treatment facilities, other
3 than state schools, whose parents or guardians do not reside in
4 the district providing education services shall be established
5 under the rules of the commissioner [~~State Board of Education~~].
6 The funding weight for this arrangement shall be 4.0 for those
7 students who receive their education service on a local school
8 district campus. A special instructional arrangement for
9 students with disabilities residing in state schools shall be
10 established under the rules of the commissioner [~~State Board of~~
11 ~~Education~~] with a funding weight of 2.8.

12 (e) The commissioner [~~State Board of Education~~] by rule
13 shall prescribe the qualifications an instructional arrangement
14 must meet in order to be funded as a particular instructional
15 arrangement under this section. In prescribing the
16 qualifications that a mainstream instructional arrangement must
17 meet, the commissioner [~~board~~] shall establish requirements that
18 students with disabilities and their teachers receive the
19 direct, indirect, and support services that are necessary to
20 enrich the regular classroom and enable student success.

21 (g) The commissioner [~~State Board of Education~~] shall adopt
22 rules and procedures governing contracts for residential
23 placement of special education students. The legislature shall

1 provide by appropriation for the state's share of the costs of
2 those placements.

3 (k) A school district that provides an extended year
4 program required by federal law for special education students
5 who may regress is entitled to receive funds in an amount equal
6 to 75 percent, or a lesser percentage determined by the
7 commissioner, of the adjusted accreditation [~~base~~] allotment
8 [~~or adjusted allotment, as applicable,~~] for each full-time
9 equivalent student in average daily attendance, multiplied by
10 the amount designated for the student's instructional
11 arrangement under this section, for each day the program is
12 provided divided by the number of days in the minimum school
13 year. The total amount of state funding for extended year
14 services under this section may not exceed \$10 million per year.
15 A school district may use funds received under this section
16 only in providing an extended year program.

17 SECTION 1B.09. Sections 42.152(a), (e), (h), and (k),
18 Education Code, are amended to read as follows:

19 (a) For each student who is educationally disadvantaged or
20 who is a student who does not have a disability and resides in a
21 residential placement facility in a district in which the
22 student's parent or legal guardian does not reside, a district
23 is entitled to an annual allotment equal to the adjusted

1 accreditation [~~basic~~] allotment multiplied by 0.2, and by 2.41
2 for each full-time equivalent student who is in a remedial and
3 support program under Section 29.081 because the student is
4 pregnant.

5 (e) The commissioner may:

6 (1) retain a portion of the total amount allotted
7 under Subsection (a) that the commissioner considers appropriate
8 to finance [~~intensive accelerated instruction programs and~~]
9 study guides provided under Section 39.024(c) [~~Sections~~
10 ~~39.024(b) and (c)~~]; and

11 (2) reduce each district's basic program [~~tier one~~]
12 allotments in the same manner described for a reduction in
13 allotments under Section 42.253.

14 (h) After deducting the amount withheld under Subsection
15 (f) from the total amount appropriated for the allotment under
16 Subsection (a), the commissioner shall reduce each district's
17 basic program [~~tier one~~] allotments in the same manner described
18 for a reduction in allotments under Section 42.253 and shall
19 allocate funds to each district accordingly.

20 (k) After deducting the amount withheld under Subsection
21 (i) from the total amount appropriated for the allotment under
22 Subsection (a), the commissioner shall reduce each district's
23 basic program [~~tier one~~] allotments in the same manner described

1 for a reduction in allotments under Section 42.253.

2 SECTION 1B.10. Section 42.153, Education Code, is amended
3 by amending Subsection (a) and adding Subsections (a-1) and (d)
4 to read as follows:

5 (a) Except as provided by Subsection (a-1), for ~~[For]~~ each
6 student in average daily attendance in a bilingual education or
7 special language program under Subchapter B, Chapter 29, a
8 district is entitled to an annual allotment equal to the
9 adjusted accreditation ~~[basic]~~ allotment multiplied by 0.1.

10 (a-1) This subsection applies only to funding for students
11 who have been enrolled in a bilingual education or special
12 language program for less than three years. The commissioner by
13 rule shall determine a method for determining whether a student
14 has been enrolled in a program for less than three years. For
15 each student in average daily attendance in a bilingual
16 education or special language program under Subchapter B,
17 Chapter 29, who has been enrolled in the program for less than
18 three years, a district is entitled to an annual allotment equal
19 to the adjusted accreditation allotment multiplied by a weight
20 according to the grade level to which the student is assigned,
21 as follows:

22 Prekindergarten-Grade 20.12

23 Grades 3-50.18

1 Grades 6-80.24

2 Grades 9-120.3

3 (d) A district is not entitled to an allotment under this
4 section for a student who meets the criteria for transferring
5 out of the district's bilingual education or special language
6 program but continues participating in the program under Section
7 29.056(i).

8 SECTION 1B.11. Sections 42.154(a) and (e), Education Code,
9 are amended to read as follows:

10 (a) For each full-time equivalent student in average daily
11 attendance in an approved career and technology education
12 program in grades nine through 12 or in career and technology
13 education programs for students with disabilities in grades
14 seven through 12, a district is entitled to an annual allotment
15 equal to the adjusted accreditation [~~basic~~] allotment multiplied
16 by a weight of 1.35.

17 (e) Out of the total statewide allotment for career and
18 technology education under this section, the commissioner shall
19 set aside an amount specified in the General Appropriations Act,
20 which may not exceed an amount equal to one percent of the total
21 amount appropriated, to support regional career and technology
22 education planning. After deducting the amount set aside under
23 this subsection from the total amount appropriated for career

1 and technology education under this section, the commissioner
2 shall reduce each district's basic program [~~tier one~~] allotments
3 in the same manner described for a reduction in allotments under
4 Section 42.253.

5 SECTION 1B.12. Section 42.155, Education Code, is amended
6 by amending Subsection (c) and adding Subsection (c-1) to read
7 as follows:

8 (c) Each district or county operating a regular
9 transportation system is entitled to an allotment based on the
10 daily cost per regular eligible student of operating and
11 maintaining the regular transportation system and the linear
12 density of that system. In determining the cost, the
13 commissioner shall give consideration to factors affecting the
14 actual cost of providing these transportation services in each
15 district or county. The average actual cost is to be computed
16 by the commissioner and included for consideration by the
17 legislature in the General Appropriations Act.

18 (c-1) The allotment per mile of approved route under
19 Subsection (c) is computed as follows:

20 Linear Density Grouping Allocation Per Mile of Approved Route

<u>2.40 and above \$</u>
<u>1.42</u>
<u>1.65 to 2.40</u>
<u>... .. . 1.28</u>
<u>1.15 to 1.65</u>
<u>... .. . 1.11</u>

<u>.90 to 1.15</u>
<u>... .. .97</u>
<u>.65 to .90</u>
<u>... .. .88</u>

1 The allocation per mile of approved route for the bottom linear
 2 density groupings of up to .40 through .65 shall be moved into
 3 the next linear density group of up to .90 [~~may not exceed the~~
 4 ~~amount set by appropriation~~].

5 SECTION 1B.13. Sections 42.156(a) and (d), Education Code,
 6 are amended to read as follows:

7 (a) For each identified student a school district serves in
 8 a program for gifted and talented students that the district
 9 certifies to the commissioner as complying with Subchapter D,
 10 Chapter 29, a district is entitled to an annual allotment equal
 11 to the district's adjusted accreditation [~~basic~~] allotment as
 12 determined under Section 42.102 or Section 42.103, as
 13 applicable, multiplied by .12 for each school year or a greater
 14 amount provided by appropriation.

15 (d) If the amount of state funds for which school districts
 16 are eligible under this section exceeds the amount of state
 17 funds appropriated in any year for the programs, the
 18 commissioner shall reduce each district's basic program [~~tier~~
 19 ~~one~~] allotments in the same manner described for a reduction in
 20 allotments under Section 42.253.

21 SECTION 1B.14. Section 42.157(a), Education Code, is

1 amended to read as follows:

2 (a) Except as provided by Subsection (b), for each student
3 in average daily attendance who is using a public education
4 grant under Subchapter G, Chapter 29, to attend school in a
5 district other than the district in which the student resides,
6 the district in which the student attends school is entitled to
7 an annual allotment equal to the adjusted accreditation [~~base~~]
8 allotment multiplied by a weight of 0.1.

9 SECTION 1B.15. Section 42.158, Education Code, is amended
10 by amending Subsections (b), (d), and (g) and adding Subsection
11 (b-1) to read as follows:

12 (b) For the first school year in which students attend a
13 new instructional facility, a school district other than a fast
14 growth school district is entitled to an allotment of \$250 for
15 each student in average daily attendance at the facility. For
16 the second and third school years [~~year~~] in which students
17 attend that instructional facility, the [~~a school~~] district is
18 entitled to an allotment of \$250 for each additional student in
19 average daily attendance at the facility.

20 (b-1) For the first school year in which students attend a
21 new instructional facility, a fast growth school district is
22 entitled to an allotment of \$500 for each student in average
23 daily attendance at the facility. For the second and third

1 school years in which students attend that instructional
2 facility, the district is entitled to an allotment of \$500 for
3 each additional student in average daily attendance at the
4 facility.

5 (d) The amount appropriated for allotments under this
6 section may not exceed \$50 [~~\$25~~] million in a school year. If
7 the total amount of allotments to which districts are entitled
8 under this section for a school year exceeds the amount
9 appropriated for allotments under this section, the commissioner
10 shall reduce each district's allotment under this section in the
11 manner provided by Section 42.253(h).

12 (g) In this section:

13 (1) "Fast growth school district" means a school
14 district that during the preceding five school years has
15 experienced an increase in enrollment of:

16 (A) greater than 10 percent; or

17 (B) more than 3,500 students.

18 (2) "Instructional [~~,"instructional~~] facility" has
19 the meaning assigned by Section 46.001.

20 SECTION 1B.16. Section 42.251, Education Code, is amended
21 to read as follows:

22 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
23 accreditation [~~basie~~] allotment under Subchapter B and the

1 special allotments under Subchapter C, computed in accordance
2 with this chapter, constitute the basic program [~~tier one~~]
3 allotments. The sum of the basic program [~~tier one~~] allotments
4 and the enrichment program [~~guaranteed yield~~] allotments under
5 Subchapter F, computed in accordance with this chapter,
6 constitute the total cost of the Foundation School Program.

7 (b) The program shall be financed by:

8 (1) ad valorem tax revenue generated by an equalized
9 uniform school district effort;

10 (2) ad valorem tax revenue generated by local school
11 district effort for an enrichment program in accordance with
12 Subchapter F in excess of the equalized uniform school district
13 effort;

14 (3) state available school funds distributed in
15 accordance with law; and

16 (4) state funds appropriated for the purposes of
17 public school education and allocated to each district in an
18 amount sufficient to finance the cost of each district's
19 Foundation School Program not covered by other funds specified
20 in this subsection.

21 SECTION 1B.17. Section 42.2512(a), Education Code, is
22 amended to read as follows:

23 (a) In addition to any amounts to which a school district

1 is entitled under Section 42.2541, a [A school] district [7
2 ~~including a school district that is otherwise ineligible for~~
3 ~~state aid under this chapter,~~] is entitled to state aid in an
4 amount, as determined by the commissioner, equal to the
5 ~~[difference, if any, between:~~

6 ~~[(1) an amount equal to the]~~ product of the following
7 amount, as applicable, [\$3,000] multiplied by the number of
8 classroom teachers, full-time librarians, full-time counselors
9 certified under Subchapter B, Chapter 21, and full-time school
10 nurses employed by the district and entitled to a minimum salary
11 under Section 21.402:

12 (1) \$3,000; or

13 (2) \$3,500, if H.B. No. 3, Acts of the 79th
14 Legislature, Regular Session, 2005, takes effect immediately [7
15 ~~and~~

16 ~~[(2) an amount equal to 80 percent of the amount of~~
17 ~~additional funds to which the district is entitled due to the~~
18 ~~increases made by S.B. No. 4, Acts of the 76th Legislature,~~
19 ~~Regular Session, 1999, to:~~

20 ~~[(A) the equalized wealth level under Section~~
21 ~~41.002;~~

22 ~~[(B) the basic allotment under Section 42.101;~~

23 ~~and~~

1 "TR" is a tax rate which for each hundred dollars of
2 valuation is an adopted [effective] tax rate of \$1.10 [~~\$0.86~~];
3 and

4 "DPV" is the taxable value of property in the school
5 district for the preceding tax year determined under Subchapter
6 M, Chapter 403, Government Code.

7 SECTION 1B.21. Section 42.2521(a), Education Code, is
8 amended to read as follows:

9 (a) For purposes of Chapter [~~Chapters 41 and~~] 46 and this
10 chapter, and to the extent money specifically authorized to be
11 used under this section is available, the commissioner shall
12 adjust the taxable value of property in a school district that,
13 due to factors beyond the control of the board of trustees,
14 experiences a rapid decline in the tax base used in calculating
15 taxable values in excess of four percent of the tax base used in
16 the preceding year.

17 SECTION 1B.22. Section 42.253, Education Code, is amended
18 by amending Subsections (a) and (g)-(i) and adding Subsections
19 (c-1), (e-2), and (m) to read as follows:

20 (a) For each school year the commissioner shall determine:

21 (1) the amount of money to which a school district is
22 entitled under Subchapters B and C;

23 (2) the amount of money to which a school district is

1 entitled under Subchapter F;

2 (3) the amount of money allocated to the district from
3 the available school fund;

4 (4) the amount of each district's basic program [~~tier~~
5 ~~one~~] local share under Section 42.252; and

6 (5) the amount of each district's enrichment program
7 [~~tier two~~] local revenue [~~share~~] under Section 42.302.

8 (c-1) Notwithstanding any other provision of this chapter,
9 with the approval of the commissioner, a school district in
10 which the number of students in average daily attendance
11 increases as a result of enrolling students pursuant to an
12 agreement to provide education services in cooperation with a
13 public charter district is entitled to receive state revenue for
14 the additional students in an amount not less than the
15 district's total state and local revenue per student, including
16 revenue from accreditation allotments and an enrichment program
17 under Subchapter F, calculated on the basis of the district's
18 average daily attendance prior to the enrollment of the
19 additional students.

20 (e-2) For the 2006-2007 school year, the limit authorized
21 by Subsection (e) is an amount equal to the sum of the rate
22 described by Section 42.252 and the rate described by Section
23 42.303(c)(1). This subsection expires September 1, 2007.

1 (g) If a school district demonstrates to the satisfaction
2 of the commissioner that the estimate of the district's tax
3 rate, student enrollment, or taxable value of property used in
4 determining the amount of state funds to which the district is
5 entitled are so inaccurate as to result in undue financial
6 hardship to the district, the commissioner may adjust funding to
7 that district in that school year to the extent that funds are
8 available for that year[, ~~including funds in the reserve~~
9 ~~account. Funds in the reserve account may not be used under~~
10 ~~this subsection until any reserve funds have been used for~~
11 ~~purposes of Subsection (f)].~~

12 (h) If the total amount appropriated for a year for the
13 Foundation School Program is less than the amount of money to
14 which school districts are entitled for that year [~~legislature~~
15 ~~fails during the regular session to enact the transfer and~~
16 ~~appropriation proposed under Subsection (f) and there are not~~
17 ~~funds available under Subsection (j)]], the commissioner shall
18 reduce the total amount of state funds allocated to each
19 district from any source by an amount determined by a method
20 under which the application of the same number of cents of
21 increase in enrichment tax rate in all districts applied to the
22 taxable value of property of each district, as determined under
23 Subchapter M, Chapter 403, Government Code, together with any~~

1 state aid generated by those taxes, results in a total amount of
2 levy and aid equal to the total reduction. The following fiscal
3 year, a district's entitlement under this section is increased
4 by an amount equal to the reduction made under this subsection.

5 (i) Not later than March 1 each year, the commissioner
6 shall determine the actual amount of state funds to which each
7 school district is entitled under [~~the allocation formulas in~~]
8 this chapter for the current school year and shall compare that
9 amount with the amount of the warrants issued to each district
10 for that year. If the amount of the warrants differs from the
11 amount to which a district is entitled because of variations in
12 the district's tax rate, student enrollment, or taxable value of
13 property, the commissioner shall adjust the district's
14 entitlement for the next fiscal year accordingly.

15 (m) Payments from the foundation school fund to each school
16 district shall be made as follows:

17 (1) 15 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before
19 the 25th day of September of a fiscal year;

20 (2) 80 percent of the yearly entitlement of the
21 district shall be paid in eight equal installments to be made on
22 or before the 25th day of October, November, December, January,
23 March, May, June, and July; and

1 (3) five percent of the yearly entitlement of the
2 district shall be paid in an installment to be made after the
3 fifth day of September and not later than the 10th day of
4 September of the calendar year following the calendar year of
5 the payment made under Subdivision (1).

6 SECTION 1B.23. Sections 42.2531(a)-(c), Education Code, are
7 amended to read as follows:

8 (a) The commissioner may make adjustments to amounts due to
9 a school district under this chapter or Chapter 46, [~~or to~~
10 ~~amounts necessary for a district to comply with the requirements~~
11 ~~of Chapter 41,~~] as provided by this section.

12 (b) A school district that has a major taxpayer, as
13 determined by the commissioner, that because of a protest of the
14 valuation of the taxpayer's property fails to pay all or a
15 portion of the ad valorem taxes due to the district may apply to
16 the commissioner to have the district's taxable value of
17 property or ad valorem tax collections adjusted for purposes of
18 this chapter or Chapter [41-~~or~~] 46. The commissioner may make
19 the adjustment only to the extent the commissioner determines
20 that making the adjustment will not:

21 (1) in the fiscal year in which the adjustment is
22 made, cause the amount to which school districts are entitled
23 under this chapter to exceed the amount appropriated for

1 purposes of the Foundation School Program for that year; and

2 (2) if the adjustment is made in the first year of a
3 state fiscal biennium, cause the amount to which school
4 districts are entitled under this chapter for the second year of
5 the biennium to exceed the amount appropriated for purposes of
6 the Foundation School Program for that year.

7 (c) The commissioner shall recover the benefit of any
8 adjustment made under this section by making offsetting
9 adjustments in the school district's taxable value of property
10 or ad valorem tax collections for purposes of this chapter or
11 Chapter [~~41-er~~] 46 on a final determination of the taxable value
12 of property that was the basis of the original adjustment, or in
13 the second school year following the year in which the
14 adjustment is made, whichever is earlier.

15 SECTION 1B.24. Subchapter E, Chapter 42, Education Code, is
16 amended by adding Sections 42.2541 and 42.2542 to read as
17 follows:

18 Sec. 42.2541. ADDITIONAL TRANSITIONAL AID. (a) In this
19 section, "weighted average daily attendance" has the meaning
20 assigned by Section 42.302.

21 (b) Notwithstanding Section 42.253, a school district is
22 entitled to the amount of state revenue necessary to maintain
23 state and local revenue in an amount equal to the sum of:

1 (1) the amount of state and local revenue per student
2 in weighted average daily attendance for maintenance and
3 operation of the district that the district received for the
4 2005-2006 school year; and

5 (2) an amount equal to \$98 per weighted student in
6 average daily attendance.

7 (c) The commissioner may increase the amount to which a
8 school district is entitled under Subsection (b) as the
9 commissioner determines necessary.

10 (d) The commissioner shall:

11 (1) compute and publish the amount of state and local
12 revenue per student in weighted average daily attendance to
13 which a district is entitled under Subsection (b) for the 2006-
14 2007 school year; and

15 (2) use that amount per student in weighted average
16 daily attendance in determining the amount to which a district
17 is entitled under this section in subsequent school years.

18 (e) The commissioner shall determine the amount of state
19 funds to which a school district is entitled under this section,
20 including the amount per student in weighted average daily
21 attendance, and shall make that determination available to the
22 Legislative Budget Board. The commissioner's determination is
23 final and may not be appealed.

1 Sec. 42.2542. TEMPORARY LIMITATIONS ON AID. (a)

2 Notwithstanding any other provision of this subtitle, the
3 commissioner shall withhold from a school district the amount of
4 state funds necessary to ensure that the district does not
5 receive an amount of state and local revenue per student in
6 weighted average daily attendance that is greater than the
7 following percentage of the amount to which the district is
8 entitled under Section 42.2541(b)(1):

9 (1) 108 percent for the 2006-2007 school year;

10 (2) 116 percent for the 2007-2008 school year; and

11 (3) 124 percent for the 2008-2009 school year.

12 (b) The commissioner shall determine the amount of state
13 funds required to be withheld under this section. The
14 commissioner's determination is final and may not be appealed.

15 (c) Any amount to which a school district is entitled under
16 Subchapter F is not included in determining the amount that a
17 district may receive under this section.

18 (d) This section expires September 1, 2009.

19 SECTION 1B.25. Chapter 42, Education Code, is amended by
20 adding Subchapter F to read as follows:

21 SUBCHAPTER F. ENRICHMENT PROGRAM

22 Sec. 42.301. PURPOSE. The purpose of the enrichment
23 program is to provide each school district with the opportunity

1 to supplement the basic program at a level of its own choice.

2 An allotment under this subchapter may be used for any legal
3 purpose other than capital outlay or debt service.

4 Sec. 42.302. ALLOTMENT. (a) In this section, "wealth per
5 student" means a school district's taxable value of property as
6 determined under Subchapter M, Chapter 403, Government Code,
7 divided by the number of students in weighted average daily
8 attendance in the district.

9 (b) Each school district is guaranteed a specified amount
10 per student in state and local funds for each cent of enrichment
11 tax effort up to the maximum level specified in this subchapter.

12 The amount of state support is determined by the formula:

$$13 \quad \text{EGYA} = (\text{EGL} \times \text{WADA} \times \text{DETR} \times 100) - \text{LR}$$

14 where:

15 "EGYA" is the guaranteed yield amount of state enrichment
16 funds to be allocated to the district;

17 "EGL" is the dollar amount guaranteed level of state and
18 local funds per student per cent of tax effort, which is the
19 amount of district enrichment tax revenue per cent of tax effort
20 available to a school district at the 98th percentile in wealth
21 per student, as determined by the commissioner;

22 "WADA" is the number of students in weighted average daily
23 attendance, which is computed by dividing the sum of the school

1 district's allotments under Subchapters B and C, less any
2 allotment to the district for transportation, any allotment to
3 the district under Section 42.158, and 50 percent of the
4 adjustment under Section 42.102, by the accreditation allotment
5 for the applicable year;

6 "DETR" is the district enrichment tax rate of the school
7 district, which is determined by dividing the total amount of
8 enrichment taxes collected by the school district for the
9 applicable school year by the district's taxable value of
10 property for the preceding year as determined under Subchapter
11 M, Chapter 403, Government Code, divided by 100; and

12 "LR" is the local revenue, which is determined by
13 multiplying "DETR" by the quotient of the district's taxable
14 value of property for the preceding year as determined under
15 Subchapter M, Chapter 403, Government Code.

16 (c) The percentile in wealth per student described by
17 Subsection (b) for purposes of determining the dollar amount
18 guaranteed level of state and local funds per student per cent
19 of tax effort ("EGL") applies beginning with the 2014-2015
20 school year. For the 2006-2007 through 2013-2014 school years,
21 EGL is determined as follows:

22 (1) for the 2006-2007 school year, EGL is determined
23 using the 92nd percentile in wealth per student;

1 (2) for the 2007-2008 school year, EGL is determined
2 using the 92nd percentile in wealth per student;

3 (3) for the 2008-2009 school year, EGL is determined
4 using the 93rd percentile in wealth per student;

5 (4) for the 2009-2010 school year, EGL is determined
6 using the 93rd percentile in wealth per student;

7 (5) for the 2010-2011 school year, EGL is determined
8 using the 94th percentile in wealth per student;

9 (6) for the 2011-2012 school year, EGL is determined
10 using the 95th percentile in wealth per student;

11 (7) for the 2012-2013 school year, EGL is determined
12 using the 96th percentile in wealth per student; and

13 (8) for the 2013-2014 school year, EGL is determined
14 using the 97th percentile in wealth per student.

15 (d) This subsection and Subsection (c) expire September 1,
16 2013.

17 Sec. 42.303. ENRICHMENT TAX. (a) Subject to Section
18 42.304, the board of trustees of a school district may impose an
19 annual ad valorem tax for the further maintenance of the public
20 schools in the district.

21 (b) Except as provided by Section 42.252(a-1), the district
22 enrichment tax rate may not exceed \$0.15 for each \$100 of
23 taxable value of property.

1 (c) Notwithstanding Subsection (b) but subject to Sections
2 42.252(a-1) and 42.306:

3 (1) for the 2006 tax year, the district enrichment tax
4 rate may not exceed \$0.05 for each \$100 of taxable value of
5 property; and

6 (2) for the 2007 and 2008 tax years, the district
7 enrichment tax rate may not exceed \$0.10 for each \$100 of
8 taxable value of property.

9 (d) This subsection and Subsection (c) expire January 1,
10 2009.

11 Sec. 42.304. ENRICHMENT TAX ELECTION. (a) Except as
12 provided by Section 42.306, a school district may not impose an
13 enrichment tax under Section 42.303 unless authorized by a
14 majority of the qualified voters of the district voting at an
15 election held for that purpose.

16 (b) A proposition submitted to authorize the imposition of
17 an enrichment tax must include the question of whether the board
18 of trustees may impose annual ad valorem taxes for the further
19 enrichment of public schools at a rate not to exceed the rate
20 stated in the proposition.

21 (c) A district may tax at a rate below the rate authorized
22 in an election under this section and does not need additional
23 authority to increase the rate up to the rate authorized in the

1 election.

2 Sec. 42.305. COMPUTATION OF ENRICHMENT AID FOR DISTRICT ON
3 MILITARY RESERVATION OR AT STATE SCHOOL. The amount to which a
4 school district is entitled under this subchapter in a school
5 district located on a federal military installation or at Moody
6 State School is computed using the average district enrichment
7 tax rate and property value per student of school districts in
8 the county, as determined by the commissioner.

9 Sec. 42.306. ENRICHMENT TAX AVAILABLE TO CERTAIN DISTRICTS
10 WITHOUT ELECTION. (a) To the extent consistent with Subsection
11 (b), if a school district's maintenance and operations tax rate
12 for the 2004 tax year exceeded a rate of \$1.50 for each \$100 of
13 taxable value of property, the district is entitled to impose an
14 ad valorem tax under Section 42.303 without holding an election
15 under Section 42.304.

16 (b) The enrichment tax authorized by this section may not
17 exceed a rate equal to the lesser of:

18 (1) \$0.15 for each \$100 of taxable value of property;
19 or

20 (2) a rate equal to the amount by which the district's
21 maintenance and operations tax rate for the 2004 tax year
22 exceeded a rate of \$1.50 for each \$100 of taxable value of
23 property.

1 (c) The portion of an enrichment tax imposed by a school
2 district under this section that exceeds the rate permitted by
3 Subsection (b) is subject to voter approval under Section
4 42.304.

5 (d) The portion of an enrichment tax imposed by a school
6 district under this section that exceeds the rate permitted by
7 Subsection (b) is subject to the limits of Section 42.303(c).
8 This subsection expires January 1, 2009.

9 SECTION 1B.26. Chapter 42, Education Code, is amended by
10 adding Subchapter I to read as follows:

11 SUBCHAPTER I. ADDITIONAL EQUALIZATION

12 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

13 (a) Except as provided by Subsection (b), a school district in
14 which the district's local share under Section 42.252 exceeds
15 the district's basic program allotments under Section 42.251
16 shall be consolidated by the commissioner under Subchapter H,
17 Chapter 41.

18 (b) As an alternative to consolidation under Subchapter H,
19 Chapter 41, a school district described by Subsection (a) may
20 elect to purchase average daily attendance credit in the manner
21 provided by Subchapter D, Chapter 41.

22 SECTION 1B.27. The heading to Chapter 41, Education Code,
23 is amended to read as follows:

1 CHAPTER 41. EQUALIZATION ACTIONS [~~EQUALIZED WEALTH LEVEL~~]

2 SECTION 1B.28. Section 41.004, Education Code, is amended
3 to read as follows:

4 Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION [~~PROPERTY~~
5 ~~WEALTH~~]. (a) Not later than July 15 of each year, using the
6 estimate of enrollment under Section 42.254, the commissioner
7 shall review the local share and basic program allotments
8 [~~wealth per student~~] of each school district [~~districts~~] in the
9 state and shall notify:

10 (1) each district subject to commissioner action under
11 Section 42.401 [~~with wealth per student exceeding the equalized~~
12 ~~wealth level~~]; and

13 (2) [~~each district to which the commissioner proposes~~
14 ~~to annex property detached from a district notified under~~
15 ~~Subdivision (1), if necessary, under Subchapter G; and~~

16 [~~3~~] each district to which the commissioner proposes
17 to consolidate a district notified under Subdivision (1), if
18 necessary, under Subchapter H.

19 (b) If, before the dates provided by this subsection, a
20 district notified under Subsection (a)(1) has not purchased
21 average daily attendance credit as provided by Subchapter D
22 [~~successfully exercised one or more options under Section 41.003~~
23 ~~that reduce the district's wealth per student to a level equal~~

1 ~~to or less than the equalized wealth level~~], the commissioner
2 ~~[shall order the detachment of property from that district as~~
3 ~~provided by Subchapter G. If that detachment will not reduce~~
4 ~~the district's wealth per student to a level equal to or less~~
5 ~~than the equalized wealth level, the commissioner may not detach~~
6 ~~property under Subchapter G but]~~ shall order the consolidation
7 of the district with one or more other districts as provided by
8 Subchapter H. ~~[An agreement under Section 41.003(1) or (2) must~~
9 ~~be executed not later than September 1 immediately following the~~
10 ~~notice under Subsection (a).]~~ An election to authorize the
11 purchase of average daily attendance credit as provided by
12 Subchapter D ~~[for an option under Section 41.003(3), (4), or~~
13 ~~(5)]~~ must be ordered before September 1 immediately following
14 the notice under Subsection (a).

15 (c) A district notified under Subsection (a) may not adopt
16 a tax rate for the tax year in which the district receives the
17 notice until the commissioner certifies that the district has
18 entered into an agreement under Subchapter D to purchase average
19 daily attendance credit ~~[achieved the equalized wealth level]~~.

20 (d) A ~~[detachment and annexation or]~~ consolidation under
21 this chapter:

22 (1) is effective for Foundation School Program funding
23 purposes for the school year that begins in the calendar year in

1 which the [~~detachment and annexation or~~] consolidation is
2 [~~agreed to or~~] ordered; and

3 (2) applies to the ad valorem taxation of property
4 beginning with the tax year in which the [~~agreement or~~] order is
5 effective.

6 SECTION 1B.29. Section 41.006(a), Education Code, is
7 amended to read as follows:

8 (a) The commissioner may adopt rules necessary for the
9 implementation of this chapter. The rules may provide for the
10 commissioner to make necessary adjustments to the provisions of
11 Chapter 42, including providing for the commissioner to make an
12 adjustment in the funding element established by Section 42.302,
13 at the earliest date practicable, to the amount the commissioner
14 believes, taking into consideration options exercised by school
15 districts under Section 42.401 [~~this chapter~~] and estimates of
16 student enrollments, will match appropriation levels.

17 SECTION 1B.30. Section 41.008(a), Education Code, is
18 amended to read as follows:

19 (a) The governing board of a school district that results
20 from consolidation under this chapter[~~, including a consolidated~~
21 ~~taxing district under Subchapter F,~~] for the tax year in which
22 the consolidation occurs may determine whether to adopt a
23 homestead exemption provided by Section 11.13, Tax Code, and may

1 set the amount of the exemption, if adopted, at any time before
2 the school district adopts a tax rate for that tax year. This
3 section applies only to an exemption that the governing board of
4 a school district is authorized to adopt or change in amount
5 under Section 11.13, Tax Code.

6 SECTION 1B.31. Section 41.009(a), Education Code, is
7 amended to read as follows:

8 (a) A tax abatement agreement executed by a school district
9 that is involved in consolidation [~~or in detachment and~~
10 ~~annexation of territory~~] under this chapter is not affected and
11 applies to the taxation of the property covered by the agreement
12 as if executed by the district within which the property is
13 included.

14 SECTION 1B.32. Section 41.010, Education Code, is amended
15 to read as follows:

16 Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax
17 increments under Chapter 311, Tax Code, is not affected by the
18 consolidation of territory [~~or tax bases or by annexation~~] under
19 this chapter. In each tax year a school district paying a tax
20 increment from taxes on property over which the district has
21 assumed taxing power is entitled to retain the same percentage
22 of the tax increment from that property that the district in
23 which the property was located before the consolidation [~~or~~

1 ~~annexation~~] could have retained for the respective tax year.

2 SECTION 1B.33. Section 41.013(a), Education Code, is
3 amended to read as follows:

4 (a) A [~~Except as provided by Subchapter G, a~~] decision of
5 the commissioner under this chapter is appealable under Section
6 7.057.

7 SECTION 1B.34. Section 41.091, Education Code, is amended
8 to read as follows:

9 Sec. 41.091. AGREEMENT. A school district subject to
10 Section 42.401 [~~with a wealth per student that exceeds the~~
11 ~~equalized wealth level~~] may execute an agreement with the
12 commissioner to purchase attendance credits in an amount equal
13 to the difference between the district's local share under
14 Section 42.252 and the district's basic program allotments under
15 Section 42.251 [~~sufficient, in combination with any other~~
16 ~~actions taken under this chapter, to reduce the district's~~
17 ~~wealth per student to a level that is equal to or less than the~~
18 ~~equalized wealth level~~].

19 SECTION 1B.35. Section 41.093(a), Education Code, is
20 amended to read as follows:

21 (a) The cost of each credit is an amount equal to the
22 greater of:

23 (1) the amount of the district's maintenance and

1 operations tax revenue per student in [~~weighted~~] average daily
2 attendance for the school year for which the contract is
3 executed; or

4 (2) the amount of the statewide district average of
5 maintenance and operations tax revenue per student in [~~weighted~~]
6 average daily attendance for the school year preceding the
7 school year for which the contract is executed.

8 SECTION 1B.36. Section 41.251, Education Code, is amended
9 to read as follows:

10 Sec. 41.251. COMMISSIONER ORDER. If the commissioner is
11 required under Section 42.401 [~~41.004~~] to order the
12 consolidation of districts, the consolidation is governed by
13 this subchapter. The commissioner's order shall be effective on
14 a date determined by the commissioner, but not later than the
15 earliest practicable date after November 8.

16 SECTION 1B.37. Section 41.252, Education Code, is amended
17 by amending Subsections (a) and (c) and adding Subsection (d) to
18 read as follows:

19 (a) In selecting the districts to be consolidated with a
20 district subject to Section 42.401 [~~that has a property wealth~~
21 ~~greater than the equalized wealth level~~], the commissioner shall
22 select one or more districts with a local share under Section
23 42.252 [~~wealth per student~~] that, when consolidated, will result

1 in a consolidated district that is not subject to Section 42.401
2 [~~with a wealth per student equal to or less than the equalized~~
3 ~~wealth level~~]. In achieving that result, the commissioner shall
4 give priority to school districts in the following order:

5 (1) first, to the contiguous district that has the
6 lowest local share percentage [~~wealth per student~~] and is
7 located in the same county;

8 (2) second, to the district that has the lowest local
9 share percentage [~~wealth per student~~] and is located in the same
10 county;

11 (3) third, to a contiguous district not subject to
12 Section 42.401 [~~with a property wealth below the equalized~~
13 ~~wealth level~~] that has requested the commissioner to consider
14 [~~that~~] it for inclusion [~~be considered~~] in a consolidation plan;

15 (4) fourth, to include as few districts as possible
16 that are not subject to Section 42.401 and [~~fall below the~~
17 ~~equalized wealth level within the consolidation order that~~] have
18 not requested the commissioner to be included in a consolidation
19 plan;

20 (5) fifth, to the district that has the lowest local
21 share percentage [~~wealth per student~~] and is located in the same
22 regional education service center area; and

23 (6) sixth, to a district that has a tax rate similar

1 to that of the district subject to Section 42.401 [~~that has a~~
2 ~~property wealth greater than the equalized wealth level~~].

3 (c) In applying the selection criteria specified by
4 Subsection (a), if more than two districts are to be
5 consolidated, the commissioner shall select the third and each
6 subsequent district to be consolidated by treating the district
7 subject to Section 42.401 [~~that has a property wealth greater~~
8 ~~than the equalized wealth level~~] and the district or districts
9 previously selected for consolidation as one district.

10 (d) In this section, "local share percentage" means a
11 percentage determined by dividing a school district's local
12 share under Section 42.252 by the district's tier one allotment
13 under Section 42.251.

14 SECTION 1B.38. This part applies beginning with the 2006-
15 2007 school year, except that Section 42.253(h), Education Code,
16 as amended in this part, applies beginning with the 2005-2006
17 school year.

18 PART C. SCHOOL FACILITIES

19 SECTION 1C.01. Subchapter C, Chapter 45, Education Code, is
20 amended by adding Section 45.0561 to read as follows:

21 Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In
22 determining which bonds to approve for guarantee under this
23 subchapter, the commissioner shall give priority to a school

1 district that has had bonds refunded and defeased under
2 Subchapter D, Chapter 46.

3 (b) The commissioner may adopt rules to administer this
4 section.

5 SECTION 1C.02. Section 46.006, Education Code, is amended
6 by adding Subsection (c-1) and amending Subsection (d) to read
7 as follows:

8 (c-1) A district's wealth per student is reduced by 25
9 percent for purposes of this section if the district has had
10 significant student enrollment growth that, as determined by the
11 commissioner, is substantially related to the enrollment of
12 children of military personnel transferred to a military base
13 near the district following the closure or realignment of
14 another military base under the Defense Base Closure and
15 Realignment Act of 1990 (10 U.S.C. Section 2687). The reduction
16 is in addition to any reduction under Subsection (a), (b), or
17 (c) and is computed before the district's wealth per student is
18 reduced under those subsections, if applicable.

19 (d) The commissioner shall adjust the rankings after making
20 the reductions in wealth per student required by Subsections
21 (a), (b), ~~and~~ (c), and (c-1).

22 SECTION 1C.03. Section 46.008, Education Code, is amended
23 to read as follows:

1 Sec. 46.008. STANDARDS. (a) The commissioner shall
2 establish standards for adequacy of school facilities. The
3 standards must include requirements related to space,
4 educational adequacy, and construction quality. All new
5 facilities constructed after September 1, 1998, must meet the
6 standards to be eligible to be financed with state or local tax
7 funds.

8 (b) To be eligible to be financed with state or local tax
9 funds, any portable, modular building capable of being relocated
10 that is purchased or leased after September 1, 2005, for use as
11 a school facility, regardless of whether the building is an
12 industrialized building as defined by Section 1202.003,
13 Occupations Code, must be inspected as provided by Subchapter E,
14 Chapter 1202, Occupations Code, to ensure compliance with the
15 mandatory building codes or approved designs, plans, and
16 specifications.

17 SECTION 1C.04. Subchapter A, Chapter 46, Education Code, is
18 amended by adding Section 46.014 to read as follows:

19 Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES. (a)
20 The comptroller in cooperation with the agency shall study:

21 (1) existing instructional facilities in this state;

22 and

23 (2) the projected need for instructional facilities in

1 the next 10 to 20 years.

2 (b) The study of instructional facilities must include an
3 examination of the following objectives and any other objectives
4 determined appropriate by the comptroller and the agency:

5 (1) a determination as to which of the following needs
6 of school districts in this state relating to instructional
7 facilities are the most pressing:

8 (A) the need for new instructional facilities;

9 (B) the need for repairs to existing
10 instructional facilities;

11 (C) the need for renovations of existing
12 instructional facilities; and

13 (D) other needs relating to instructional
14 facilities;

15 (2) an estimate of the total cost of necessary
16 construction, repair, or renovation of instructional facilities
17 in the next 10 to 20 years;

18 (3) a determination of the number of school districts
19 and campuses that have student populations that exceed the
20 maximum capacity of the districts' or campuses' classrooms,
21 cafeterias, or gymnasiums, including if appropriate a
22 determination of:

23 (A) the number of portable buildings in use by

1 each school district and campus;

2 (B) the square footage of instructional facility
3 space per student; and

4 (C) the number of instructional facilities that
5 are serving a number of students that exceeds the maximum
6 capacity of the facility; and

7 (4) a determination of the extent to which
8 instructional facilities in this state are energy and water use
9 efficient.

10 (c) In projecting the need for instructional facilities in
11 the next 10 to 20 years, the study must determine the facilities
12 that will need to be constructed, repaired, or renovated in this
13 state. The study may include:

14 (1) projections as to the date new instructional
15 facilities will be needed or the date existing instructional
16 facilities will need to be repaired or renovated;

17 (2) information relating to the date of construction
18 or age of existing instructional facilities; and

19 (3) information relating to the dates of the most
20 recent major renovations of existing instructional facilities.

21 (d) The comptroller and the agency shall determine the
22 appropriate methodology for use in conducting the study required
23 by this section.

1 (e) Not later than December 1, 2006, the comptroller and
2 the agency shall submit to the legislature a report based on the
3 study required by this section. This section expires January
4 15, 2007.

5 SECTION 1C.05. Section 46.033, Education Code, is amended
6 to read as follows:

7 Sec. 46.033. ELIGIBLE BONDS. Bonds, including bonds issued
8 under Section 45.006, are eligible to be paid with state and
9 local funds under this subchapter if:

10 (1) the district made payments on the bonds during the
11 2004-2005 [~~2002-2003~~] school year or taxes levied to pay the
12 principal of and interest on the bonds were included in the
13 district's audited debt service collections for that school
14 year; and

15 (2) the district does not receive state assistance
16 under Subchapter A for payment of the principal and interest on
17 the bonds.

18 SECTION 1C.06. Section 46.034(c), Education Code,
19 is amended to read as follows:

20 (c) If the amount required to pay the principal of and
21 interest on eligible bonds in a school year is less than the
22 amount of payments made by the district on the bonds during the
23 2004-2005 [~~2002-2003~~] school year or the district's audited debt

1 service collections for that school year, the district may not
2 receive aid in excess of the amount that, when added to the
3 district's local revenue for the school year, equals the amount
4 required to pay the principal of and interest on the bonds.

5 SECTION 1C.07. Chapter 46, Education Code, is amended by
6 adding Subchapter D to read as follows:

7 SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND

8 CAPACITY

9 Sec. 46.091. DEFINITIONS. In this subchapter:

10 (1) "Allocated revenue" means that portion of state
11 assistance under Subchapter A or B equal to the scheduled debt
12 service payments in effect immediately before the refunding of
13 eligible bonds being refunded under this subchapter.

14 (2) "Authority" means the Texas Public Finance
15 Authority.

16 (3) "Authority obligation" means any type of revenue
17 obligation, including a bond, note, certificate, or other
18 instrument issued under this subchapter. The term includes an
19 obligation issued to refund an obligation issued under this
20 subchapter.

21 (4) "Credit agreement" has the meaning assigned by
22 Section 1371.001, Government Code.

23 (5) "Obligation administrative expenses" means

1 expenses incurred in administering authority obligations,
2 including:

3 (A) administrative expenses incurred by the
4 commissioner or the authority relating to the administration of
5 this subchapter; and

6 (B) fees for:

7 (i) paying agents, trustees, and attorneys;

8 (ii) other professional services necessary
9 to ensure compliance with applicable state or federal law; and

10 (iii) a school district with eligible bonds
11 refunded under this subchapter, professional service expenses in
12 an amount approved by the commissioner.

13 Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If
14 the commissioner determines that it is feasible to refund
15 eligible school district bonds as provided by this subchapter,
16 the commissioner may request that the authority issue authority
17 obligations necessary to accomplish the refunding. On request
18 of the commissioner, the authority shall issue authority
19 obligations, in accordance with Title 9, Government Code, in an
20 amount sufficient to:

21 (1) refund eligible bonds;

22 (2) pay all obligation administrative expenses;

23 (3) pay the costs of issuing the authority

1 obligations;

2 (4) pay the costs of any credit agreement; and

3 (5) provide any reserve funds.

4 (b) Authority obligations and any related credit agreements
5 must be secured by allocated revenue.

6 (c) The commissioner's request for the issuance of
7 authority obligations must state:

8 (1) the maximum principal amount of bonds to be
9 refunded under this subchapter;

10 (2) the maximum term of bonds to be refunded; and

11 (3) the amount of state assistance under Subchapter A
12 or B to support the payment of the bonds to be refunded.

13 (d) To best achieve the economic goals of this subchapter
14 and accomplish the borrowing at the lowest practicable cost, the
15 authority may determine:

16 (1) the method of sale of authority obligations;

17 (2) the type and form of obligation;

18 (3) the maximum interest rates and other terms of
19 authority obligations; and

20 (4) the need for related credit agreements.

21 (e) The authority shall certify to the commissioner that
22 each series of authority obligations issued under this
23 subchapter will result in an aggregate present value savings.

1 (f) Section 46.007 does not apply to the issuance of
2 authority obligations under this subchapter.

3 Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School
4 district bonds are eligible for refunding under this subchapter
5 if:

6 (1) the district receives state assistance for payment
7 of the bonds under Subchapter A or B; and

8 (2) the principal and interest of the bonds are
9 guaranteed by the permanent school fund under Subchapter C,
10 Chapter 45.

11 Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO
12 SCHOOL DISTRICTS. (a) If the commissioner determines that it
13 is feasible to refund eligible school district bonds as provided
14 by this subchapter, the commissioner shall periodically identify
15 which outstanding school bonds are eligible for refunding under
16 this subchapter. The commissioner shall notify the school
17 districts issuing the bonds that:

18 (1) the bonds are subject to being refunded and
19 defeased through the issuance of authority obligations; and

20 (2) a school district whose bonds are refunded under
21 this subchapter is entitled to priority in the allocation of
22 resulting increases in the capacity of the permanent school fund
23 to guarantee school district bonds under Subchapter C, Chapter

1 45, as provided by Section 45.0561.

2 (b) The district may elect to direct the commissioner to
3 include any of the district's eligible bonds for consideration
4 for refunding under this subchapter. If the district does not
5 elect to direct the commissioner to include the district's bonds
6 for consideration for refunding within the time prescribed by
7 this subsection, the bonds may not be refunded under this
8 subchapter.

9 (c) Notice under Subsection (a) must:

10 (1) identify the bonds the commissioner proposes to
11 refund under this subchapter;

12 (2) state that the school district may elect to direct
13 the commissioner to include any of the district's bonds for
14 consideration for refunding; and

15 (3) advise the district of:

16 (A) the effect of electing to have the bonds
17 considered for refunding; and

18 (B) the effect of not electing to have the bonds
19 considered for refunding.

20 Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY.

21 (a) To permit the authority to pledge allocated revenue to the
22 payment of authority obligations, the commissioner shall enter
23 into an agreement with the authority under which:

1 (1) the commissioner, acting on behalf of each school
2 district whose bonds are being refunded under this subchapter,
3 may pledge the allocated revenue to secure the payment of the
4 principal of and interest and premium on authority obligations;
5 and

6 (2) each school year, the commissioner shall allocate
7 and distribute to the authority allocated revenue equal to the
8 scheduled debt service payments for that year on the bonds being
9 refunded.

10 (b) An agreement under this section must state that the
11 funding for allocated revenue is subject to legislative
12 appropriation. A distribution to the authority under the
13 agreement is considered to be a distribution for purposes of
14 Section 46.009. If the commissioner determines that the amount
15 appropriated for any year for allocated revenue is insufficient,
16 the commissioner may act under Section 46.009(b) to ensure the
17 sufficiency of allocated revenue.

18 Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a)
19 The authority shall use the proceeds of authority obligations,
20 less the cost of issuing those obligations and the cost of
21 administrative expenses incurred by the commissioner or the
22 authority relating to the administration of this subchapter, to
23 refund and defease eligible bonds as requested by the

1 commissioner. To accomplish the refunding and defeasance:

2 (1) the commissioner, on behalf of the school
3 districts issuing the bonds, may:

4 (A) exercise any reserved right of optional
5 redemption; and

6 (B) issue any required notice of redemption and
7 defeasance; and

8 (2) the authority, on behalf of the districts issuing
9 the bonds, may enter into escrow agreements and purchase escrow
10 securities as provided by Chapter 1207, Government Code, with
11 the same effect under that chapter as if the authority were the
12 issuer of the bonds being refunded and defeased.

13 (b) The authority shall provide to a school district whose
14 bonds are refunded under this subchapter appropriate
15 documentation showing that the bonds have been refunded and
16 defeased.

17 Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES.

18 After paying the current debt service on authority obligations,
19 the authority may use allocated revenue to pay obligation
20 administrative expenses.

21 Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF
22 DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the
23 commissioner allocates and distributes to the authority

1 allocated revenue for a school district's bonds refunded under
2 this subchapter in an amount in excess of the state assistance
3 to which the district is entitled in connection with all of the
4 district's bonds, the district shall reimburse the commissioner
5 in the amount of the excess.

6 (b) If a school district elects not to reimburse the
7 commissioner in the amount of excess state assistance as
8 required under Subsection (a), the commissioner shall direct the
9 comptroller to withhold the amount of the excess from the
10 succeeding payment of state assistance payable to the school
11 district and credit the amount to the account or accounts from
12 which the excess payment was made.

13 (c) A school may reimburse the commissioner under this
14 section from any lawfully available source.

15 Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The
16 authority may issue authority obligations to refund any
17 previously issued authority obligations if the authority by
18 resolution determines that the issuance of refunding obligations
19 will result in the lowest practicable borrowing cost to the
20 state and school districts with outstanding eligible bonds.

21 Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S
22 CREDIT. (a) Authority obligations and any related credit
23 agreements are not:

1 (1) a debt of the state, a state agency, or a
2 political subdivision of the state; or

3 (2) a pledge of the faith and credit or taxing power
4 of the state, a state agency, or a political subdivision of the
5 state.

6 (b) Authority obligations and any related credit agreements
7 are payable solely from allocated revenue pledged to the payment
8 of those obligations.

9 (c) Subject to the limitations of Subsection (a), as long
10 as authority obligations are outstanding, the state may not:

11 (1) take any action to limit or restrict the
12 authority's responsibility to pay the authority obligations; or

13 (2) in any way impair the rights and remedies of the
14 owners of authority obligations.

15 (d) The reallocation of allocated revenue to secure
16 authority obligations to refund school district bonds is:

17 (1) consistent with the original authorization,
18 allocation, and application of state assistance under Subchapter
19 A or B;

20 (2) in furtherance of any covenants, agreements, or
21 undertakings by school districts or the commissioner to cause
22 allocated revenue to be credited to debt service funds for
23 school district bonds; and

1 (3) consistent with all statutory and regulatory
2 dedications and restrictions on the allocated revenue.

3 ARTICLE 2. EDUCATION EXCELLENCE

4 PART A. EDUCATION EMPLOYEES

5 SECTION 2A.01. Section 11.201, Education Code, is amended
6 by adding Subsection (e) to read as follows:

7 (e) A superintendent may not receive any financial benefit
8 for personal services performed by the superintendent for any
9 business entity that conducts business with or solicits business
10 from the school district. Any financial benefit received by the
11 superintendent for performing personal services for any other
12 entity must be approved by the board of trustees on a case-by-
13 case basis in an open meeting.

14 SECTION 2A.02. Subchapter E, Chapter 11, Education Code, is
15 amended by adding Section 11.203 to read as follows:

16 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR
17 PRINCIPALS. (a) The agency shall develop and operate a school
18 leadership pilot program for principals in accordance with this
19 section.

20 (b) The agency shall operate the program in cooperation
21 with a nonprofit corporation that has substantial experience in
22 developing best practices to improve leadership skills, student
23 achievement, student graduation rates, and teacher retention.

1 (c) The agency shall consult appropriate departments at
2 institutions of higher education to develop program course work
3 that focuses on management and business training.

4 (d) A principal or a person interested in becoming a
5 principal may apply for participation in the program, in a form
6 and manner determined by the commissioner.

7 (e) A principal of a campus rated academically
8 unacceptable, as well as any person employed to replace that
9 principal, shall participate in the program and complete the
10 program requirements not later than a date determined by the
11 commissioner.

12 (f) To pay the costs of administering the program, the
13 commissioner shall retain a portion of the total amount of funds
14 allotted under the Foundation School Program that the
15 commissioner considers appropriate to finance activities under
16 this section and shall reduce the total amount of state funds
17 allocated to each district from any source in the same manner
18 described for a reduction in allotments under Section 42.253.

19 (g) To implement and administer the program, the
20 commissioner may accept grants, gifts, and donations from public
21 and private entities.

22 (h) The commissioner may adopt rules necessary to
23 administer this section.

1 (i) This section expires September 1, 2010.

2 SECTION 2A.03. Section 21.003(a), Education Code, is
3 amended to read as follows:

4 (a) A person may not be employed as a teacher, teacher
5 intern or teacher trainee, librarian, educational aide,
6 administrator, educational diagnostician, or counselor by a
7 school district unless the person holds an appropriate
8 certificate or permit issued as provided by Subchapter B.

9 SECTION 2A.04. Section 21.045, Education Code, is amended
10 by amending Subsections (a) and (b) and adding Subsection (e) to
11 read as follows:

12 (a) The board shall propose rules establishing standards to
13 govern the approval and continuing accountability of all
14 educator preparation programs based on information that is
15 disaggregated with respect to sex and ethnicity and that
16 includes:

17 (1) results of the certification examinations
18 prescribed under Section 21.048(a); [~~and~~]

19 (2) performance based on the appraisal system for
20 beginning teachers adopted by the board;

21 (3) performance of students taught by beginning
22 teachers, as determined on the basis of annual individual
23 student growth in achievement, as measured under Section 39.034,

1 and any other factor considered appropriate by the board; and

2 (4) retention rates of beginning teachers in the
3 profession.

4 (b) Each educator preparation program shall submit data
5 elements as required by the board for an annual performance
6 report to ensure access and equity. At a minimum, the annual
7 report must contain the performance data from Subsection (a),
8 other than the data required for purposes of Subsection (a)(3),
9 and the following information, disaggregated by sex and
10 ethnicity:

11 (1) the number of candidates who apply;

12 (2) the number of candidates admitted;

13 (3) the number of candidates retained;

14 (4) the number of candidates completing the program;

15 (5) the number of candidates employed in the
16 profession after completing the program; and

17 (6) the number of candidates retained in the
18 profession.

19 (e) The agency shall annually submit student performance
20 data to the board for purposes of Subsection (a)(3). The agency
21 shall provide the data to the board in a manner that protects
22 the names of individual students and otherwise complies with the
23 confidentiality requirements prescribed by Section 39.030.

1 SECTION 2A.05. Section 21.104(a), Education Code, is
2 amended to read as follows:

3 (a) A teacher employed under a probationary contract may be
4 discharged at any time for:

5 (1) good cause as determined by the board of trustees;
6 or

7 (2) a financial exigency that requires a reduction in
8 personnel~~[, good cause being the failure to meet the accepted~~
9 ~~standards of conduct for the profession as generally recognized~~
10 ~~and applied in similarly situated school districts in this~~
11 ~~state].~~

12 SECTION 2A.06. Subchapter C, Chapter 21, Education Code, is
13 amended by adding Section 21.1041 to read as follows:

14 Sec. 21.1041. HEARING FOR CERTAIN DISCHARGES UNDER
15 PROBATIONARY CONTRACT. (a) If the board of trustees proposes
16 to discharge a teacher under Section 21.104(a)(2), the board
17 shall give written notice of the proposed action to the teacher.

18 (b) If the teacher desires a hearing after receiving notice
19 of the proposed discharge, the teacher shall notify the board of
20 trustees in writing, not later than the 15th day after the date
21 the teacher receives the notice of the proposed action. The
22 board shall provide for a hearing to be held not later than the
23 15th day after the date the board receives the request for a

1 hearing unless the parties agree in writing to a different date.

2 The hearing must be closed unless the teacher requests an open
3 hearing. The hearing must be conducted in accordance with rules
4 adopted by the board. At the hearing, the teacher may:

5 (1) be represented by a representative of the
6 teacher's choice;

7 (2) hear the evidence supporting the reason for the
8 discharge;

9 (3) cross-examine adverse witnesses; and

10 (4) present evidence.

11 (c) After a hearing held under Subsection (b), the board of
12 trustees shall:

13 (1) take the appropriate action to discharge the
14 teacher or allow the teacher to complete the probationary
15 contract term; and

16 (2) notify the teacher in writing of its decision not
17 later than the 15th day after the date of the hearing.

18 (d) If the teacher does not request a hearing under
19 Subsection (b), the board of trustees shall take the appropriate
20 action to discharge the teacher and shall notify the teacher in
21 writing of that action not later than the 30th day after the
22 date the notice of proposed discharge for a financial exigency
23 that requires a reduction in personnel was sent to the teacher.

1 SECTION 2A.07. Subchapter E, Chapter 21, Education Code, is
2 amended by adding Section 21.2111 to read as follows:

3 Sec. 21.2111. HEARING FOR CERTAIN DISCHARGES UNDER TERM
4 CONTRACT. (a) If the board of trustees proposes to discharge a
5 teacher under Section 21.211(a)(2), the board shall give written
6 notice of the proposed action to the teacher.

7 (b) If the teacher desires a hearing after receiving notice
8 of the proposed discharge, the teacher shall notify the board of
9 trustees in writing, not later than the 15th day after the date
10 the teacher receives the notice of the proposed action. The
11 board shall provide for a hearing to be held not later than the
12 15th day after the date the board receives the request for a
13 hearing unless the parties agree in writing to a different date.
14 The hearing must be closed unless the teacher requests an open
15 hearing. The hearing must be conducted in accordance with rules
16 adopted by the board. At the hearing, the teacher may:

17 (1) be represented by a representative of the
18 teacher's choice;

19 (2) hear the evidence supporting the reason for the
20 discharge;

21 (3) cross-examine adverse witnesses; and

22 (4) present evidence.

23 (c) After the hearing, the board of trustees shall:

1 (1) take the appropriate action to discharge the
2 teacher or allow the teacher to complete the current contract
3 term; and

4 (2) notify the teacher in writing of its decision not
5 later than the 15th day after the date of the hearing.

6 (d) If the teacher does not request a hearing under
7 Subsection (b), the board of trustees shall take the appropriate
8 action to discharge the teacher and shall notify the teacher in
9 writing of that action not later than the 30th day after the
10 date the notice of proposed discharge for a financial exigency
11 that requires a reduction in personnel was sent to the teacher.

12 SECTION 2A.08. Section 21.251, Education Code, is amended
13 to read as follows:

14 Sec. 21.251. APPLICABILITY. (a) This subchapter applies
15 if a teacher requests a hearing after receiving notice of the
16 proposed decision to:

17 (1) terminate the teacher's continuing contract at any
18 time;

19 (2) except as provided by Subsection (b)(3), terminate
20 the teacher's probationary or term contract before the end of
21 the contract period; or

22 (3) suspend the teacher without pay.

23 (b) This subchapter does not apply to:

1 (1) a decision to terminate a teacher's employment at
2 the end of a probationary contract; [~~or~~]

3 (2) a decision not to renew a teacher's term contract,
4 unless the board of trustees of the employing district has
5 decided to use the process prescribed by this subchapter for
6 that purpose; or

7 (3) a decision to terminate a teacher's probationary
8 contract or term contract before the end of the contract period
9 for a financial exigency that requires a reduction in personnel.

10 SECTION 2A.09. Section 21.301(a), Education Code, is
11 amended to read as follows:

12 (a) Not later than the 20th day after the date the board of
13 trustees or board subcommittee announces its decision under
14 Section 21.259, [~~or~~] the board advises the teacher of its
15 decision not to renew the teacher's contract under Section
16 21.208, or the board advises the teacher of its decision to
17 terminate the teacher's probationary contract under Section
18 21.1041(c) or (d) or term contract under Section 21.2111(c) or
19 (d), the teacher may appeal the decision by filing a petition
20 for review with the commissioner.

21 SECTION 2A.10. Section 21.303(a), Education Code, is
22 amended to read as follows:

23 (a) If the board of trustees decided not to renew a

1 teacher's term contract or decided to terminate a teacher's
 2 probationary contract under Section 21.1041(c) or (d) or term
 3 contract under Section 21.2111(c) or (d), the commissioner may
 4 not substitute the commissioner's judgment for that of the board
 5 of trustees unless the decision was arbitrary, capricious, or
 6 unlawful or is not supported by substantial evidence.

7 SECTION 2A.11. Section 21.402, Education Code, is amended
 8 by amending Subsections (a), (c), and (d) and adding Subsections
 9 (a-1), (a-2), (c-1), (c-2), and (d-1) to read as follows:

10 (a) Except as provided by Subsection (a-1), (a-2), (d),
 11 (e), or (f), a school district must pay each classroom teacher,
 12 full-time librarian, full-time counselor certified under
 13 Subchapter B, or full-time school nurse not less than the
 14 minimum monthly salary, based on the employee's level of
 15 experience, determined by the following formula:

$$16 \quad \text{MS} = \text{SF} \times \underline{\text{AA}} \text{ [FS]}$$

17 where:

18 "MS" is the minimum monthly salary;

19 "SF" is the applicable salary factor specified by Subsection
 20 (c); and

21 "AA" is the accreditation allotment under Section 42.101

22 [~~"FS" is the amount, as determined by the commissioner under~~
 23 ~~Subsection (b), of state and local funds per weighted student~~

1 available to a district eligible to receive state assistance
 2 under Section 42.302 with an enrichment tax rate, as defined by
 3 Section 42.302, equal to the maximum rate authorized under
 4 Section 42.303, except that the amount of state and local funds
 5 per weighted student does not include the amount attributable to
 6 the increase in the guaranteed level made by H.B. No. 3343, Acts
 7 of the 77th Legislature, Regular Session, 2001].

8 (a-1) A school district is not required to pay the minimum
 9 salary determined under Subsection (a) to an educator who
 10 receives a service retirement annuity under Chapter 824,
 11 Government Code.

12 (a-2) A school district is not required to pay the minimum
 13 salary determined under Subsection (a) to an educator who does
 14 not hold a lifetime or standard certificate and who holds a
 15 probationary, temporary, or emergency educator certificate.

16 (c) The salary factors per step are as follows:

Years	0	1	2
Experience			
Salary Factor	$\frac{.6451}{[.5656]}$	$\frac{.6584}{[.5790]}$	$\frac{.6719}{[.5924]}$
Years	3	4	5
Experience			
Salary Factor	$\frac{.6851}{[.6058]}$	$\frac{.7133}{[.6340]}$	$\frac{.7414}{[.6623]}$
Years	6	7	8
Experience			
Salary Factor	$\frac{.7695}{[.6906]}$	$\frac{.7958}{[.7168]}$	$\frac{.8205}{[.7416]}$
Years	9	10	11
Experience			

Salary Factor	<u>.8440</u> [-.7651]	<u>.8658</u> [-.7872]	<u>.8870</u> [-.8082]
Years	12	13	14
Experience			
Salary Factor	<u>.9067</u> [-.8281]	<u>.9251</u> [-.8467]	<u>.9430</u> [-.8645]
Years	15	16	17
Experience			
Salary Factor	<u>.9595</u> [-.8811]	<u>.9753</u> [-.8970]	<u>.9902</u> [-.9119]
Years	18	19	20 and over
Experience			
Salary Factor	<u>1.004</u> [-.9260]	<u>1.018</u> [-.9394]	<u>1.030</u> [-.9520]

1 (c-1) Notwithstanding Subsection (a), for the 2006-2007
2 school year, a classroom teacher, full-time librarian, full-time
3 counselor certified under Subchapter B, or full-time school
4 nurse is entitled to a monthly salary that is at least equal to
5 the sum of:

6 (1) the monthly salary the employee received for the
7 2004-2005 school year, including any local supplement and any
8 money representing a career ladder supplement the employee would
9 have received in the 2005-2006 school year; and

10 (2) \$350.

11 (c-2) Subsections (c) and (c-1) apply beginning with the
12 2006-2007 school year, but only if H.B. No. 3, Acts of the 79th
13 Legislature, Regular Session, 2005, takes effect immediately.
14 As necessary, for the 2005-2006 and 2006-2007 school years, the
15 commissioner shall compute salary factors under Subsection (c)
16 and amounts under Subsection (c-1)(2) to reflect the following

1 monthly salary increases, relative to the preceding school year,
2 for those employees:

3 (1) for the 2005-2006 school year:

4 (A) if H.B. No. 3, Acts of the 79th Legislature,
5 Regular Session, 2005, does not take effect immediately, \$150;
6 and

7 (B) if H.B. No. 3, Acts of the 79th Legislature,
8 Regular Session, 2005, takes effect immediately, \$200; and

9 (2) for the 2006-2007 school year, \$150.

10 (d) A classroom teacher, full-time librarian, full-time
11 counselor certified under Subchapter B, or full-time school
12 nurse employed by a school district in the 2006-2007 [~~2000-2001~~]
13 school year is, as long as the employee is employed by the same
14 district, entitled to a salary that is at least equal to the
15 salary the employee received for the 2006-2007 [~~2000-2001~~]
16 school year.

17 (d-1) A classroom teacher, full-time librarian, full-time
18 counselor certified under Subchapter B, or full-time nurse may
19 elect to receive a portion of the person's annual salary as
20 health care supplementation as provided by Chapter 1580,
21 Insurance Code.

22 SECTION 2A.12. Subchapter J, Chapter 21, Education Code, is
23 amended by adding Section 21.458 to read as follows:

1 Sec. 21.458. MENTORS. (a) Each school district may assign
2 a mentor teacher to each classroom teacher who has less than two
3 years of teaching experience if the mentor:

4 (1) teaches in the same school;

5 (2) to the extent practicable, teaches the same
6 subject or grade level, as applicable; and

7 (3) meets the qualifications prescribed by
8 commissioner rules adopted under Subsection (b).

9 (b) The commissioner shall adopt rules necessary to
10 administer this section, including rules concerning the duties
11 and qualifications of a teacher who serves as a mentor. The
12 rules concerning qualifications must require that to serve as a
13 mentor a teacher must:

14 (1) complete a research-based mentor and induction
15 training program approved by the commissioner;

16 (2) complete a mentor training program provided by the
17 district; and

18 (3) have at least three complete years of teaching
19 experience with a proven record of assisting students, as a
20 whole, in achieving growth in performance.

21 (c) The commissioner shall develop proposed rules under
22 Subsection (b) by negotiated rulemaking as provided by Chapter
23 2008, Government Code.

1 (d) From the funds appropriated to the agency for purposes
2 of this section, the commissioner shall adopt rules and provide
3 funding to school districts that assign mentor teachers under
4 this section. Funding provided to districts under this
5 subsection may be used only for providing:

6 (1) mentor teacher stipends;

7 (2) scheduled time for mentor teachers to provide
8 mentoring to assigned classroom teachers; and

9 (3) mentoring support through providers of mentor
10 training.

11 (e) In adopting rules under Subsection (d), the
12 commissioner shall rely on research-based mentoring programs
13 that, through external evaluation, have demonstrated success.

14 (f) If insufficient funds are appropriated to the agency
15 for purposes of this section, in providing funding under this
16 section the commissioner shall give preference to a school
17 district:

18 (1) that has an unsatisfactory teacher retention rate;

19 (2) that has an unsatisfactory high school graduation
20 rate;

21 (3) that has an unsatisfactory dropout rate; or

22 (4) in which a high percentage of district students
23 perform unsatisfactorily on assessment instruments administered

1 under Section 39.023.

2 (g) The commissioner shall annually evaluate the
3 effectiveness of school district mentor programs established
4 under this section. The evaluation must consider:

5 (1) the performance of students in districts that
6 assign mentor teachers under this section on assessment
7 instruments administered under Section 39.023;

8 (2) the districts' high school graduation rates; and

9 (3) the districts' teacher attrition rates.

10 SECTION 2A.13. Chapter 21, Education Code, is amended by
11 adding Subchapter N to read as follows:

12 SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

13 Sec. 21.651. EDUCATOR EXCELLENCE INCENTIVE PROGRAM. (a)

14 The commissioner shall establish an educator excellence
15 incentive program under which school districts, in accordance
16 with locally developed plans approved by the commissioner,
17 provide incentive payments to employees whose students
18 demonstrate successful annual individual student growth in
19 achievement.

20 (b) From funds appropriated for the purpose of this
21 subchapter, the commissioner shall award incentive payments to
22 each school district with a local incentive plan approved by the
23 commissioner. The commissioner shall distribute the incentive

1 payments each year to a qualifying school district on the basis
2 of the district's actual average daily attendance for the
3 preceding school year. The total amount of incentive payments
4 made to school districts from funds appropriated for the
5 incentive program under this subchapter may not exceed \$100
6 million each fiscal year.

7 (b-1) The commissioner may not award incentive payments to
8 school districts under this subchapter before the 2006-2007
9 school year. This subsection expires September 1, 2007.

10 (c) Except as provided by Subsections (d) and (e), each
11 year a school district shall use funds received by the district
12 under this subchapter to provide campus-based incentive payments
13 in accordance with this subchapter.

14 (d) A school district with an enrollment of less than 1,600
15 may use all of the funds received under this subchapter to
16 provide stipends under Subsection (e).

17 (e) A school district may use an amount not to exceed 50
18 percent of the funds received under this subchapter to provide
19 stipends to:

20 (1) teachers who are certified in a curriculum subject
21 area in which the district is experiencing a shortage of
22 qualified teachers, as determined by the commissioner;

23 (2) teachers who serve as mentors in accordance with

1 Section 21.458;

2 (3) teachers who are assigned, during the first three
3 years of the assignment, to a campus that is difficult to staff,
4 according to standards established by the board of trustees of
5 the district, including a rural or academically unacceptable
6 campus; and

7 (4) teachers who are certified by the National Board
8 for Professional Teaching Standards or who are seeking that
9 certification.

10 (f) The commissioner shall adopt rules necessary to
11 implement this subchapter. In adopting rules, the commissioner
12 shall:

13 (1) include criteria and guidelines for evaluating
14 local incentive plans; and

15 (2) encourage local flexibility in designing local
16 incentive plans that promote student achievement.

17 (g) The commissioner shall annually evaluate the
18 effectiveness of the educator excellence incentive program for
19 improving student performance on at-risk campuses established
20 under this section. The evaluation must consider:

21 (1) the performance of students in districts and
22 participating campuses under this section on assessment
23 instruments administered under Section 39.023;

1 (2) the districts' and participating campuses' high
2 school graduation and completion rates; and

3 (3) the districts' and participating campuses' teacher
4 attrition rates.

5 Sec. 21.652. MINIMUM CRITERIA FOR LOCAL INCENTIVE PLANS.

6 (a) A school district shall develop a local incentive plan for
7 rewarding successful annual individual student growth in
8 achievement in the district and submit the plan to the
9 commissioner for approval.

10 (b) A local incentive plan must be designed to reward
11 campuses.

12 (c) The primary criteria for making incentive payments to
13 employees under a local incentive plan must be based on
14 objective measures of student achievement, including a measure
15 of annual individual student growth in achievement under Section
16 39.034, and the plan must provide for incentive payments to be
17 awarded on the basis of high achievement, incremental growth in
18 achievement, or both. A local incentive plan may also consider
19 other indicators of employee performance, such as teacher
20 evaluations conducted by principals or parents.

21 (d) A local incentive plan must:

22 (1) be developed through a process that includes
23 participation of classroom teachers in the school district; and

1 (2) be approved by the district-level planning and
2 decision-making committee.

3 (e) The campus-level planning and decision-making committee
4 shall determine the appropriate distribution of funds received
5 by a campus under this subchapter.

6 Sec. 21.653. EMPLOYMENT CONTRACTS. (a) A school district
7 shall provide in employment contracts that qualifying employees
8 may receive an incentive payment under the local incentive plan.

9 (b) The school district shall indicate that any incentive
10 payment distributed is considered a bonus for performance and
11 not an entitlement as part of an employee's salary.

12 Sec. 21.654. DECISION REGARDING INCENTIVE PAYMENTS. A
13 decision in providing an incentive payment under a local
14 incentive plan approved under this subchapter is final and may
15 not be appealed.

16 SECTION 2A.14. Subchapter A, Chapter 22, Education Code, is
17 amended by adding Section 22.007 to read as follows:

18 Sec. 22.007. WAGE INCREASE FOR SUPPORT STAFF. (a) A
19 school district each school year shall pay each full-time
20 district employee, other than an administrator or an employee
21 subject to the minimum salary schedule under Section 21.402, an
22 amount at least equal to \$1,000.

23 (b) A school district each school year shall pay each part-

1 time district employee, other than an administrator, an amount
2 at least equal to \$500.

3 (c) A school district employee entitled to a wage increase
4 under this section may elect to receive a portion of the
5 person's annual wages as health care supplementation as provided
6 by Chapter 1580, Insurance Code.

7 (d) A payment under this section is in addition to wages
8 the district would otherwise pay the employee during the school
9 year.

10 SECTION 2A.15. Subchapter A, Chapter 29, Education Code, is
11 amended by adding Section 29.019 to read as follows:

12 Sec. 29.019. SPEECH-LANGUAGE INSTRUCTION: ASSISTANTS. (a)

13 This section applies to an assistant who:

14 (1) has at least three years of experience in speech
15 therapy, as determined by the State Board of Examiners for
16 Speech-Language Pathology and Audiology; and

17 (2) is supervised by a licensed speech-language
18 pathologist.

19 (b) An assistant described by Subsection (a) may attend, as
20 related services personnel, a student admission, review, and
21 dismissal committee meeting if the meeting involves a student
22 for whom the assistant provides services. If an assistant
23 attends a meeting as provided by this section, the supervising

1 speech-language pathologist is not required to attend the
2 meeting, except as provided by Subsection (c).

3 (c) A supervising speech-language pathologist must attend a
4 committee meeting under Subsection (b):

5 (1) if the purpose of the committee meeting is to
6 develop a student's initial individualized education program
7 under Section 29.005; or

8 (2) if the purpose of the committee meeting is to
9 consider the student's dismissal, unless the supervising speech-
10 language pathologist has submitted the pathologist's
11 recommendation in writing on or before the date of the meeting.

12 (d) This section:

13 (1) does not create, increase, decrease, or otherwise
14 affect a supervising speech-language pathologist's liability for
15 actions taken by an assistant; and

16 (2) is not a waiver of a school district's sovereign
17 immunity.

18 SECTION 2A.16. Effective September 1, 2006, Subchapter D,
19 Chapter 54, Education Code, is amended by adding Section 54.220
20 to read as follows:

21 Sec. 54.220. CHILDREN OF CLASSROOM TEACHERS. (a) In this
22 section:

23 (1) "Child" means a child of any age, including an

1 adult child. The term includes an adopted child.

2 (2) "Classroom teacher" has the meaning assigned by
3 Section 5.001.

4 (b) For purposes of this section, a person is another
5 person's child if the other person is the person's natural or
6 adoptive parent, managing or possessory conservator, or legal
7 guardian.

8 (c) The governing board of an institution of higher
9 education shall exempt from the payment of tuition or from the
10 payment of required fees for an academic year an eligible
11 undergraduate student who is a child of an eligible classroom
12 teacher and is designated by the classroom teacher to receive
13 the exemption.

14 (d) A classroom teacher is eligible to designate the
15 teacher's child to receive an exemption under this section for
16 an academic year if, at the beginning of the academic year, the
17 teacher is employed full-time as a classroom teacher by a school
18 district in this state and maintains that employment throughout
19 the school year that corresponds to the academic year.

20 (e) An undergraduate student is eligible for an exemption
21 for an academic year under this section only if the student is a
22 resident of this state for purposes of Subchapter B or is
23 otherwise entitled to pay tuition and fees at the rate provided

1 for residents of this state. A student who receives an
2 exemption for an initial academic period is eligible for an
3 exemption for a subsequent academic period only if the student
4 has earned an overall grade point average of at least 2.5 on a
5 four-point scale or the equivalent on course work previously
6 attempted at institutions of higher education.

7 (f) On the completion of a classroom teacher's 15th year of
8 service, the teacher earns either an exemption from the payment
9 of tuition or an exemption from the payment of required fees for
10 one academic year for the benefit of one child. For each year
11 of service that exceeds 15 years, the classroom teacher earns an
12 additional tuition exemption or an additional fee exemption for
13 one academic year for the benefit of one child. The classroom
14 teacher may elect the type of exemption the child may receive
15 under this section at the time the teacher designates the child
16 to receive the exemption. The exemption earned by a classroom
17 teacher for one year of service may be used for the benefit of
18 only one child. Years of service as a classroom teacher are not
19 required to be consecutive. A classroom teacher may not
20 designate a child to receive an exemption under this section for
21 an academic year unless the teacher's most recent five years of
22 service were in this state.

23 (g) A classroom teacher with at least 19 years of service

1 may elect to use any earned but unused exemptions toward the
2 payment of both the tuition and the required fees of one child
3 during an academic year or to use the unused exemptions toward
4 the payment of the tuition or the required fees, or both tuition
5 and fees as permitted by the number of unclaimed exemptions, of
6 more than one child during an academic year. Two classroom
7 teachers may aggregate years of service to earn one or more
8 exemptions for the benefit of one or more of their children in
9 common, but each classroom teacher must maintain eligibility
10 under Subsection (d) during the academic period for which the
11 exemption is used.

12 (h) If an undergraduate student fails to meet any
13 eligibility requirement of Subsection (e) for an academic
14 period, the student may not receive an exemption under this
15 section for that academic period. An undergraduate student may
16 become eligible to receive the exemption in a subsequent
17 academic period of the same academic year if the student
18 reestablishes eligibility before that period begins.

19 (i) If a classroom teacher whose child receives an
20 exemption earned by the teacher under this section does not
21 remain employed as required by Subsection (d), the student may
22 not receive an exemption for a subsequent academic period of the
23 same academic year under this section until the next academic

1 period that begins after the classroom teacher reestablishes
2 eligibility under Subsection (d).

3 (j) An institution of higher education may require an
4 undergraduate student to pay prorated tuition or required fees,
5 as applicable, for an academic period if the student's
6 eligibility for the exemption under Subsection (e) or the
7 teacher's eligibility for the exemption under Subsection (d) is
8 lost during that period.

9 (k) An undergraduate student is not eligible to receive an
10 exemption under this section if the person:

11 (1) subject to Subsection (l), has previously received
12 an exemption under this section for four academic years at any
13 institution or institutions of higher education; or

14 (2) has received a baccalaureate degree.

15 (l) An undergraduate student who, for any reason other than
16 a loss of relevant eligibility of the student or the classroom
17 teacher, fails to use an exemption from the payment of tuition
18 or an exemption from the payment of required fees in one or more
19 academic periods in the academic year for which the student is
20 designated to receive the exemption may carry forward and use
21 that exemption in an academic period of substantially similar
22 length in a subsequent academic year. The student may use only
23 one exemption for each academic period under this subsection

1 unless the use of more than one exemption is permitted under
2 Subsection (g).

3 (m) The Texas Higher Education Coordinating Board shall
4 adopt:

5 (1) rules prescribing procedures by which a classroom
6 teacher may designate a child to receive an exemption under this
7 section, including rules relating to the determination of a
8 student's eligibility for an exemption or a classroom teacher's
9 eligibility to designate a child to receive an exemption;

10 (2) rules to allow an otherwise eligible student to
11 receive an exemption under this section if the student is unable
12 to satisfy the grade point average requirement of Subsection (e)
13 solely as a result of a hardship or other good cause; and

14 (3) a uniform application form for an exemption under
15 this section.

16 (n) The legislature shall account in the General
17 Appropriations Act for the exemptions authorized by this section
18 in a manner that provides a corresponding increase in the
19 general revenue funds appropriated to the institution granting
20 an exemption.

21 (o) Notwithstanding any other provision of this section,
22 only the following undergraduate students who meet the
23 eligibility requirements of Subsection (e) are eligible to

1 receive an exemption under this section:

2 (1) in the 2006-2007 academic year, a student who has
3 completed less than 30 semester credit hours at any institution
4 of higher education;

5 (2) in the 2007-2008 academic year, a student who has
6 completed less than 60 semester credit hours at any institution
7 of higher education; and

8 (3) in the 2008-2009 academic year, a student who has
9 completed less than 90 semester credit hours at any institution
10 of higher education.

11 (p) This subsection and Subsection (o) expire September 1,
12 2009.

13 SECTION 2A.17. Section 11.201(e), Education Code, as added
14 by this Act, applies only to a contract between a superintendent
15 of a school district and a business entity that is entered into
16 on or after September 1, 2005. A contract between a
17 superintendent of a school district and a business entity that
18 is entered into before September 1, 2005, is governed by the law
19 in effect on the date the contract is entered into, and the
20 former law is continued in effect for that purpose.

21 SECTION 2A.18. (a) As soon as possible after September 1,
22 2005, the State Board for Educator Certification shall review
23 the rules adopted under Section 21.044, Education Code, relating

1 to educator training requirements and revise those rules as
2 necessary to ensure that the training requirements are
3 sufficient to produce educators capable of:

4 (1) satisfying the increased standards for highly
5 qualified educators prescribed by the No Child Left Behind Act
6 of 2001 (Pub. L. No. 107-110);

7 (2) complying with certification standards in this
8 state; and

9 (3) teaching students in a manner that results in the
10 highest level of student performance.

11 (b) In conducting the review required by Subsection (a) of
12 this section, the State Board for Educator Certification shall
13 give specific attention to the degree to which educator training
14 requirements prepare educators to serve students of limited
15 English proficiency and students with learning disabilities.

16 SECTION 2A.19. Sections 21.104, 21.251, 21.301, and
17 21.303, Education Code, as amended by this Act, and Sections
18 21.1041 and 21.2111, Education Code, as added by this Act, apply
19 only to a discharge under a probationary or term contract for
20 which written notice of the proposed discharge is given to a
21 teacher on or after September 1, 2005. A discharge under a
22 probationary or term contract for which written notice of the
23 proposed discharge is given to a teacher before September 1,

H.B. No. 2

1 2005, is governed by the law in effect when the notice is given,
2 and the former law is continued in effect for that purpose.

3 SECTION 2A.20. Section 21.402(a-1), Education Code, as
4 added by this Act, does not apply to the salary of an educator
5 employed under a contract entered into before the effective date
6 of this Act.

7 SECTION 2A.21. Section 21.402(a-2), Education Code, as
8 added by this Act, does not apply to the salary of an educator
9 employed under a contract entered into before the effective date
10 of this Act.

11 SECTION 2A.22. The Texas Higher Education Coordinating
12 Board shall adopt rules and forms for the administration of
13 Section 54.220, Education Code, as added by this Act, not later
14 than January 1, 2006.

15 PART B. ADMINISTRATIVE EFFICIENCY

16 SECTION 2B.01. Subchapter A, Chapter 7, Education Code, is
17 amended by adding Section 7.008 to read as follows:

18 Sec. 7.008. ELECTRONIC STUDENT RECORDS SYSTEM. (a) In
19 this section, "institution of higher education" has the meaning
20 assigned by Section 61.003.

21 (b) Each school district, open-enrollment charter school,
22 and institution of higher education shall participate in an
23 electronic student records system that satisfies standards

1 approved by the commissioner of education and the commissioner
2 of higher education.

3 (c) The electronic student records system must permit an
4 authorized state, district, or school official or an authorized
5 representative of an institution of higher education to
6 electronically transfer and retrieve student information
7 generally found in student transcripts, including information
8 concerning a student's course or grade completion and assessment
9 instrument results, to and from an educational institution in
10 which the student is enrolled.

11 (d) The commissioner of education or the commissioner of
12 higher education may solicit and accept grant funds to maintain
13 the electronic student records system and to make the system
14 available to school districts, open-enrollment charter schools,
15 and institutions of higher education.

16 (e) A private or independent institution of higher
17 education, as defined by Section 61.003, may participate in the
18 electronic student records system under this section. If a
19 private or independent institution of higher education elects to
20 participate, the institution must provide the funding to
21 participate in the system.

22 (f) Any person involved in the transfer and retrieval of
23 student information under this section is subject to any state

1 or federal law governing the release of or providing access to
2 any confidential information to the same extent as the
3 educational institution from which the data is collected. A
4 person may not release or distribute the data to any other
5 person in a form that contains confidential information.

6 (g) The electronic student records system shall be
7 implemented not later than the beginning of the 2006-2007 school
8 year. This subsection expires September 1, 2007.

9 SECTION 2B.02. Subchapter A, Chapter 7, Education Code, is
10 amended by adding Section 7.011 to read as follows:

11 Sec. 7.011. STATEWIDE FUNDS MANAGEMENT INFORMATION SYSTEM
12 FOR AT-RISK STUDENT SERVICES. (a) In this section, "student at
13 risk of dropping out of school" has the meaning described by
14 Section 29.081.

15 (b) The agency shall develop a management information
16 system for funds awarded and allocated to school districts and
17 open-enrollment charter schools for the purpose of providing
18 services to students at risk of dropping out of school.

19 (c) The funds management information system must produce
20 complete, accurate, and timely reports for agency officials and
21 policy makers. The reports must provide information on funding
22 for services for students at risk of dropping out of school,
23 statewide and aggregated by school district, including the

1 following information:

2 (1) the amount of an award;

3 (2) the beginning and ending period of a grant or
4 award;

5 (3) expenditures related to an award; and

6 (4) any amount of an award that was not distributed
7 because of a school district's failure to use awarded funds to
8 provide needed services during the funding period.

9 (d) The commissioner shall adopt rules as necessary to
10 administer this section. The rules adopted under this
11 subsection must ensure that:

12 (1) the funds management information system includes:

13 (A) the information described by Subsection (c)
14 for all funding sources for services described by Section 29.092
15 for students at risk of dropping out of school, excluding
16 funding information relating to a compensatory, intensive, or
17 accelerated instruction program under Section 29.081, a
18 disciplinary alternative education program established under
19 Section 37.008, or a program eligible under Title I of the
20 Elementary and Secondary Education Act of 1965, as provided by
21 Pub. L. No. 103-382; and

22 (B) all state funds and federal pass-through
23 funds targeting students at risk of dropping out of school;

1 (2) the system is compatible with and is regularly
2 reconciled with the agency's central accounting system; and

3 (3) aggregate funding information is readily available
4 to agency personnel and policy makers, including aggregate
5 funding information relating to a compensatory, intensive, or
6 accelerated instruction program under Section 29.081, a
7 disciplinary alternative education program established under
8 Section 37.008, or a program eligible under Title I of the
9 Elementary and Secondary Education Act of 1965, as provided by
10 Pub. L. No. 103-382.

11 SECTION 2B.03. Subchapter B, Chapter 7, Education Code, is
12 amended by adding Section 7.033 to read as follows:

13 Sec. 7.033. QUALITY MANAGEMENT CERTIFICATION PROGRAM. (a)
14 The commissioner by rule shall adopt a quality management
15 certification program to encourage school districts and open-
16 enrollment charter schools to obtain International Organization
17 for Standardization ISO 9000 quality management certification.

18 (b) The commissioner by rule shall identify areas of
19 compliance in which the quality management certification program
20 would enhance performance, including:

21 (1) compliance with federal law and regulations;
22 (2) financial accountability, including compliance
23 with grant requirements; and

1 (3) data integrity for purposes of:

2 (A) the Public Education Information Management
3 System (PEIMS); and

4 (B) accountability under Chapter 39.

5 (c) For each school district or open-enrollment charter
6 school that obtains International Organization for
7 Standardization ISO 9000 series quality management program
8 certification, the commissioner by rule shall require specific
9 performance measures that relate to improvement in:

10 (1) student performance;

11 (2) administrative efficiency;

12 (3) business processes; and

13 (4) integration and use of educational technology.

14 (d) For purposes of compliance monitoring, discretionary
15 grant administration, and reporting to the Public Education
16 Information Management System (PEIMS) and under the Education
17 Flexibility Partnership Act of 1999 (20 U.S.C. Section 5891a et
18 seq.), the commissioner by rule shall develop a method for
19 recognizing a school district or open-enrollment charter school
20 that receives and maintains International Organization for
21 Standardization ISO 9000 quality management certification.

22 SECTION 2B.04. Subchapter A, Chapter 11, Education Code, is
23 amended by adding Section 11.003 to read as follows:

1 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later
2 than December 1, 2005, the commissioner shall evaluate the
3 feasibility of including a uniform indicator under Section
4 39.202(b) that measures effective administrative management
5 through the use of cooperative shared service arrangements. If
6 the commissioner determines that the adoption of a uniform
7 indicator described by this subsection is feasible, the
8 commissioner by rule shall include the indicator in the
9 financial accountability rating system under Subchapter I,
10 Chapter 39, for school districts beginning with the 2006-2007
11 school year. This subsection expires September 1, 2007.

12 (b) Each regional education service center shall:

13 (1) notify each school district served by the center
14 regarding the opportunities available through the center for
15 cooperative shared service arrangements within the center's
16 service area; and

17 (2) evaluate the need for cooperative shared service
18 arrangements within the center's service area and consider
19 expanding center-sponsored cooperative shared service
20 arrangements.

21 (c) Each regional education service center shall assist a
22 school district board of trustees in entering into an agreement
23 with another district or political subdivision, a regional

1 education service center, or an institution of higher education
2 as defined by Section 61.003, for a cooperative shared service
3 arrangement regarding administrative services, including
4 transportation, food service, purchasing, and payroll functions.

5 (d) The commissioner may require a district or an open-
6 enrollment charter school to enter into an agreement for a
7 cooperative shared service arrangement if the commissioner
8 determines that the financial management performance of the
9 district or school is unsatisfactory.

10 SECTION 2B.05. Subchapter D, Chapter 11, Education Code, is
11 amended by adding Section 11.168 to read as follows:

12 Sec. 11.168. CERTIFICATION FOR QUALITY MANAGEMENT
13 STANDARDS. Each school district may apply for International
14 Organization for Standardization ISO 9000 certification for
15 quality management standards and apply for renewal of that
16 certification, as applicable.

17 SECTION 2B.06. Subchapter A, Chapter 28, Education Code, is
18 amended by adding Section 28.0022 to read as follows:

19 Sec. 28.0022. CURRICULUM MANAGEMENT ASSISTANCE. (a) The
20 commissioner shall identify available curriculum management
21 materials recommended by school districts that may be used to
22 assist school districts in:

23 (1) understanding the depth and complexity of the

1 essential knowledge and skills identified under Section
2 28.002(c) for each subject in the foundation curriculum under
3 Section 28.002(a)(1); and

4 (2) based on learning standards:

5 (A) developing model instructional plans and
6 diagnostic tools;

7 (B) aligning curriculum objectives to district
8 instructional resources; and

9 (C) differentiating instruction in recognition of
10 the needs of individual students.

11 (b) Unless otherwise prohibited by law, the commissioner
12 may use federal funds to implement this section.

13 (c) Not later than January 1, 2007, the commissioner shall
14 prepare and submit to the legislature a report that describes in
15 detail:

16 (1) the curriculum management materials identified
17 under Subsection (a);

18 (2) the costs associated with making the materials
19 available to school districts; and

20 (3) the manner in which technological applications may
21 be used to make the materials available and allow school
22 districts to use the materials.

23 (d) Subsection (c) and this subsection expire January 31,

1 2007.

2 SECTION 2B.07. Subchapter C, Chapter 29, Education Code, is
3 amended by adding Sections 29.092, 29.093, and 29.094 to read as
4 follows:

5 Sec. 29.092. CONSOLIDATED FUNDING FOR PROGRAMS AND SERVICES
6 FOR STUDENTS AT RISK OF DROPPING OUT OF SCHOOL. (a) In this
7 section, "student at risk of dropping out of school" has the
8 meaning described by Section 29.081.

9 (b) To enable school districts and open-enrollment charter
10 schools to provide supplemental programs and services for the
11 benefit of students at risk of dropping out of school, the
12 commissioner each school year shall award funds to a school
13 district or open-enrollment charter school in accordance with a
14 streamlined and simplified grant process developed by the
15 commissioner. To the extent practicable, the grant process
16 developed by the commissioner under this subsection must comply
17 with Subchapter E, Chapter 7.

18 (c) The commissioner shall consolidate funding from the
19 following currently funded programs and types of services,
20 excluding early childhood care and education programs and
21 accelerated reading or mathematics initiatives under Section
22 28.006, 28.007, or 28.0211:

23 (1) an optional extended year program under Section

1 29.082;

2 (2) a basic skills program for high school students
3 under Section 29.086;

4 (3) a summer school program of instruction for
5 students of limited English proficiency; and

6 (4) a grant for pregnancy-related services, including
7 a pregnancy, education, and parenting program.

8 (d) The commissioner may redistribute the funding of
9 programs described under Subsection (c) as necessary to
10 accomplish the purpose of improving the achievement of students
11 at risk of dropping out of school.

12 (e) A school district or open-enrollment charter school
13 that receives an award of funds under this section may use the
14 funds to provide academic and support services to students at
15 risk of dropping out of school, including:

16 (1) services designed to provide intensive academic
17 instruction to increase student success and high school
18 completion;

19 (2) services designed to provide intensive academic
20 instruction for and reduce the dropout rate of students at risk
21 of dropping out of school;

22 (3) after-school academic and support services;

23 (4) intensive instruction for preschool and school-age

1 students of limited English proficiency;

2 (5) any academic or support services for pregnant or
3 parenting students, including basic instruction and health and
4 life skills training and support for pregnant or parenting
5 students;

6 (6) community-based services designed to address the
7 needs of students at risk of dropping out of school;

8 (7) programs or services designed to promote the
9 involvement of parents of students at risk of dropping out of
10 school; and

11 (8) services or programs promoting school and
12 community collaboration to restructure schools for the
13 successful achievement of all students, especially students at
14 risk of dropping out of school.

15 (f) The agency shall make available research-based guidance
16 to districts and open-enrollment charter schools to enable
17 successful implementation of the academic and support services
18 described by Subsection (e) that assist students at risk of
19 dropping out of school to succeed in school.

20 (g) Not later than November 1 of each year, a school
21 district or open-enrollment charter school may submit an
22 application for funding for programs or services under this
23 section. The school district or open-enrollment charter school

1 must include an assessment of needs for students at risk of
2 dropping out of school, a comprehensive plan for providing
3 services for those students based on the agency's research-based
4 implementation guidance provided under Subsection (f), and a
5 report of all sources of funding for providing services for
6 those students. The commissioner shall distribute an award of
7 funds in the form of a block grant not later than March 15 of
8 each year.

9 Sec. 29.093. COST-OUTCOME ANALYSIS. (a) The agency and
10 the Legislative Budget Board shall jointly develop a request for
11 proposals for a qualified third party to conduct a comprehensive
12 cost-outcome analysis of federal and state funding for programs
13 targeting students at risk of dropping out of school, as
14 described by Section 29.081, and the impact of those programs on
15 student achievement outcomes. In order to be qualified under
16 this section, a party must at a minimum have experience in
17 educational program evaluation and statistical analysis of
18 public education data.

19 (b) The cost-outcome methodology developed by the
20 contractor under this section is subject to joint review and
21 approval by the agency and the Legislative Budget Board. The
22 cost-outcome analysis at a minimum must consist of the following
23 components:

1 (1) a methodology for assessing the cost-effectiveness
2 of individual school districts and open-enrollment charter
3 schools in providing services to students at risk of dropping
4 out of school;

5 (2) performance measures that can be used to assess
6 the effectiveness of school districts and open-enrollment
7 charter schools in administering academic and social service
8 programs for students at risk of dropping out of school;

9 (3) a methodology for evaluating best practices in
10 providing effective services for students at risk of dropping
11 out of school;

12 (4) a statistical methodology for:

13 (A) controlling for differences among individual
14 school districts and open-enrollment charter schools that are
15 not related to funding streams included in the cost-outcome
16 analysis; and

17 (B) disaggregating data by peer groups;

18 (5) a methodology for computing the relative impact of
19 funding sources on student achievement outcomes; and

20 (6) a methodology for reporting disaggregated results
21 for students at risk of dropping out of school.

22 (c) The agency and the Legislative Budget Board shall:

23 (1) not later than December 1 of each year:

1 (A) report findings from the cost-outcome
2 analysis to the lieutenant governor, the speaker of the house of
3 representatives, and the presiding officer of the standing
4 committee of each house of the legislature with primary
5 jurisdiction over public education, including data related to
6 the feasibility of constructing a cost-effectiveness measure for
7 school districts and open-enrollment charter schools;

8 (B) make recommendations for the potential use of
9 the data, including the best methods to disseminate the
10 information to parents and school districts and open-enrollment
11 charter schools; and

12 (C) make the report and recommendations described
13 by Paragraphs (A) and (B) available to the public; and

14 (2) during the 2006-2007 school year, develop a plan
15 to implement the cost-outcome methodology to assess the
16 effectiveness of school districts and open-enrollment charter
17 schools in providing services during the 2007-2008 school year
18 to students at risk of dropping out of school.

19 (d) During the state fiscal biennium beginning September 1,
20 2005, the commissioner shall retain an amount not to exceed
21 \$500,000 from the total amount of funds allotted under the
22 Foundation School Program to finance the comprehensive cost-
23 outcome analysis and shall reduce the total amount of state

1 funds allocated to each district from any source in the same
2 manner described for a reduction in allotments under Section
3 42.253.

4 (e) This section expires September 1, 2010.

5 Sec. 29.094. TEMPORARY PROVISION: COMMISSIONER'S COST-
6 OUTCOME ANALYSIS. (a) The commissioner shall adopt a cost-
7 outcome analysis methodology for use in assessing the
8 effectiveness of school districts and open-enrollment charter
9 schools in providing services for students at risk of dropping
10 out of school, as described by Section 29.081. The commissioner
11 shall use the adopted methodology until the commissioner
12 determines that an alternate methodology approved by the agency
13 and the Legislative Budget Board under Section 29.093(b) more
14 accurately portrays the cost-effectiveness of the analyzed
15 services.

16 (b) The methodology adopted by the commissioner must
17 include the following components:

18 (1) a composite performance measure that combines key
19 indicators of student performance, disaggregated for students at
20 risk of dropping out of school;

21 (2) a format for reporting all state, federal, local,
22 and private sources of funding and total expenditures for
23 supplemental services for students at risk of dropping out of

1 school, reported by school district, by open-enrollment charter
2 school, and statewide; and

3 (3) a system for scoring and ranking school districts
4 and open-enrollment charter schools, including criteria for
5 establishing school district and open-enrollment charter school
6 peer groups for comparison purposes.

7 (c) Based on the cost-outcome analysis methodology, the
8 commissioner shall use the ranking system under Subsection
9 (b)(3) to determine annually the level at which school districts
10 and open-enrollment charter schools are cost-effective in
11 serving students at risk of dropping out of school.

12 (d) Not later than December 1 of each year, the
13 commissioner shall:

14 (1) report the methodology and the results of the
15 cost-outcome analysis to the lieutenant governor, the speaker of
16 the house of representatives, and the presiding officer of the
17 standing committee of each house of the legislature with primary
18 jurisdiction over public education; and

19 (2) make the report under Subdivision (1) available to
20 the public.

21 (e) This section expires on the earlier of the approval of
22 a cost-outcome methodology by the agency and the Legislative
23 Budget Board under Section 29.093(b) or September 1, 2010.

1 SECTION 2B.08. Subchapter A, Chapter 44, Education Code, is
2 amended by adding Section 44.011 to read as follows:

3 Sec. 44.011. EXPENDITURES FOR DIRECT INSTRUCTIONAL
4 ACTIVITIES. (a) A school district shall allocate at least 65
5 percent of the district's total revenue to fund direct
6 instructional activities in the district.

7 (a-1) Subsection (a) applies beginning with the 2009-2010
8 school year. For the 2006-2007, 2007-2008, and 2008-2009 school
9 years, a school district shall allocate the following
10 percentages of the district's total revenue to fund direct
11 instructional activities in the district:

12 (1) for the 2006-2007 school year, at least 50
13 percent;

14 (2) for the 2007-2008 school year, at least 55
15 percent; and

16 (3) for the 2008-2009 school year, at least 60
17 percent.

18 (a-2) Subsection (a-1) and this subsection expire August 1,
19 2009.

20 (b) For purposes of this section, expenditures for direct
21 instructional activities:

22 (1) include expenditures directly related to classroom
23 instruction for courses in the foundation curriculum described

1 by Section 28.002(a)(1) and subject to assessment under
2 Subchapter B, Chapter 39; and

3 (2) do not include expenditures directly related to
4 programs and services that are provided at the district's
5 discretion.

6 (c) The commissioner may adopt rules for purposes of this
7 section in a manner consistent with Subsection (b) and Section
8 44.0071.

9 SECTION 2B.09. Not later than January 1, 2007, the Texas
10 Education Agency shall adopt a five-year plan to renovate the
11 Public Education Information Management System (PEIMS) to
12 provide for efficient and effective information storage and
13 retrieval for the purposes of allocating scarce school
14 resources. The renovation must include a redesign of the
15 records layout.

16 PART C. ACCOUNTABILITY

17 SECTION 2C.01. Subchapter A, Chapter 7, Education Code, is
18 amended by adding Section 7.007 to read as follows:

19 Sec. 7.007. PUBLIC ACCESS TO PEIMS DATA. (a) The
20 commissioner by rule shall adopt procedures to make available,
21 through the agency Internet website, all financial information
22 provided by school districts and campuses through the Public
23 Education Information Management System (PEIMS), including

1 campus-level expenditure information.

2 (b) In adopting rules under this section, the commissioner
3 shall provide a summarized format for reporting financial
4 information on the agency Internet website.

5 SECTION 2C.02. Section 28.006(j), Education Code, is
6 amended to read as follows:

7 (j) No more than 15 percent of the funds certified by the
8 commissioner under Subsection (i) may be spent on indirect
9 costs. The commissioner shall evaluate the programs that fail
10 to meet the standard of performance under Section 39.051(b)(10)
11 [~~39.051(b)(7)~~] and may implement sanctions under Subchapter G,
12 Chapter 39. The commissioner may audit the expenditures of
13 funds appropriated for purposes of this section. The use of the
14 funds appropriated for purposes of this section shall be
15 verified as part of the district audit under Section 44.008.

16 SECTION 2C.03. Effective September 1, 2006, Subchapter B,
17 Chapter 28, Education Code, is amended by adding Section 28.027
18 to read as follows:

19 Sec. 28.027. FUNDING FOR COLLEGE ENTRANCE ASSESSMENTS. (a)
20 The agency shall pay for any student who chooses to take, on
21 one occasion, an assessment instrument that is currently
22 accepted by colleges and universities for use in determining
23 admissions. The agency shall reduce the amount the agency pays

1 for a student to take the assessment instrument by the amount of
2 any discount or fee waiver offered by the vendor of the
3 assessment instrument to which the student is entitled. The
4 agency shall pay the fee for the administration of the
5 assessment instrument directly to the vendor of the assessment
6 instrument:

7 (1) from funds appropriated for the purpose; or

8 (2) if funds are not appropriated for the purpose,
9 from funds allotted under the Foundation School Program, and the
10 commissioner shall reduce the total amount of state funds
11 allocated to each district from any source in the same manner
12 described for a reduction in allotments under Section 42.253.

13 (b) The agency shall ensure that vendors are not paid under
14 Subsection (a) for the administration of an assessment
15 instrument to a student to whom the assessment instrument is not
16 actually administered. The agency may comply with this
17 subsection by any reasonable means, including by creating a
18 refund system under which a vendor returns any payment made for
19 a student who registered for the administration of an assessment
20 instrument but did not appear for the administration.

21 (c) The agency shall select and approve vendors of the
22 specific assessment instruments for which funding is provided
23 under this section.

1 (d) The agency shall compile the results of any assessment
2 instrument for which funding is provided under this section and
3 make the results available to the public in a manner that does
4 not identify individual students.

5 SECTION 2C.04. Sections 29.053(b) and (d), Education Code,
6 are amended to read as follows:

7 (b) Within the first five [~~four~~] weeks following the first
8 day of school, the language proficiency assessment committee
9 established under Section 29.063 shall determine and report to
10 the board of trustees of the district the number of students of
11 limited English proficiency on each campus and shall classify
12 each student according to the language in which the student
13 possesses primary proficiency. The board shall report that
14 information to the agency before November 1 each year.

15 (d) Each district that is required to offer bilingual
16 education and special language programs under this section shall
17 offer the following for students of limited English proficiency:

18 (1) bilingual education in prekindergarten at campuses
19 that offer prekindergarten classes;

20 (2) bilingual education in kindergarten through the
21 elementary grades;

22 (3) [~~+2~~] bilingual education, instruction in English
23 as a second language, or other transitional language instruction

1 approved by the agency in post-elementary grades through grade
2 8; and

3 (4) [~~3~~] instruction in English as a second language
4 in grades 9 through 12.

5 SECTION 2C.05. Section 29.056, Education Code, is amended
6 by amending Subsections (a), (d), and (g) and adding Subsections
7 (g-1) and (i) to read as follows:

8 (a) The agency shall establish standardized criteria for
9 the identification, assessment, and classification of students
10 of limited English proficiency eligible for entry into the
11 program or exit from the program. The student's parent must
12 approve a student's entry into the program[, ~~exit from the~~
13 ~~program,~~] or placement in the program. A school district must
14 inform a student's parent of a student's exit from the program.

15 The school district or parent may appeal the decision under
16 Section 29.064. The criteria for identification, assessment,
17 and classification may include:

18 (1) results of a home language survey conducted within
19 four weeks of each student's enrollment to determine the
20 language normally used in the home and the language normally
21 used by the student, conducted in English and the home language,
22 signed by the student's parents if the student is in
23 kindergarten through grade 8 or by the student if the student is

1 in grades 9 through 12, and kept in the student's permanent
2 folder by the language proficiency assessment committee;

3 (2) the results of an agency-approved English language
4 proficiency test administered to all students identified through
5 the home survey as normally speaking a language other than
6 English to determine the level of English language proficiency,
7 with students in kindergarten or grade 1 being administered an
8 oral English proficiency test and students in grades 2 through
9 12 being administered an oral English proficiency test and, if
10 the oral English proficiency test demonstrates proficiency, a
11 written English proficiency test; and

12 (3) the results of an agency-approved proficiency test
13 in the primary language administered to all students identified
14 under Subdivision (2) as being of limited English proficiency to
15 determine the level of primary language proficiency, with
16 students in kindergarten or grade 1 being administered an oral
17 primary language proficiency test and students in grades 2
18 through 12 being administered an oral and written primary
19 language proficiency test.

20 (d) Not later than the 20th [~~10th~~] day after the date of
21 the student's classification as a student of limited English
22 proficiency, the language proficiency assessment committee shall
23 give written notice of the classification to the student's

1 parent. The notice must be in English and the parent's primary
2 language. The parents of students eligible to participate in
3 the required bilingual education program shall be informed of
4 the benefits of the bilingual education or special language
5 program and that it is an integral part of the school program.

6 (g) A district may transfer a student of limited English
7 proficiency out of a bilingual education or special language
8 program if the student is able to participate equally in a
9 regular all-English instructional program as determined by:

10 (1) agency-approved tests administered at the end of
11 each school year to determine the extent to which the student
12 has developed oral and written language proficiency and specific
13 language skills in [~~both the student's primary language and~~
14 English];

15 (2) an achievement score at or above the 40th
16 percentile in the reading and language arts sections of an
17 English standardized test approved by the agency; or [~~and~~]

18 (3) agency-approved [~~other indications of a student's~~
19 ~~overall progress, including~~] criterion-referenced tests and the
20 results of a [~~test scores,~~] subjective teacher evaluation[~~, and~~
21 ~~parental evaluation~~].

22 (g-1) A school district may transfer a student of limited
23 English proficiency who is eligible for special education

1 services under Subchapter A out of a bilingual education or
2 special language program and into a special education program if
3 the language proficiency assessment committee and the student's
4 admission, review, and dismissal committee agree that the
5 student has a learning disability and would be better served in
6 a special education program. The student's admission, review,
7 and dismissal committee must document that the student has a
8 learning disability that cannot be addressed effectively in a
9 bilingual education or special language program and that the
10 student's learning disability is not due to the student's
11 limited English proficiency. The commissioner by rule shall
12 adopt criteria for a school district to use in transferring a
13 student under this subsection.

14 (i) On approval of the student's parent, a school district
15 may allow a student of limited English proficiency who meets the
16 criteria for being transferred out of a bilingual education or
17 special language program to continue participating in the
18 program.

19 SECTION 2C.06. Subchapter B, Chapter 29, Education Code, is
20 amended by adding Section 29.0561 to read as follows:

21 Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS;
22 REENROLLMENT. (a) The language proficiency assessment
23 committee shall reevaluate a student who is transferred out of a

1 bilingual education or special language program under Section
2 29.056(g) if the student earns a failing grade in a subject in
3 the foundation curriculum under Section 28.002(a)(1) during any
4 grading period in the first two school years after the student
5 is transferred to determine whether the student should be
6 reenrolled in a bilingual education or special language program.

7 (b) During the first two school years after a student is
8 transferred out of a bilingual education or special language
9 program under Section 29.056(g), the language proficiency
10 assessment committee shall review the student's performance and
11 consider:

12 (1) the total amount of time the student was enrolled
13 in a bilingual education or special language program;

14 (2) the student's grades each grading period in each
15 subject in the foundation curriculum under Section 28.002(a)(1);

16 (3) the student's performance on each assessment
17 instrument administered under Section 39.023(a) or (c);

18 (4) the number of credits the student has earned
19 toward high school graduation, if applicable; and

20 (5) any disciplinary actions taken against the student
21 under Subchapter A, Chapter 37.

22 (c) After an evaluation under this section, the language
23 proficiency assessment committee may require intensive

1 instruction for the student or reenroll the student in a
2 bilingual education or special language program.

3 SECTION 2C.07. Subchapter C, Chapter 29, Education Code, is
4 amended by adding Section 29.0822 to read as follows:

5 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)
6 Notwithstanding Section 25.081 or 25.082, a school district may
7 provide a flexible school day program for students in grades 9
8 through 12 who have dropped out of school or who are at risk of
9 dropping out of school.

10 (b) To enable a school district to provide a program under
11 this section that meets the needs of students described by
12 Subsection (a), a school district may:

13 (1) provide flexibility in the number of hours each
14 day a student attends;

15 (2) provide flexibility in the number of days each
16 week a student attends; or

17 (3) allow a student to enroll in less or more than a
18 full course load.

19 (c) A course offered in a program under this section must
20 provide for at least the same number of instructional hours as
21 required for a course offered in a program that meets the
22 required minimum number of instructional days under Section
23 25.081 and the required length of school day under Section

1 25.082.

2 (d) The commissioner shall compute average daily attendance
3 for students served under this section for purposes of
4 determining state funding. In computing average daily
5 attendance for purposes of this section, a student may
6 accumulate hours of instruction. Funding under this subsection
7 is determined based on the number of instructional days provided
8 in the district calendar and a seven-hour school day. Hours of
9 attendance under this subsection may be accumulated over the
10 school year, including any summer or vacation sessions, to
11 determine average daily attendance. The attendance of a student
12 who accumulates less than the number of attendance hours
13 required under this subsection shall be proportionately reduced
14 for funding purposes. The commissioner may set a maximum
15 funding amount for an individual course under this section.

16 (e) The commissioner may adopt rules for the administration
17 of this section.

18 SECTION 2C.08. Effective September 1, 2006, Subchapter D,
19 Chapter 29, Education Code, is amended by adding Section 29.124
20 to read as follows:

21 Sec. 29.124. PERFORMANCE STANDARDS; STATE FUNDING. (a)
22 The commissioner shall adopt the performance standards developed
23 by the agency under the pilot project required by Rider 52, page

1 III-17, Chapter 1330, Acts of the 78th Legislature, Regular
2 Session, 2003 (the General Appropriations Act), for assessing
3 the performance in English language arts, mathematics, science,
4 and social studies of students in a program for gifted and
5 talented students. The commissioner may adopt performance
6 standards for assessing the performance in other subjects or at
7 other grade levels of students in a program for gifted and
8 talented students. The commissioner shall establish the minimum
9 level of student performance necessary to comply with the
10 performance standards and may periodically raise the minimum
11 level as the commissioner determines necessary.

12 (b) A school district is not required to use the
13 performance standards adopted under Subsection (a).

14 (c) From funds appropriated for that purpose, for each
15 student who meets the minimum level of performance on the
16 performance standards adopted under Subsection (a), a school
17 district is entitled to \$100. A school district must use funds
18 received under this subsection in providing a program for gifted
19 and talented students under this subchapter. The amount
20 appropriated for any fiscal year for purposes of this subsection
21 may not exceed \$6 million.

22 (d) The commissioner may adopt rules necessary to
23 administer this section.

1 (e) From the funds appropriated under this section, the
2 commissioner may designate an amount necessary to fund the
3 agency's administrative costs of implementing this section.

4 SECTION 2C.09. Subchapter Z, Chapter 29, Education Code, is
5 amended by adding Section 29.913 to read as follows:

6 Sec. 29.913. "EDUCATION. GO GET IT" WEEK. (a) To educate
7 middle school, junior high school, and high school students
8 about the importance of higher education, each school district
9 and each open-enrollment charter school offering those grades
10 shall designate one week during the school year as "Education.
11 Go Get It" Week.

12 (b) During the designated week, each middle school, junior
13 high school, and high school shall provide students with
14 comprehensive grade-appropriate information regarding the
15 pursuit of higher education. The information provided must
16 include information regarding:

17 (1) higher education options available to students;

18 (2) standard admission requirements for institutions
19 of higher education, including:

20 (A) overall high school grade point average;

21 (B) required curriculum; and

22 (C) scores necessary on generally recognized
23 tests or assessments used in admissions determinations,

1 including the Scholastic Assessment Test and the American
2 College Test;

3 (3) automatic admission of certain students to general
4 academic teaching institutions as provided by Section 51.803;
5 and

6 (4) financial aid availability and requirements,
7 including the financial aid information provided by counselors
8 under Section 33.007(b).

9 (c) In addition to the information provided under
10 Subsection (b), each middle school, junior high school, and high
11 school shall provide to the students during the designated week
12 at least one public speaker to promote the importance of higher
13 education.

14 SECTION 2C.10. Section 37.008, Education Code, is amended
15 by adding Subsection (n) to read as follows:

16 (n) For purposes of accountability under Chapter 39, a
17 student placed in a disciplinary alternative education program
18 is reported as if the student were enrolled at the student's
19 assigned campus in the student's regularly assigned education
20 program, including a special education program.

21 SECTION 2C.11. Section 39.022, Education Code, is amended
22 to read as follows:

23 Sec. 39.022. ASSESSMENT PROGRAM. (a) The State Board of

1 Education by rule shall create and implement a statewide
2 assessment program that is knowledge- and skills-based to ensure
3 school accountability for student achievement that achieves the
4 goals provided under Section 4.002. After adopting rules under
5 this section, the State Board of Education shall consider the
6 importance of maintaining stability in the statewide assessment
7 program when adopting any subsequent modification of the rules.

8 (b) The commissioner by rule shall provide for the
9 administration of assessment instruments under this subchapter.

10 SECTION 2C.12. Section 39.023, Education Code, is amended
11 by amending Subsections (a)-(e), (i), (j), and (l)-(n) and
12 adding Subsections (a-1) and (b-1) to read as follows:

13 (a) The agency shall adopt or develop appropriate
14 criterion-referenced assessment instruments designed to assess
15 essential knowledge and skills in reading, writing, mathematics,
16 social studies, and science. Except as otherwise provided by
17 this subchapter, all [All] students[, except students assessed
18 under Subsection (b) or (l) or exempted under Section 39.027,]
19 shall be assessed in:

20 (1) mathematics, annually in grades three through
21 seven without the aid of technology and in grades eight through
22 11 with the aid of technology on any assessment instruments that
23 include algebra;

- 1 (2) reading, annually in grades three through nine;
- 2 (3) writing, including spelling and grammar, in grades
- 3 four and seven;
- 4 (4) English language arts, in grades [~~grade~~] 10 and
- 5 11;
- 6 (5) social studies, in grades eight, [~~and~~] 10, and 11;
- 7 (6) science, in grades five, eight, [~~and~~] 10, and 11;
- 8 and
- 9 (7) any other subject and grade required by federal
- 10 law.

11 (a-1) An assessment instrument under this section may

12 include questions that test a broader range of knowledge and

13 skills or that are at a higher difficulty level for the purpose

14 of differentiating student achievement. A student may not be

15 required to answer a question described by this subsection

16 correctly to perform satisfactorily on the assessment instrument

17 or to be promoted to the next grade level. To ensure a valid

18 bank of questions for use each year, the agency is not required

19 to release a question that is developed for purposes of this

20 subsection until after the fifth school year the question is

21 used on an assessment instrument administered under this

22 section.

23 (b) The agency shall develop or adopt appropriate

1 criterion-referenced assessment instruments to be administered
2 to each student in a special education program under Subchapter
3 A, Chapter 29, who receives modified instruction in the
4 essential knowledge and skills identified under Section 28.002
5 for the assessed subject but for whom an assessment instrument
6 adopted under Subsection (a), even with allowable accommodations
7 [~~modifications~~], would not provide an appropriate measure of
8 student achievement, as determined by the student's admission,
9 review, and dismissal committee. The assessment instruments
10 required under this subsection must assess essential knowledge
11 and skills [~~and growth~~] in the subjects of reading, mathematics,
12 and writing and any other subject required by federal law. A
13 student's admission, review, and dismissal committee shall
14 determine whether any allowable accommodation [~~modification~~] is
15 necessary in administering to the student an assessment
16 instrument required under this subsection or whether an
17 alternate assessment instrument must be used to measure
18 alternate academic achievement standards. A student's
19 admission, review, and dismissal committee shall determine the
20 high school graduation assessment requirements for a student in
21 a special education program under Subchapter A, Chapter 29, and
22 may use local alternative assessment instruments if multiple
23 testing opportunities are not available for a student. To the

1 extent practicable, the [~~The~~] assessment instruments required
2 under this subsection shall be administered on the same schedule
3 as the assessment instruments administered under Subsection (a).
4 The commissioner shall adopt rules to implement this
5 subsection.

6 (b-1) The agency shall adopt or develop appropriate
7 criterion-referenced instruments as required by federal law
8 designed to measure alternate academic achievement standards for
9 students in a special education program under Subchapter A,
10 Chapter 29, with the most significant cognitive disabilities.

11 (c) The [~~agency shall also adopt~~] secondary exit-level
12 assessment instruments designed to be administered to students
13 in grade 11 under Subsection (a) must [~~to~~] assess essential
14 knowledge and skills in mathematics, English language arts,
15 social studies, and science. The mathematics section must
16 include at least Algebra I and geometry with the aid of
17 technology. The English language arts section must include at
18 least English III and must include the assessment of essential
19 knowledge and skills in writing. The social studies section must
20 include early American and United States history. The science
21 section must include at least biology and integrated chemistry
22 and physics. The assessment instruments must be designed to
23 assess a student's mastery of minimum skills necessary for high

1 school graduation and readiness to enroll in an institution of
2 higher education. [~~If a student is in a special education
3 program under Subchapter A, Chapter 29, the student's admission,
4 review, and dismissal committee shall determine whether any
5 allowable modification is necessary in administering to the
6 student an assessment instrument required under this subsection
7 or whether the student should be exempted under Section
8 39.027(a)(2). The State Board of Education shall administer the
9 assessment instruments. The State Board of Education shall
10 adopt a schedule for the administration of secondary exit-level
11 assessment instruments.~~] Each student who did not perform
12 satisfactorily on any secondary exit-level assessment instrument
13 when initially tested shall be given multiple opportunities to
14 retake that assessment instrument. A student who performs at or
15 above a level established by the Texas Higher Education
16 Coordinating Board on the secondary exit-level assessment
17 instruments is exempt from the requirements of Section 51.306.

18 (d) The commissioner may participate in multistate efforts
19 to develop voluntary standardized end-of-course assessment
20 instruments. The commissioner by rule may require a school
21 district to administer an end-of-course assessment instrument
22 developed through the multistate efforts. The admission,
23 review, and dismissal committee of a student in a special

1 education program under Subchapter A, Chapter 29, shall
2 determine whether any allowable accommodation [~~modification~~] is
3 necessary in administering to the student an end-of-course
4 assessment instrument or whether the student should be exempted
5 [~~under Section 39.027(a)(2)~~].

6 (e) Under rules adopted by the State Board of Education,
7 [~~every other year,~~] the agency shall release the questions and
8 answer keys to each assessment instrument administered under
9 Subsection (a), (b), (c), (d), or (l) or Section 39.027 on or
10 after August 1 after the second anniversary of the date [~~after~~
11 ~~the last time~~] the instrument was [~~is~~] administered [~~for that~~
12 ~~school year~~]. To ensure a valid bank of questions for use each
13 year, the agency is not required to release a question that is
14 being field-tested and was not used to compute the student's
15 score on the instrument. The agency shall also release, under
16 board rule, each question that is no longer being field-tested
17 and that was not used to compute a student's score.

18 (i) The provisions of this section, except Subsection (d),
19 are subject to modification by rules adopted under Section
20 39.022. Each assessment instrument adopted or developed under
21 this section [~~those rules and each assessment instrument~~
22 ~~required under Subsection (d)~~] must be reliable and valid and
23 must meet any applicable federal requirements for measurement of

1 student progress.

2 (j) The commissioner shall develop a standardized end-of-
3 course assessment instrument for Algebra I. The commissioner by
4 rule may require a school district to administer an end-of-
5 course assessment instrument in Algebra I. The admission,
6 review, and dismissal committee of a student in a special
7 education program under Subchapter A, Chapter 29, shall
8 determine whether any allowable accommodation [~~modification~~] is
9 necessary in administering to the student an end-of-course
10 assessment instrument or whether the student should be exempted
11 [~~under Section 39.027(a)(2)~~].

12 (l) The agency [~~State Board of Education~~] shall adopt or
13 develop a Spanish version [~~rules for the administration~~] of the
14 assessment instruments adopted under Subsection (a) for [~~in~~
15 ~~Spanish to~~] students in grades three through six who are of
16 limited English proficiency, as defined by Section 29.052, whose
17 primary language is Spanish, and who are not otherwise exempt
18 from the administration of an assessment instrument under
19 Section 39.027 [~~39.027(a)(3) or (4)~~]. Each student of limited
20 English proficiency whose primary language is Spanish, other
21 than a student to whom Subsection (b) or (b-1) applies, may be
22 assessed using assessment instruments in Spanish under this
23 subsection for up to three years or assessment instruments in

1 English under Subsection (a). The language proficiency
2 assessment committee established under Section 29.063 shall
3 determine which students are administered assessment instruments
4 in Spanish under this subsection.

5 (m) The commissioner by rule shall develop procedures under
6 which the language proficiency assessment committee established
7 under Section 29.063 shall determine which students in grades
8 three through 10 are exempt from the administration of the
9 assessment instruments under Section 39.027 [~~39.027(a)(3) and~~
10 ~~(4)~~]. The rules adopted under this subsection shall ensure that
11 the language proficiency assessment committee provides that the
12 exempted students are administered the assessment instruments
13 under Subsections (a) and (c) at the earliest practical date.
14 As necessary to comply with federal requirements, the
15 commissioner by rule shall develop procedures under which a
16 student who is exempt from the administration of an assessment
17 instrument under Section 39.027 is administered a linguistically
18 accommodated assessment instrument.

19 (n) This subsection applies only to a student who is
20 determined to have dyslexia or a related disorder and who is an
21 individual with a disability under 29 U.S.C. Section 705(20)
22 [~~and its subsequent amendments~~]. The agency shall adopt or
23 develop appropriate [~~riterion-referenced~~] assessment

1 administration procedures, including accommodations for a
2 ~~[instruments designed to assess the ability of and to be~~
3 ~~administered to each]~~ student to whom this subsection applies.
4 The ~~[for whom the assessment instruments adopted under~~
5 ~~Subsection (a), even with allowable modifications, would not~~
6 ~~provide an appropriate measure of student achievement, as~~
7 ~~determined by the]~~ committee established by the board of
8 trustees of the district to determine the placement of students
9 with dyslexia or related disorders~~[. The committee]~~ shall
10 determine whether the ~~[any]~~ allowable accommodations are
11 ~~[modification is]~~ necessary in administering to a student an
12 assessment instrument required under this section ~~[subsection.~~
13 ~~The assessment instruments required under this subsection shall~~
14 ~~be administered on the same schedule as the assessment~~
15 ~~instruments administered under Subsection (a)].~~

16 SECTION 2C.13. Sections 39.024(a) and (c), Education Code,
17 are amended to read as follows:

18 (a) Except as otherwise provided by this subsection, the
19 State Board of Education shall determine the level of
20 performance considered to be satisfactory on the assessment
21 instruments administered under Section 39.023. The commissioner
22 by rule ~~[admission, review, and dismissal committee of a student~~
23 ~~being assessed under Section 39.023(b)]~~ shall determine the

1 level of performance considered to be satisfactory on the
2 assessment instruments administered under Section 39.023(b) or
3 (b-1) [to that student] in accordance with applicable federal
4 requirements [~~criteria established by agency rule~~].

5 (c) The agency shall develop study guides for the
6 assessment instruments administered under Sections 39.023(a) and
7 (1) [e]. To assist parents in providing assistance during the
8 period that school is recessed for summer, each school district
9 shall distribute the study guides to parents of students who do
10 not perform satisfactorily on one or more parts of the [an]
11 assessment instrument [~~administered under this subchapter~~].

12 SECTION 2C.14. Section 39.025(a), Education Code, is
13 amended to read as follows:

14 (a) A student may not receive a high school diploma until
15 the student has performed satisfactorily on the secondary exit-
16 level assessment instruments for English language arts,
17 mathematics, social studies, and science administered under
18 Section 39.023(a) [39.023(e)]. This subsection does not require
19 a student to demonstrate readiness to enroll in an institution
20 of higher education.

21 SECTION 2C.15. Effective September 1, 2006, Subchapter B,
22 Chapter 39, Education Code, is amended by adding Section 39.0261
23 to read as follows:

1 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In

2 addition to the assessment instruments otherwise authorized or
3 required by this subchapter, a school district may administer to
4 students in any grade an established, valid, reliable, and
5 nationally normed college preparation assessment instrument.

6 (b) The agency shall:

7 (1) select and approve vendors of the specific
8 assessment instruments administered under this section; and

9 (2) subject to the restrictions of Subsection (c), pay
10 all fees associated with the administration of the assessment
11 instrument:

12 (A) from funds appropriated for the purpose; or

13 (B) if funds are not appropriated for the
14 purpose, from funds allotted under the Foundation School
15 Program, and the commissioner shall reduce the total amount of
16 state funds allocated to each district from any source in the
17 same manner described for a reduction in allotments under
18 Section 42.253.

19 (c) The agency may pay only for the administration of the
20 assessment instrument at two different grade levels in each
21 district each year.

22 (d) A vendor that administers an assessment instrument for
23 a district under this section shall report the results of the

1 assessment instrument to the agency.

2 SECTION 2C.16. Sections 39.027(a), (e), and (g), Education
3 Code, are amended to read as follows:

4 (a) A student in grades three through 10 may be exempted
5 from the administration of an assessment instrument under:

6 (1) [~~Section 39.023(a) or (b) if the student is~~
7 ~~eligible for a special education program under Section 29.003~~
8 ~~and the student's individualized education program does not~~
9 ~~include instruction in the essential knowledge and skills under~~
10 ~~Section 28.002 at any grade level;~~

11 [~~(2) Section 39.023(c) or (d) if the student is~~
12 ~~eligible for a special education program under Section 29.003~~
13 ~~and:~~

14 [~~(A) the student's individualized education~~
15 ~~program does not include instruction in the essential knowledge~~
16 ~~and skills under Section 28.002 at any grade level; or~~

17 [~~(B) the assessment instrument, even with~~
18 ~~allowable modifications, would not provide an appropriate~~
19 ~~measure of the student's achievement as determined by the~~
20 ~~student's admission, review, and dismissal committee;~~

21 [~~(3)] Section 39.023(a), (b), (b-1), or (l) for a
22 period of up to one year after initial enrollment in a school in
23 the United States if the student is of limited English~~

1 proficiency, as defined by Section 29.052, and has not
2 demonstrated proficiency in English as determined by the
3 assessment system under Subsection (e); or

4 (2) [~~(4)~~] Section 39.023(a), (b), (b-1), or (1) for a
5 period of up to two years in addition to the exemption period
6 authorized by Subdivision (1) [~~(3)~~] if the student has received
7 an exemption under Subdivision (1) [~~(3)~~] and:

8 (A) is a recent unschooled immigrant; or

9 (B) is in a grade for which no assessment
10 instrument in the primary language of the student is available.

11 (e) As provided by applicable federal requirements, the
12 ~~[The]~~ commissioner shall develop an assessment system that shall
13 be used for evaluating the academic progress toward attaining
14 academic language proficiency in English, including reading
15 proficiency in English, of all students of limited English
16 proficiency, as defined by Section 29.052. A student who has
17 demonstrated the designated level of [~~is exempt from the~~
18 ~~administration of an assessment instrument under Subsection~~
19 ~~(a)(3) or (4) who achieves]~~ reading proficiency in English as
20 determined by the assessment system developed under this
21 subsection is not eligible for an exemption under Subsection
22 (a)(1) or (2). [~~shall be administered the assessment instruments~~
23 ~~described by Sections 39.023(a) and (c).~~ ~~The performance under~~

1 ~~the assessment system developed under this subsection of~~
2 ~~students to whom Subsection (a)(3) or (4) applies shall be~~
3 ~~included in the academic excellence indicator system under~~
4 ~~Section 39.051, the performance report under Section 39.053, and~~
5 ~~the comprehensive annual report under Section 39.182.]~~

6 (g) For purposes of this section, "recent unschooled
7 immigrant" means an immigrant who initially enrolled in a school
8 in the United States not more than 12 months before the date of
9 the administration of an assessment instrument under Section
10 39.023 [~~39.023(a) or (1)~~] and who, as a result of inadequate
11 schooling outside of the United States, lacks the necessary
12 foundation in the essential knowledge and skills of the
13 curriculum prescribed under Section 28.002 as determined by the
14 language proficiency assessment committee established under
15 Section 29.063. For purposes of this subsection and to the
16 extent authorized by federal law, a child's prior enrollment in
17 a school in the United States shall be determined on the basis
18 of documents and records required under Section 25.002(a).

19 SECTION 2C.17. Subchapter B, Chapter 39, Education Code, is
20 amended by adding Sections 39.034 and 39.035 to read as follows:

21 Sec. 39.034. MEASURE OF INDIVIDUAL STUDENT GROWTH ON
22 ASSESSMENT INSTRUMENTS. (a) The commissioner shall determine a
23 method by which the agency may measure individual student growth

1 in achievement from one school year to the next on an assessment
2 instrument required under this subchapter.

3 (b) The agency shall report to each school district the
4 comparisons made under Subsection (a). Each school district
5 shall provide the comparisons to each teacher for all students
6 who were:

7 (1) assessed on an assessment instrument; and

8 (2) taught by that teacher in the subject for which
9 the assessment instrument was administered.

10 (c) The school a student attends shall provide a record of
11 the comparison made under this section and provided to the
12 school under Subsection (b) in a written notice to the student's
13 parents.

14 (d) To the extent practicable, the agency shall combine the
15 report of the comparisons required under this section with the
16 report of the student's performance on assessment instruments
17 administered under Section 39.023.

18 (e) The commissioner shall implement this section not later
19 than September 1, 2006. This subsection expires January 1,
20 2008.

21 Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF
22 ASSESSMENT INSTRUMENT. (a) An administrator, teacher, other
23 employee, contractor, or volunteer of a school district or

1 public charter district commits an offense if, for the primary
2 purpose of influencing the results of an assessment instrument
3 administered under this subchapter, the person intentionally:

4 (1) discriminates in school admissions based on a
5 student's academic ability in a manner that is not otherwise
6 permitted by law;

7 (2) refers a student to a special education program
8 under Subchapter A, Chapter 29, or a bilingual or special
9 language program under Subchapter B, Chapter 29, for the purpose
10 of gaining an exemption for the student from the administration
11 of the assessment instrument;

12 (3) requires or encourages a student to be absent from
13 a school campus during the day on which the assessment
14 instrument is administered at the campus;

15 (4) tampers with the assessment instrument or related
16 materials to alter the results of the assessment instrument; or

17 (5) engages in any other action designed to alter the
18 accuracy of the results of the assessment instrument.

19 (b) An offense under this section is a Class A misdemeanor.

20 (c) An offense under Subsection (a)(4) is in addition to
21 any offense under Section 37.10(c)(2), Penal Code, arising from
22 the same action.

23 SECTION 2C.18. Section 39.051(b), Education Code, as

1 amended by Chapters 433 and 805, Acts of the 78th Legislature,
2 Regular Session, 2003, is reenacted and amended to read as
3 follows:

4 (b) Performance on the indicators adopted under this
5 section shall be compared to state-established standards. The
6 degree of change from one school year to the next in performance
7 on each indicator adopted under this section shall also be
8 considered. The indicators must be based on information that is
9 disaggregated by race, ethnicity, gender, and socioeconomic
10 status and must include:

11 (1) the results of assessment instruments required
12 under Sections 39.023(a), (c), and (l), aggregated by grade
13 level and subject area;

14 (2) dropout rates, including dropout rates and
15 district completion rates for grade levels 9 through 12,
16 computed in accordance with standards and definitions adopted by
17 the National Center for Education Statistics of the United
18 States Department of Education;

19 (3) high school graduation rates, computed in
20 accordance with standards and definitions adopted in compliance
21 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
22 107-110);

23 (4) student attendance rates;

1 (5) the percentage of graduating students who attain
2 scores on the secondary exit-level assessment instruments
3 required under Subchapter B that are equivalent to a passing
4 score on the assessment [~~test~~] instrument required under Section
5 51.3062 [~~51.306~~];

6 (6) the percentage of graduating students who meet the
7 course requirements established for the recommended high school
8 program by State Board of Education rule;

9 (7) the results of the Scholastic Assessment Test
10 (SAT), the American College Test (ACT), articulated
11 postsecondary degree programs described by Section 61.852, and
12 certified workforce training programs described by Chapter 311,
13 Labor Code;

14 (8) student growth in achievement, as measured under
15 Section 39.034, aggregated by grade level and subject area;

16 (9) the number and percentage of students at risk of
17 dropping out of school, the number and percentage of those
18 students who are administered each assessment instrument
19 required under Section 39.023, the number and percentage of
20 those students who perform satisfactorily on the assessment
21 instruments, and the results of those students, grouped by
22 number and percentage, on the assessment instruments,
23 disaggregated by subject area and grade level;

1 (10) the number and percentage of students, aggregated
2 by grade level, provided accelerated instruction under Section
3 28.0211(c), the results of assessments administered under that
4 section, the percentage of students promoted through the grade
5 placement committee process under Section 28.0211, the subject
6 of the assessment instrument on which each student failed to
7 perform satisfactorily, and the performance of those students in
8 the school year following that promotion on the assessment
9 instruments required under Section 39.023;

10 (11) [~~+9~~] for students who have failed to perform
11 satisfactorily on an assessment instrument required under
12 Section 39.023(a) or (c), the numerical progress of those
13 students grouped by number and percentage on subsequent
14 assessment instruments required under those sections, aggregated
15 by grade level and subject area;

16 (12) [~~+10~~] the percentage of students exempted, by
17 exemption category, from the assessment program generally
18 applicable under this chapter; [~~and~~]

19 (13) [~~+11~~] the percentage of students of limited
20 English proficiency exempted from the administration of an
21 assessment instrument under Sections 39.027(a)(3) and (4);

22 (14) the percentage of students in a special education
23 program under Subchapter A, Chapter 29, assessed through

1 assessment instruments developed or adopted under Section
2 39.023(b);

3 (15) for students of limited English proficiency, as
4 defined by Section 29.052, a measure of progress toward English
5 language proficiency, as determined by the commissioner,
6 including the student's performance after transferring out of a
7 bilingual education program or instruction in English as a
8 second language; and

9 (16) the performance of non-educationally
10 disadvantaged students on an assessment instrument required
11 under Sections 39.023(a), (b), (c), and (l) and high school
12 dropout and completion rates.

13 SECTION 2C.19. Section 39.052(b), Education Code, is
14 amended to read as follows:

15 (b) The report card shall include the following
16 information:

17 (1) where applicable, the academic excellence
18 indicators adopted under Sections 39.051(b)(1) through (15) and
19 specifically including the indicators adopted under Sections
20 39.051(b)(9) and (10) [~~+9~~];

21 (2) average class size by grade level and subject;

22 (3) the administrative and instructional costs per
23 student, computed in a manner consistent with Section 44.0071;

1 and

2 (4) the district's instructional expenditures ratio
3 and instructional employees ratio computed under Section
4 44.0071, and the statewide average of those ratios, as
5 determined by the commissioner.

6 SECTION 2C.20. Section 39.053(a), Education Code, is
7 amended to read as follows:

8 (a) Each board of trustees shall publish an annual report
9 describing the educational performance of the district and of
10 each campus in the district that includes uniform student
11 performance and descriptive information as determined under
12 rules adopted by the commissioner. The annual report must also
13 include:

14 (1) campus performance objectives established under
15 Section 11.253 and the progress of each campus toward those
16 objectives, which shall be available to the public;

17 (2) the academic performance rating for the district
18 and each campus in the district as provided under Section 39.072
19 [~~39.072(a) and the performance rating of each campus in the~~
20 ~~district as provided under Section 39.072(e)~~];

21 (3) the district's current special education
22 compliance status with the agency;

23 (4) a statement of the number, rate, and type of

1 violent or criminal incidents that occurred on each district
2 campus, to the extent permitted under the Family Educational
3 Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

4 (5) information concerning school violence prevention
5 and violence intervention policies and procedures that the
6 district is using to protect students; [~~and~~]

7 (6) the findings that result from evaluations
8 conducted under the Safe and Drug-Free Schools and Communities
9 Act of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent~~
10 ~~amendments~~]; [~~and~~]

11 (7) information received under Section 51.403(e) for
12 each high school campus in the district, presented in a form
13 determined by the commissioner; and

14 (8) evidence that the district currently holds
15 International Organization for Standardization ISO 9000
16 certification for quality management standards or a statement
17 that the district does not hold that certification.

18 SECTION 2C.21. Section 39.055, Education Code, is amended
19 to read as follows:

20 Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT.

21 (a) The commissioner shall develop a process for auditing
22 school district dropout records electronically. The
23 commissioner shall also develop a system and standards for

1 review of the audit or use systems already available at the
2 agency. The system must be designed to identify districts that
3 are at high risk of having inaccurate dropout records and that,
4 as a result, may be subject to a special accreditation
5 investigation under Section 39.075 [~~require on-site monitoring~~
6 ~~of dropout records.~~ If the electronic audit of a district's
7 dropout records indicates that a district is not at high risk of
8 having inaccurate dropout records, the district may not be
9 subject to on-site monitoring under this subsection. If the
10 risk-based system indicates that a district is at high risk of
11 having inaccurate dropout records, the district is entitled to
12 an opportunity to respond to the commissioner's determination
13 before on-site monitoring may be conducted. The district must
14 respond not later than the 30th day after the date the
15 commissioner notifies the district of the commissioner's
16 determination. If the district's response does not change the
17 commissioner's determination that the district is at high risk
18 of having inaccurate dropout records or if the district does not
19 respond in a timely manner, the commissioner shall order agency
20 staff to conduct on-site monitoring of the district's dropout
21 records].

22 (b) [~~(e)~~] The commissioner shall notify the superintendent
23 [~~board of trustees~~] of a school district of any objection the

1 commissioner has to the district's dropout data, any violation
2 of sound accounting practices or of a law or rule revealed by
3 the data, or any recommendation by the commissioner concerning
4 the data. If the data reflect that a penal law has been
5 violated, the commissioner shall notify the county attorney,
6 district attorney, or criminal district attorney, as
7 appropriate, and the attorney general. The commissioner is
8 entitled to access to all district records the commissioner
9 considers necessary or appropriate for the review, analysis, or
10 approval of district dropout data.

11 SECTION 2C.22. Sections 39.071 and 39.072, Education Code,
12 are amended to read as follows:

13 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
14 district is determined in accordance with this section
15 [~~subchapter~~].

16 (b) Each year, the commissioner shall determine the
17 accreditation status of each school district. In determining
18 accreditation status, the commissioner:

19 (1) shall evaluate and consider the performance of the
20 district under:

21 (A) the academic accountability system under
22 Section 39.072; and

23 (B) the financial accountability system under

1 Subchapter I;

2 (2) shall evaluate and consider:

3 (A) the results of any special accreditation
4 investigation under Section 39.075; and

5 (B) the district's current special education
6 monitoring or compliance status with the agency; and

7 (3) may consider:

8 (A) the district's compliance with statutory
9 requirements and requirements imposed by rule of the
10 commissioner or State Board of Education under specific
11 statutory authority that relate to:

12 (i) reporting data through the Public
13 Education Information Management System (PEIMS) or other reports
14 required by state or federal law or court order;

15 (ii) the high school graduation requirements
16 under Section 28.025; or

17 (iii) an item listed under Sections
18 7.056(e)(3)(C)-(I) that applies to the district;

19 (B) the effectiveness of the district's programs
20 for special populations; and

21 (C) the effectiveness of the district's career
22 and technology program.

23 (c) Based on a school district's performance under

1 Subsection (b), the commissioner shall:

2 (1) assign a district an accreditation status of:

3 (A) accredited;

4 (B) accredited-warned; or

5 (C) accredited-probation; or

6 (2) revoke the accreditation of the district and order
7 closure of the district under Section 39.1332.

8 (d) The commissioner shall notify a school district that
9 receives an accreditation status of accredited-warned or
10 accredited-probation that the performance of the district is
11 below a standard required under this section. The commissioner
12 shall require the district to notify the parents of students
13 enrolled in the district and property owners in the district of
14 the district's accreditation status and the implications of that
15 accreditation status.

16 (e) A school district that is not accredited may not
17 receive funds from the agency or hold itself out as operating a
18 public school of this state.

19 (f) This chapter may not be construed to invalidate a
20 diploma awarded, course credit earned, or grade promotion
21 granted by a school district before the commissioner revoked the
22 district's accreditation.

23 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION~~]

1 STANDARDS]. (a) The commissioner [~~State Board of Education~~]
2 shall adopt rules for assigning [~~to evaluate the performance of~~
3 ~~school districts and to assign~~] to each school district and
4 campus a performance rating as follows:

5 (1) exemplary (meets or exceeds state exemplary
6 standards);

7 (2) recognized (meets or exceeds required improvement
8 or [~~and~~] within 10 percent of state exemplary standards);

9 (3) academically acceptable (below the exemplary and
10 recognized standards but exceeds the academically unacceptable
11 standards); or

12 (4) academically unacceptable (below the state clearly
13 unacceptable performance standard and does not meet required
14 improvement).

15 (b) The academic excellence indicators adopted under
16 Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the~~
17 ~~district's current special education compliance status with the~~
18 ~~agency~~] shall be the main considerations of the agency in the
19 rating of a school [~~the~~] district or campus under this section.

20 [~~Additional criteria in the rules may include consideration of:~~

21 [~~(1) compliance with statutory requirements and~~
22 ~~requirements imposed by rule of the State Board of Education~~
23 ~~under specific statutory authority that relate to:~~

1 [~~(A)~~ reporting data through the Public Education
2 Information Management System (PEIMS);

3 [~~(B)~~ the high school graduation requirements
4 under Section 28.025; or

5 [~~(C)~~ an item listed in Sections 7.056(e)(3)(C)-
6 (I) that applies to the district;

7 [~~(2)~~ the effectiveness of the district's programs for
8 special populations; and

9 [~~(3)~~ the effectiveness of the district's career and
10 technology programs.]

11 (c) The agency shall evaluate [~~against state standards~~] and
12 [~~shall~~], not later than August 1 of each year, report the
13 performance of each school [~~campus in a~~] district and campus.
14 [~~each open-enrollment charter school on the basis of the~~
15 ~~campus's performance on the indicators adopted under Sections~~
16 ~~39.051(b)(1) through (7). Consideration of the effectiveness of~~
17 ~~district programs under Subsection (b)(2) or (3) must be based~~
18 ~~on data collected through the Public Education Information~~
19 ~~Management System for purposes of accountability under this~~
20 ~~chapter and include the results of assessments required under~~
21 ~~Section 39.023.~~]

22 (d) The agency shall annually review the performance of
23 each school district and campus and determine if a change in the

1 academic performance rating of the district or campus is
2 warranted. Notwithstanding any other provision of this code,
3 the commissioner shall determine how the indicators adopted
4 under Section 39.051(b) may be used to determine academic
5 performance ratings and to select districts and campuses for
6 acknowledgment.

7 (e) Each annual review shall include an analysis of the
8 indicators under Section 39.051(b) to determine district and
9 campus performance in relation to:

10 (1) state standards established for each indicator;

11 (2) required improvement as defined under Section
12 39.051(c); and

13 (3) comparable improvement as determined under Section
14 39.051(c).

15 (f) The academic performance rating of a school district
16 may be raised or lowered based on the district's performance or
17 may be lowered based on the unacceptable performance of one or
18 more campuses in the district. The academic performance rating
19 of a school district may also be lowered based on a
20 determination that data provided to the agency by the district
21 that is necessary for conducting an annual review under this
22 section is unreliable.

23 (g) The commissioner shall notify a school district if the

1 performance of the district or a campus in the district is below
2 a standard required under this section. The commissioner shall
3 require the school district to notify the parents of students
4 who are enrolled in the district and property owners in the
5 district of the academic performance rating and the implications
6 of that rating.

7 (h) Notwithstanding any other provision of this code, for
8 purposes of determining the performance of a school district or
9 open-enrollment charter school under this chapter, including the
10 academic performance rating [~~accreditation status~~] of the
11 district or school, a student attending a campus that is a
12 [~~confined by court order in a residential program or~~] facility
13 operated by or under contract with the Texas Youth Commission, a
14 pre-adjudication secure detention facility or a post-
15 adjudication secure correctional facility that is registered
16 with the Texas Juvenile Probation Commission, or a residential
17 facility is not considered to be a student of the school
18 district or open-enrollment charter school serving the student
19 [~~in which the program or facility is physically located~~]. The
20 performance of a student who attends such a campus [~~student~~] on
21 an assessment instrument or other academic excellence indicator
22 adopted under Section 39.051 shall be determined and[~~7~~]
23 reported, but may not be used to determine the rating of the

1 school district or open-enrollment charter school unless the
2 campus is the only campus operated by the district or school.
3 ~~[and considered separately from the performance of students~~
4 ~~attending a school of the district in which the program or~~
5 ~~facility is physically located.]~~

6 SECTION 2C.23. Subchapter D, Chapter 39, Education Code, is
7 amended by adding Section 39.0722 to read as follows:

8 Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a)

9 In addition to school district performance ratings under Section
10 39.072, the commissioner shall annually rate districts according
11 to the degree to which the districts prepare students for
12 postsecondary success, including student performance on the
13 applicable indicators under Sections 39.051(b) and 39.0721. The
14 commissioner shall consult with the P-16 Council established
15 under Section 61.077 when adopting criteria under this section.

16 (b) The commissioner may adopt rules as necessary to
17 administer this section.

18 SECTION 2C.24. Section 39.073(e), Education Code, is
19 amended to read as follows:

20 (e) In determining a district's accreditation rating, the
21 agency shall consider:

22 (1) the district's current special education
23 compliance status with the agency; ~~and~~

1 (2) the progress of students who have failed to
2 perform satisfactorily in the preceding school year on an
3 assessment instrument required under Section 39.023(a)
4 [~~39.023(a), (c),~~] or (1); and

5 (3) the district's current certification status under
6 the International Organization for Standardization ISO 9000
7 series quality management program certification as described by
8 Section 7.033.

9 SECTION 2C.25. Section 39.075(a), Education Code, is
10 amended to read as follows:

11 (a) The commissioner may [~~shall~~] authorize special
12 accreditation investigations to be conducted:

13 (1) when excessive numbers of absences of students
14 eligible to be tested on state assessment instruments are
15 determined;

16 (2) when excessive numbers of allowable exemptions
17 from the required state assessment instrument are determined;

18 (3) in response to complaints submitted to the agency
19 with respect to alleged violations of civil rights or other
20 requirements imposed on the state by federal law or court order;

21 (4) in response to established monitoring or
22 compliance reviews of the district's financial accounting
23 practices and state and federal program requirements;

1 (5) when extraordinary numbers of student placements
2 in alternative education programs, other than placements under
3 Sections 37.006 and 37.007, are determined;

4 (6) in response to an allegation involving a conflict
5 between members of the board of trustees or between the board
6 and the district administration if it appears that the conflict
7 involves a violation of a role or duty of the board members or
8 the administration clearly defined by this code;

9 (7) when excessive numbers of students in special
10 education programs under Subchapter A, Chapter 29, are assessed
11 through assessment instruments developed or adopted under
12 Section 39.023(b); [~~o~~]

13 (8) in response to questions concerning a program,
14 including special education, required by federal law or for
15 which the district receives federal funds;

16 (9) when an annual review indicates the academically
17 unacceptable performance under Section 39.072 of one or more
18 campuses in a district, except that the resulting investigation
19 is limited to those campuses;

20 (10) in response to concerns regarding the integrity
21 of data submitted to the agency;

22 (11) in response to allegations of a violation of
23 student assessment procedures for assessment instruments adopted

1 under Section 39.023; or

2 (12) as the commissioner otherwise determines
3 necessary.

4 SECTION 2C.26. Section 39.075(c), Education Code, as
5 amended by Chapters 396 and 931, Acts of the 77th Legislature,
6 Regular Session, 1999, is reenacted and amended to read as
7 follows:

8 (c) Based on the results of a special accreditation
9 investigation, the commissioner may:

10 (1) take appropriate action under Subchapter G;

11 (2) raise or lower the district's accreditation status
12 [~~rating~~]; or

13 (3) take action under both Subdivisions (1) and (2).

14 SECTION 2C.27. Section 39.076, Education Code, is amended
15 by amending Subsection (a) and adding Subsections (a-1), (a-2),
16 (a-3), and (c) to read as follows:

17 (a) The agency shall adopt written procedures for
18 conducting [~~on-site~~] investigations under this subchapter. The
19 agency shall make the procedures available to the complainant,
20 the alleged violator, and the public. Agency staff must be
21 trained in the procedures and must follow the procedures in
22 conducting the investigation.

23 (a-1) An investigation conducted under this subchapter may

1 be an on-site, desk, or data-based investigation as determined
2 by the commissioner.

3 (a-2) If conducting an on-site investigation, the
4 investigators may obtain information from administrators,
5 teachers, or parents of students enrolled in the school
6 district. The commissioner shall adopt rules for:

7 (1) obtaining information from parents and using that
8 information in the investigator's report; and

9 (2) obtaining information from teachers in a manner
10 that prevents a campus or district from screening the
11 information.

12 (a-3) The agency may give written notice of any impending
13 on-site investigation to the superintendent and the board of
14 trustees of a school district.

15 (c) The investigators conducting an on-site investigation
16 shall report the results of the investigation orally and in
17 writing to the board of trustees of the district and, as
18 appropriate, to campus administrators, and shall make
19 recommendations concerning any necessary improvements or sources
20 of aid, such as regional education service centers.

21 SECTION 2C.28. Subchapter D, Chapter 39, Education Code, is
22 amended by adding Sections 39.077 and 39.078 to read as follows:

23 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A

1 school district or open-enrollment charter school that wishes to
2 challenge a decision to assign or lower an accreditation status,
3 an academic performance rating, or a financial accountability
4 rating must petition for an informal review as provided by
5 Section 7.0571.

6 (b) A final decision by the commissioner to assign or lower
7 an accreditation status, an academic performance rating, or a
8 financial accountability rating following a review under Section
9 7.0571 is final and may not be appealed.

10 Sec. 39.078. RULES. (a) The commissioner may adopt rules
11 as necessary to administer this subchapter.

12 (b) Unless a provision of this code clearly specifies
13 otherwise, any rule adopted under Subsection (a) must apply
14 accreditation requirements and academic performance ratings
15 under this subchapter to:

16 (1) an open-enrollment charter school in the same
17 manner as the requirements and ratings are applied to a school
18 district; and

19 (2) a campus operated by an open-enrollment charter
20 school in the same manner as the requirements and ratings are
21 applied to a campus operated by a school district.

22 SECTION 2C.29. Subchapter F, Chapter 39, Education Code, is
23 amended by adding Section 39.113 to read as follows:

Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT

PERFORMANCE ON AT-RISK CAMPUSES. (a) The commissioner shall
adopt rules to create an incentive award system for annual
growth in student achievement. A school that achieves
incremental growth in student achievement, as described in
Subsection (b), is eligible for an award if the school:

(1) has a student population of at least 65 percent
educationally disadvantaged students;

(2) achieves an accreditation performance rating of
academically acceptable or better; and

(3) demonstrates superior growth in the academic
performance of educationally disadvantaged students.

(b) The commissioner by rule shall adopt performance
criteria to measure annual growth in student academic
performance. The commissioner shall consider the following
criteria, as applicable:

(1) annual growth in student achievement that
contributes to closing performance gaps among various
populations of students;

(2) improvements in student scores on the assessment
instruments required under Section 39.023;

(3) growth in high school completion rates;

(4) improvement in student scores on college advanced

1 placement tests; and

2 (5) any other factor that contributes to student
3 achievement.

4 (c) From funds appropriated for the purposes of this
5 section, the commissioner shall award grants to campuses that
6 meet performance criteria adopted under Subsection (b). The
7 commissioner shall allocate awards to campuses not later than
8 December 1 of each year, based on growth in student achievement
9 as measured for the preceding two school years.

10 (c-1) The commissioner shall award grants under this
11 section beginning September 1, 2006. This subsection expires
12 January 1, 2007.

13 (d) At least 75 percent of an award under this section must
14 be used for additional teacher compensation at the campus level.

15 The commissioner by rule shall provide for allocating awards
16 under this subsection, including providing individual awards of
17 at least \$3,000 for each teacher at a campus receiving an award
18 under this subsection.

19 (e) Grants from funds appropriated for the award program
20 may not exceed \$50 million each year except as expressly
21 authorized by the General Appropriations Act or other law.

22 (f) A determination of the commissioner under this section
23 is final and may not be appealed.

1 (g) The commissioner shall annually evaluate the
2 effectiveness of the state incentive program for improving
3 student performance on at-risk campuses established under this
4 section. The evaluation must consider:

5 (1) the performance of students in districts under
6 this section on assessment instruments administered under
7 Section 39.023;

8 (2) the districts' high school graduation and
9 completion rates; and

10 (3) the districts' teacher attrition rates.

11 SECTION 2C.30. Section 39.131, Education Code, is amended
12 to read as follows:

13 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
14 district does not satisfy the accreditation criteria under
15 Section 39.071, the academic performance standards under Section
16 39.072, or any financial accountability standard as determined
17 by commissioner rule, the commissioner shall take any of the
18 following actions[~~, listed in order of severity,~~] to the extent
19 the commissioner determines necessary:

20 (1) issue public notice of the deficiency to the board
21 of trustees;

22 (2) order a hearing conducted by the board of trustees
23 of the district for the purpose of notifying the public of the

1 unacceptable performance, the improvements in performance
2 expected by the agency, and the sanctions that may be imposed
3 under this section if the performance does not improve;

4 (3) order the preparation of a student achievement
5 improvement plan that addresses each academic excellence
6 indicator for which the district's performance is unacceptable,
7 the submission of the plan to the commissioner for approval, and
8 implementation of the plan;

9 (4) order a hearing to be held before the commissioner
10 or the commissioner's designee at which the president of the
11 board of trustees of the district and the superintendent shall
12 appear and explain the district's low performance, lack of
13 improvement, and plans for improvement;

14 (5) arrange an on-site investigation of the district;

15 (6) appoint an agency monitor to participate in and
16 report to the agency on the activities of the board of trustees
17 or the superintendent;

18 (7) appoint a conservator to oversee the operations of
19 the district;

20 (8) appoint a management team to direct the operations
21 of the district in areas of unacceptable performance or require
22 the district to obtain certain services under a contract with
23 another person;

1 (9) if a district has a current accreditation status
2 of accredited-warned or accredited-probation, is [~~been~~] rated
3 [~~as~~] academically unacceptable, or fails to satisfy financial
4 accountability standards as determined by commissioner rule [~~for~~
5 ~~a period of one year or more~~], appoint a board of managers to
6 exercise the powers and duties of the board of trustees;

7 (10) if for two consecutive school years, including
8 the current school year, a district has received an
9 accreditation status of accredited-warned or accredited-
10 probation, has been rated academically unacceptable, or has
11 failed to satisfy financial accountability standards as
12 determined by commissioner rule, revoke the district's
13 accreditation and [~~been rated as academically unacceptable for a~~
14 ~~period of two years or more~~]:

15 (A) order closure of the district and annex the
16 district to one or more adjoining districts under Section
17 13.054; or

18 (B) in the case of a home-rule school district or
19 open-enrollment charter school, order closure of all programs
20 operated under the district's or school's charter; or

21 (11) if a district has been rated [~~as~~] academically
22 unacceptable for [~~a period of~~] two consecutive school years,
23 including the current school year, [or more] due to the

1 district's dropout rates, impose sanctions designed to improve
2 high school completion rates, including:

3 (A) ordering the development of a dropout
4 prevention plan for approval by the commissioner;

5 (B) restructuring the district or appropriate
6 school campuses to improve identification of and service to
7 students who are at risk of dropping out of school, as defined
8 by Section 29.081;

9 (C) ordering lower student-to-counselor ratios on
10 school campuses with high dropout rates; and

11 (D) ordering the use of any other intervention
12 strategy effective in reducing dropout rates, including mentor
13 programs and flexible class scheduling.

14 (b) This subsection applies regardless of whether a
15 district has satisfied the accreditation criteria. If for two
16 consecutive school years, including the current school year, [~~a~~
17 ~~period of one year or more~~] a district has had a conservator or
18 management team assigned, the commissioner may appoint a board
19 of managers, a majority of whom must be residents of the
20 district, to exercise the powers and duties of the board of
21 trustees.

22 SECTION 2C.31. Section 39.132, Education Code, is amended
23 to read as follows:

1 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE
2 CAMPUSES. (a) If a campus performance is below any standard
3 under Section 39.072 [~~39.073(b)~~], the campus is considered an
4 academically unacceptable [~~a low-performing~~] campus. The
5 commissioner may permit the campus to participate in an
6 innovative redesign of the campus to improve campus performance
7 or shall [~~may~~] take any of the other following actions[~~, listed~~
8 ~~in order of severity~~], to the extent the commissioner determines
9 necessary:

10 (1) issue public notice of the deficiency to the board
11 of trustees;

12 (2) order a hearing conducted by the board of trustees
13 at the campus for the purpose of:

14 (A) notifying the public of the unacceptable
15 performance, the improvements in performance expected by the
16 agency, and the sanctions that may be imposed under this section
17 if the performance does not improve within a designated period
18 of time; and

19 (B) soliciting public comment on the initial
20 steps being taken to improve performance;

21 (3) [~~order the preparation of a report regarding the~~
22 ~~parental involvement program at the campus and a plan describing~~
23 ~~strategies for improving parental involvement at the campus;~~

1 ~~[(4) order the preparation of a report regarding the~~
2 ~~effectiveness of the district and campus-level planning and~~
3 ~~decision-making committees established under Subchapter F,~~
4 ~~Chapter 11, and a plan describing strategies for improving the~~
5 ~~effectiveness of those committees;~~

6 [(5)] order the preparation of a student achievement
7 improvement plan that addresses each academic excellence
8 indicator for which the campus's performance is unacceptable,
9 the submission of the plan to the commissioner for approval, and
10 implementation of the plan;

11 (4) ~~[(6)]~~ order a hearing to be held before the
12 commissioner or the commissioner's designee at which the
13 president of the board of trustees, the superintendent, and the
14 campus principal shall appear and explain the campus's low
15 performance, lack of improvement, and plans for improvement; or

16 (5) ~~[(7)]~~ appoint a special campus intervention team
17 to:

18 (A) conduct a comprehensive on-site evaluation of
19 the campus to determine the cause for the campus's low
20 performance and lack of progress;

21 (B) recommend actions, including reallocation of
22 resources and technical assistance, changes in school procedures
23 or operations, staff development for instructional and

1 administrative staff, intervention for individual administrators
2 or teachers, waivers from state statute or rule, or other
3 actions the team considers appropriate;

4 (C) assist in the development of a campus plan
5 for student achievement; and

6 (D) assist the commissioner in monitoring the
7 progress of the campus in implementing the campus plan for
8 improvement of student achievement[; ~~or~~

9 [~~(8) if a campus has been a low-performing campus for~~
10 ~~a period of one year or more, appoint a board of managers~~
11 ~~composed of residents of the district to exercise the powers and~~
12 ~~duties of the board of trustees of the district in relation to~~
13 ~~the campus].~~

14 (a-1) Notwithstanding Subsection (a), if a campus has been
15 identified as academically unacceptable under this section or
16 the campus is rated academically acceptable for the current
17 school year but would be rated as academically unacceptable if
18 performance standards to be used for the following school year
19 were applied to the current school year, the commissioner shall
20 select and assign a technical assistance team to assist the
21 campus in executing a school improvement plan and any other
22 school improvement strategies the commissioner determines
23 appropriate. The commissioner shall select and assign the

1 technical assistance team not later than:

2 (1) October 1 after identifying the campus as
3 academically unacceptable or otherwise subject to this
4 subsection; or

5 (2) the 30th day after the date the campus is provided
6 notice that the campus's appeal of its performance rating has
7 been denied.

8 (a-2) A technical intervention team assigned under
9 Subsection (a-1) to a campus that is academically unacceptable
10 shall conduct a comprehensive on-site evaluation of the campus
11 to determine the cause for the campus's low performance and lack
12 of progress. The team shall have wide latitude to determine
13 what factors to assess and how to do the assessment. Some
14 factors to be considered are:

15 (1) an assessment of the staff to determine the
16 percentage of certified teachers who are teaching in their
17 field, the number of teachers with less than three years of
18 experience, and teacher turnover rates;

19 (2) compliance with the appropriate class size rules
20 and number of class size waivers received;

21 (3) an assessment of the quality, quantity, and
22 appropriateness of instructional materials, including the
23 availability of technology-based instructional materials;

1 (4) a report on the parental involvement strategies
2 and the effectiveness of such strategies;

3 (5) an assessment of the extent and quality of the
4 mentoring program provided for new teachers on that campus;

5 (6) an assessment of the type and quality of the
6 professional development provided to the staff;

7 (7) a demographic analysis of the student population,
8 including student demographics, at-risk populations, and special
9 education percentages;

10 (8) a report of disciplinary incidents and school
11 safety information;

12 (9) financial and accounting practices; and

13 (10) an assessment of appropriateness of the
14 curriculum and teaching strategies.

15 (a-3) Upon completion of the evaluation the intervention
16 team will recommend actions, including any necessary
17 reallocation of resources and/or additional funds taken from
18 funds to be set aside by the agency to assist campuses in
19 meeting the standards specified in the intervention plan,
20 technical assistance, changes in school procedures or
21 operations, staff development for instructional and
22 administrative staff, intervention for individual administrators
23 or teachers, waivers from state statute or rule, or other

1 actions the team considers appropriate.

2 (a-4) The commissioner may determine when a technical
3 assistance team's services are no longer needed at a campus
4 under this section. If a campus is considered an academically
5 unacceptable campus under Subsection (a) for the subsequent
6 school year after the campus is reconstituted under this
7 subsection, the commissioner shall pursue alternative management
8 under Section 39.1321.

9 (b) Notwithstanding Subsection (a), if [~~if~~] a campus has
10 been identified as academically unacceptable [~~a low-performing~~
11 ~~campus~~] for three [~~a period of two~~] consecutive school years,
12 including the current school year [~~or more~~], the commissioner
13 shall order the reconstitution of [~~closure of the district or~~
14 ~~charter program on the campus or reconstitute~~] the campus and
15 assign a special campus intervention team. In reconstituting
16 the campus, a special campus intervention team shall assist the
17 campus in:

18 (1) developing a school improvement plan;

19 (2) obtaining approval of the plan from the
20 commissioner; and

21 (3) executing the plan on approval by the
22 commissioner.

23 (c) The special campus intervention team shall decide [~~be~~

1 ~~assembled for the purpose of deciding]~~ which educators may be
2 retained at that campus. A principal who has been employed by
3 the campus in that capacity during the two-year period described
4 by Subsection (b) may not be retained at that campus. A teacher
5 of a subject assessed by an assessment instrument under Section
6 39.023 may be retained only if the special campus intervention
7 team determines that a pattern exists of significant academic
8 growth by students taught by the teacher. If an educator is not
9 retained, the educator may be assigned to another position in
10 the district.

11 (d) In developing and executing a school improvement plan
12 under Subsection (b), the special campus intervention team
13 shall:

14 (1) assist the campus in implementing research-based
15 practices for curriculum development and classroom instruction,
16 including bilingual education and special education programs, if
17 appropriate, and financial management; and

18 (2) provide technical assistance based on
19 scientifically based research, including data analysis, academic
20 deficiency identification, intervention implementation, and
21 budget analysis, to strengthen and improve the instructional
22 program at the campus.

23 (e) A special campus intervention team assembled under

1 Subsection (b):

2 (1) shall continue to work with a campus until:

3 (A) the campus is rated academically acceptable
4 for a two-year period; or

5 (B) the campus is rated academically acceptable
6 for a one-year period and the commissioner determines that the
7 campus is operating and will continue to operate in a manner
8 that improves student achievement; and

9 (2) may continually update the school improvement
10 plan, with approval from the commissioner, to meet the needs of
11 the campus.

12 (f) Notwithstanding any other provision of this subchapter,
13 if the commissioner determines that an intervention under
14 Subsection (b) or Section 39.1321 cannot reasonably be expected
15 to achieve timely improvement at a campus that has been
16 identified as academically unacceptable for three consecutive
17 school years, including the current school year, the
18 commissioner may order the closure of the campus.

19 (g) For the 2005-2006 school year, the commissioner shall
20 assign a technical assistance team to a campus under Subsection
21 (a-1) on the basis of academic performance ratings for the 2004-
22 2005 school year. The commissioner may impose a sanction on a
23 campus under Subsection (b) or (f) on the basis of academic

1 performance ratings for the 2003-2004 and 2004-2005 school
2 years. This subsection expires September 1, 2007.

3 (h) If a campus is considered an academically unacceptable
4 campus under Subsection (a) for the subsequent school year after
5 the campus is reconstituted under Subsection (b), the
6 commissioner shall pursue alternative management under Section
7 39.1321.

8 SECTION 2C.32. Subchapter G, Chapter 39, Education Code, is
9 amended by adding Sections 39.1321 and 39.1322 to read as
10 follows:

11 Sec. 39.1321. MANAGEMENT OF CERTAIN ACADEMICALLY
12 UNACCEPTABLE CAMPUSES. (a) Except as provided by Section
13 39.132(f), a campus is subject to this section if the campus has
14 been identified as academically unacceptable under Section
15 39.132(a) for the subsequent school year after the campus is
16 reconstituted under Section 39.132(a-4) or (b).

17 (b) The commissioner shall solicit proposals from qualified
18 entities to assume management of a campus subject to this
19 section.

20 (c) If the commissioner determines that the basis for
21 identifying a campus as academically unacceptable is limited to
22 a specific condition that may be remedied with targeted
23 technical assistance, the commissioner may:

1 (1) provide the campus a one-year waiver under this
2 section; and

3 (2) require the district to contract for the
4 appropriate technical assistance.

5 (d) The commissioner may annually solicit proposals under
6 this section for the management of a campus subject to this
7 section. The commissioner shall notify a qualified entity that
8 has been approved as a provider under this section. The
9 district must execute a contract with an approved provider and
10 relinquish control of the campus before January 1 of the school
11 year.

12 (e) To qualify for consideration as a managing entity under
13 this section, the entity must submit a proposal that provides
14 information relating to the entity's management and leadership
15 team that will participate in management of the campus under
16 consideration, including information relating to individuals
17 that have:

18 (1) documented success in whole school interventions
19 that increased the educational and performance levels of
20 students in academically unacceptable campuses;

21 (2) a proven record of effectiveness with programs
22 assisting low-performing students;

23 (3) a proven ability to apply scientifically based

1 research to school intervention strategies;

2 (4) a proven record of financial ability to perform
3 under the management contract; and

4 (5) any other experience or qualifications the
5 commissioner determines necessary.

6 (e-1) In selecting a managing entity under this section,
7 the commissioner shall give preference to an entity that:

8 (1) meets any qualifications under this section; and

9 (2) has documented success in educating students from
10 similar demographic groups and with similar educational needs as
11 the students who attend the campus that is to be operated by a
12 managing entity under this section.

13 (f) The school district may negotiate the term of a
14 management contract for not more than five years with an option
15 to renew the contract. The management contract must include a
16 provision describing the district's responsibilities in
17 supporting the operation of the campus. The commissioner shall
18 approve the contract before the contract is executed and, as
19 appropriate, may require the district, as a term of the
20 contract, to support the campus in the same manner as the
21 district was required to support the campus before the execution
22 of the management contract.

23 (g) A management contract under this section shall include

1 provisions approved by the commissioner that require the
2 managing entity to demonstrate improvement in campus
3 performance, including negotiated performance measures. The
4 performance measures must be consistent with the priorities of
5 this chapter. The commissioner shall evaluate a managing
6 entity's performance on the first and second anniversaries of
7 the date of the management contract. If the evaluation fails to
8 demonstrate improvement as negotiated under the contract by the
9 first anniversary of the date of the management contract, the
10 district may terminate the management contract, with the
11 commissioner's consent, for nonperformance or breach of contract
12 and select another provider from an approved list provided by
13 the commissioner. If the evaluation fails to demonstrate
14 significant improvement, as determined by the commissioner, by
15 the second anniversary of the date of the management contract,
16 the district shall terminate the management contract and select
17 another provider from an approved list provided by the
18 commissioner or resume operation of the campus if approved by
19 the commissioner. If the commissioner approves the district's
20 operation of the campus, the commissioner shall assign a
21 technical assistance team to assist the campus.

22 (h) Notwithstanding any other provision of this code, the
23 funding for a campus operated by a managing entity must be

1 equivalent to the funding of the other campuses in the district
2 on a per student basis so that the managing entity receives the
3 same funding the campus would otherwise have received.

4 (i) Each campus operated by a managing entity under this
5 section is subject to this chapter in the same manner as any
6 other campus in the district.

7 (j) The commissioner may adopt rules necessary to implement
8 this section.

9 (k) With respect to the management of a campus under this
10 section:

11 (1) a managing entity is considered to be a
12 governmental body for purposes of Chapters 551 and 552,
13 Government Code; and

14 (2) any requirement in Chapter 551 or 552, Government
15 Code, that applies to a school district or the board of trustees
16 of a school district applies to a managing entity.

17 Sec. 39.1322. REVIEW OF SANCTIONS FOR CAMPUSES SERVING
18 RESIDENTIAL FACILITIES. (a) A school district or public
19 charter district may petition the commissioner to review an
20 academically unacceptable rating assigned to a campus if the
21 campus predominantly served students residing in a residential
22 facility during the rating period.

23 (b) If the commissioner determines that the basis for

1 identifying the campus as academically unacceptable was limited
2 to a condition that was not related to the educational purpose
3 of the residential facility, the commissioner may take any of
4 the following actions as the commissioner determines
5 appropriate:

6 (1) change, modify, or suspend the academically
7 unacceptable rating; or

8 (2) impose any sanction otherwise authorized under
9 Section 39.131 or 39.132.

10 (c) The commissioner may consider a factor other than a
11 factor used to assign a rating in evaluating a campus under this
12 section. The commissioner may assign a special campus
13 intervention team under Section 39.132(a)(5) at the expense of
14 the school district or public charter district as provided by
15 Section 39.134 to develop a long-term intervention plan to
16 improve services for students.

17 (d) On a determination that a campus subject to this
18 section is appropriately meeting the educational needs of its
19 students, the commissioner may waive revocation of a public
20 charter district under Section 11A.107(b) for a period not to
21 exceed two years. A waiver under this subsection may be
22 extended for additional two-year periods based on subsequent
23 evaluations of the campus.

1 (e) This section does not limit the commissioner's ability
2 to sanction a public charter district for the performance of a
3 campus subject to this section under Section 11A.107(a) or any
4 other law.

5 (f) A decision by the commissioner under this section is
6 final and may not be appealed.

7 SECTION 2C.33. Section 39.133, Education Code, is amended
8 to read as follows:

9 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall
10 review annually the performance of a district or campus subject
11 to a sanction under this subchapter to determine the appropriate
12 actions to be implemented under this subchapter. The
13 determination shall take into account the number, severity, and
14 duration of the problems identified. [~~The commissioner must~~
15 ~~review at least annually the performance of a district for which~~
16 ~~the accreditation rating has been lowered due to unacceptable~~
17 ~~student performance and may not raise the rating until the~~
18 ~~district has demonstrated improved student performance.] If the
19 review reveals a lack of improvement, the commissioner shall
20 increase the level of state intervention and sanction unless the
21 commissioner finds good cause for maintaining the current
22 status.~~

23 (b) The commissioner shall review at least annually the

1 performance of a school district for which the academic
2 performance rating has been lowered due to unacceptable student
3 performance and may not raise the rating until the district has
4 demonstrated improved student performance.

5 SECTION 2C.34. Subchapter G, Chapter 39, Education Code, is
6 amended by adding Sections 39.1331, 39.1332, and 39.1333 to read
7 as follows:

8 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In
9 addition to other sanctions authorized under Sections 39.131 and
10 39.132, the commissioner may order a school district or campus
11 to acquire professional services at the expense of the district
12 or campus to address the applicable financial, assessment, data
13 quality, program, or governance deficiency. The commissioner's
14 order may require the district or campus to:

15 (1) select an external auditor, data quality expert,
16 professional authorized to monitor district assessment
17 instrument administration, or curriculum or program expert; or

18 (2) provide for the appropriate training of district
19 staff or board of trustees members in the case of a district, or
20 campus staff, in the case of a campus.

21 Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a)
22 The commissioner may revoke the accreditation of a school
23 district and order the closure of the district or a campus, as

1 appropriate, under the following circumstances:

2 (1) the commissioner is authorized to close the
3 district or campus under Section 39.131(a)(10) or 39.132(f);

4 (2) the commissioner determines that the district is
5 insolvent and unable to complete the school year; or

6 (3) the commissioner determines that the district has
7 ceased operations for 11 or more instructional days during the
8 current or most recent scheduled school year without the
9 commissioner's authorization.

10 (b) The commissioner shall issue an order of closure under
11 this section that includes provisions necessary for the
12 continuation of the education of students enrolled in the
13 district or campus, including annexation to one or more
14 adjoining districts as provided by Section 13.054. An order of
15 closure may:

16 (1) establish an effective date for accreditation
17 revocation and closure that is not later than the first
18 anniversary of the date of the order;

19 (2) provide for an interim board of managers to
20 exercise the duties of the board of trustees of the district as
21 designated by the commissioner;

22 (3) require enrollment or student services to be
23 provided by another district as necessary to allow students

1 enrolled in the closed district to complete a school year, and
2 make adjustments in the state and federal funding to which the
3 district would otherwise be entitled as determined by the
4 commissioner; and

5 (4) require the preservation, transfer, or surrender
6 of all student records and other records required for an audit
7 of any state and federal funding provided to the district.

8 (c) A person who intentionally destroys, conceals, or
9 tampers with a record that is required to be preserved,
10 transferred, or surrendered under Subsection (b)(4) commits an
11 offense punishable under Section 37.10(c)(2), Penal Code.

12 (d) A board of managers exercising authority under
13 Subsection (b)(2) may exercise the authority of the board of
14 trustees with regard to financial management of the district and
15 personnel actions. The board of managers is not required to be
16 composed of residents of the district.

17 (e) An open-enrollment charter school ordered closed under
18 this section is not entitled to a separate hearing concerning
19 the revocation or nonrenewal of the charter under Section
20 12.116.

21 Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A
22 school district or open-enrollment charter school that wishes to
23 challenge a decision to impose a sanction under this subchapter,

1 including a decision to close a district, school, or campus
2 under Section 39.1332, must petition for an informal review as
3 provided by Section 7.0571.

4 (b) A final decision by the commissioner to impose a
5 sanction under this subchapter, including a decision to close a
6 school district or a campus under Section 39.1332, following a
7 review under Section 7.0571 is final and may not be appealed.

8 (c) A school district may not collaterally contest an
9 academic performance rating or other accreditation standard as
10 part of the review of a sanction under this subchapter if a
11 review opportunity has already been provided for the academic
12 performance rating.

13 SECTION 2C.35. Section 39.134, Education Code, is amended
14 to read as follows:

15 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of
16 providing a monitor, conservator, management team, [~~or~~] special
17 campus intervention team, technical assistance team, managing
18 entity under Section 39.1321, or service provider under Section
19 39.1331 shall be paid by the district. If the district fails or
20 refuses to pay the costs in a timely manner, the commissioner
21 may:

22 (1) pay the costs using amounts withheld from any
23 funds to which the district is otherwise entitled; or

1 (2) recover the amount of the costs in the manner
2 provided for recovery of an overallocation of state funds under
3 Section 42.258.

4 SECTION 2C.36. Subchapter G, Chapter 39, Education Code, is
5 amended by adding Section 39.1371 to read as follows:

6 Sec. 39.1371. INTERVENTION OPERATIONS. (a) The agency is
7 responsible for managing an intervention of a campus subject to
8 sanctions under this subchapter.

9 (b) The agency shall:

10 (1) monitor the progress of technical assistance teams
11 and special campus intervention teams appointed by the
12 commissioner under this subchapter; and

13 (2) supervise the activities of the management
14 entities under Section 39.1321.

15 (c) The agency shall:

16 (1) establish by rule and publish school improvement
17 objectives;

18 (2) advocate for the increased use of research-based
19 effective practices; and

20 (3) coordinate campus improvement activities of the
21 agency and regional education service centers.

22 (d) The commissioner may contract for services under this
23 section.

1 SECTION 2C.37. Section 39.182(a), Education Code, is
2 amended to read as follows:

3 (a) Not later than December 1 of each year, the agency
4 shall prepare and deliver to the governor, the lieutenant
5 governor, the speaker of the house of representatives, each
6 member of the legislature, the Legislative Budget Board, and the
7 clerks of the standing committees of the senate and house of
8 representatives with primary jurisdiction over the public school
9 system a comprehensive report covering the preceding school year
10 and containing:

11 (1) an evaluation of the achievements of the state
12 educational program in relation to the statutory goals for the
13 public education system under Section 4.002;

14 (2) an evaluation of the status of education in the
15 state as reflected by the academic excellence indicators adopted
16 under Section 39.051;

17 (3) a summary compilation of overall student
18 performance on academic skills assessment instruments required
19 by Section 39.023 with the number and percentage of students
20 exempted from the administration of those instruments and the
21 basis of the exemptions, aggregated by grade level, subject
22 area, campus, and district, with appropriate interpretations and
23 analysis, and disaggregated by race, ethnicity, gender, and

1 socioeconomic status;

2 (4) a summary compilation of overall performance of
3 students placed in a disciplinary [~~an~~] alternative education
4 program established under Section 37.008 on academic skills
5 assessment instruments required by Section 39.023 with the
6 number of those students exempted from the administration of
7 those instruments and the basis of the exemptions, aggregated by
8 district, grade level, and subject area, with appropriate
9 interpretations and analysis, and disaggregated by race,
10 ethnicity, gender, and socioeconomic status;

11 (5) a summary compilation of the progress [~~overall~~
12 ~~performance~~] of students at risk of dropping out of school, as
13 defined by Section 29.081(d), including information described by
14 the academic excellence indicators under Sections 39.051(b)(8)-
15 (11), provided statewide and aggregated by district, on academic
16 skills assessment instruments required by Section 39.023 and any
17 other assessment instrument required by the commissioner [~~with~~
18 ~~the number of those students exempted from the administration of~~
19 ~~those instruments and the basis of the exemptions,~~ aggregated by
20 district, grade level, and subject area], with appropriate
21 interpretations and analysis, and disaggregated by race,
22 ethnicity, gender, and socioeconomic status;

23 (6) an evaluation of the correlation between student

1 grades and student performance on academic skills assessment
2 instruments required by Section 39.023;

3 (7) a statement of the dropout rate of students in
4 grade levels 7 through 12, expressed in the aggregate and by
5 grade level, and a statement of the completion rates of students
6 for grade levels 9 through 12;

7 (8) a statement of:

8 (A) the completion rate of students who enter
9 grade level 9 and graduate not more than four years later;

10 (B) the completion rate of students who enter
11 grade level 9 and graduate, including students who require more
12 than four years to graduate;

13 (C) the completion rate of students who enter
14 grade level 9 and not more than four years later receive a high
15 school equivalency certificate;

16 (D) the completion rate of students who enter
17 grade level 9 and receive a high school equivalency certificate,
18 including students who require more than four years to receive a
19 certificate; and

20 (E) the number and percentage of all students who
21 have not been accounted for under Paragraph (A), (B), (C), or
22 (D);

23 (9) a statement of the projected cross-sectional and

1 longitudinal dropout rates for grade levels 9 through 12 for the
2 next five years, assuming no state action is taken to reduce the
3 dropout rate;

4 (10) a description of a systematic, measurable plan
5 for reducing the projected cross-sectional and longitudinal
6 dropout rates to five percent or less for the 1997-1998 school
7 year;

8 (11) a summary of the information required by Section
9 29.083 regarding grade level retention of students and
10 information concerning:

11 (A) the number and percentage of students
12 retained; and

13 (B) the performance of retained students on
14 assessment instruments required under Section 39.023(a);

15 (12) information, aggregated by district type and
16 disaggregated by race, ethnicity, gender, and socioeconomic
17 status, on:

18 (A) the number of students placed in a
19 disciplinary [~~an~~] alternative education program established
20 under Section 37.008;

21 (B) the average length of a student's placement
22 in a disciplinary [~~an~~] alternative education program established
23 under Section 37.008;

1 (C) the academic performance of students on
2 assessment instruments required under Section 39.023(a) during
3 the year preceding and during the year following placement in a
4 disciplinary [an] alternative education program; and

5 (D) the dropout rates of students who have been
6 placed in a disciplinary [an] alternative education program
7 established under Section 37.008;

8 (13) a list of each school district or campus that
9 does not satisfy performance standards, with an explanation of
10 the actions taken by the commissioner to improve student
11 performance in the district or campus and an evaluation of the
12 results of those actions;

13 (14) an evaluation of the status of the curriculum
14 taught in public schools, with recommendations for legislative
15 changes necessary to improve or modify the curriculum required
16 by Section 28.002;

17 (15) a description of all funds received by and each
18 activity and expenditure of the agency;

19 (16) a summary and analysis of the instructional
20 expenditures ratios and instructional employees ratios of school
21 districts computed under Section 44.0071;

22 (17) a summary of the effect of deregulation,
23 including exemptions and waivers granted under Section 7.056 or

1 39.112;

2 (18) a statement of the total number and length of
3 reports that school districts and school district employees must
4 submit to the agency, identifying which reports are required by
5 federal statute or rule, state statute, or agency rule, and a
6 summary of the agency's efforts to reduce overall reporting
7 requirements;

8 (19) a list of each school district that is not in
9 compliance with state special education requirements, including:

10 (A) the period for which the district has not
11 been in compliance;

12 (B) the manner in which the agency considered the
13 district's failure to comply in determining the district's
14 accreditation status; and

15 (C) an explanation of the actions taken by the
16 commissioner to ensure compliance and an evaluation of the
17 results of those actions;

18 (20) an evaluation of public charter districts,
19 including:

20 (A) the academic performance of students enrolled
21 in public charter districts, disaggregated by race, ethnicity,
22 gender, and socioeconomic status;

23 (B) the costs of instruction, administration, and

1 transportation incurred by public charter districts; and
2 (C) other issues, as determined by the
3 commissioner [~~a comparison of the performance of open-enrollment~~
4 ~~charter schools and school districts on the academic excellence~~
5 ~~indicators specified in Section 39.051(b) and accountability~~
6 ~~measures adopted under Section 39.051(g), with a separately~~
7 ~~aggregated comparison of the performance of open-enrollment~~
8 ~~charter schools predominantly serving students at risk of~~
9 ~~dropping out of school, as defined by Section 29.081(d), with~~
10 ~~the performance of school districts]~~; and

11 (21) any additional information considered important
12 by the commissioner or the State Board of Education.

13 SECTION 2C.38. Section 39.202(a), Education Code, is
14 amended to read as follows:

15 (a) The commissioner shall, in consultation with the
16 comptroller, develop and implement a financial accountability
17 rating system for school districts in this state that
18 distinguishes among districts' varying levels of financial
19 performance.

20 SECTION 2C.39. Section 39.182, Education Code, is amended
21 by adding Subsections (b-1) and (b-2) to read as follows:

22 (b-1) The report must include an assessment of the impact
23 of the performance-based grant system developed under Subchapter

1 E, Chapter 7, on student academic performance, including:

2 (1) an analysis of performance and spending
3 information relating to grants administered by the agency; and

4 (2) recommendations on any statutory changes needed
5 for the agency to more effectively administer grant programs,
6 including recommendations on whether to eliminate or modify
7 inefficient grant programs, expand effective grant programs, or
8 consolidate similar grant programs to maximize the effectiveness
9 and efficiencies of those programs.

10 (b-2) Subsection (b-1) applies beginning January 1, 2009.

11 This subsection expires February 1, 2009.

12 SECTION 2C.40. Subchapter I, Chapter 39, Education Code, is
13 amended by adding Section 39.205 to read as follows:

14 Sec. 39.205. REPORT TO LEGISLATURE. (a) Not later than
15 September 1, 2006, the agency shall submit a report to the
16 legislature on the status of the financial accountability system
17 that recommends to the legislature methods for linking school
18 district financial management performance and academic
19 performance.

20 (b) This section expires September 2, 2006.

21 SECTION 2C.41. Subchapter A, Chapter 44, Education Code, is
22 amended by adding Section 44.0073 to read as follows:

23 Sec. 44.0073. INSTRUCTIONAL COSTS. (a) For purposes of

1 this section:

2 (1) "Direct instructional costs" includes a school
3 district's expenses related to instruction, instructional
4 resources and media services, curriculum development,
5 instructional staff development, instructional leadership,
6 school leadership, and evaluation and counseling services.

7 (2) "Indirect instructional costs" includes:

8 (A) a school district's expenses related to
9 social work services, health services, student transportation,
10 food services, facility maintenance and operations, security and
11 monitoring services, and data processing services; and

12 (B) payments to another district under the public
13 education grant program under Subchapter G, Chapter 29, payments
14 to another district that is a member of a shared services
15 arrangement, payments to a fiscal agent, and payments under
16 Section 37.012 to a juvenile justice alternative education
17 program.

18 (b) For purposes of school district financial
19 accountability, the agency shall identify each district's direct
20 and indirect instructional costs for the preceding fiscal year
21 and make that information available to the public on the
22 agency's Internet website.

23 PART D. INSTRUCTIONAL MATERIALS

1 SECTION 2D.01. Section 7.055(b)(28), Education Code, is
2 amended to read as follows:

3 (28) The commissioner shall perform duties relating to
4 the funding, adoption, and purchase of instructional materials
5 [~~textbooks~~] under Chapter 31.

6 SECTION 2D.02. Section 7.056(f), Education Code, is amended
7 to read as follows:

8 (f) A school district or campus that is required to develop
9 and implement a student achievement improvement plan under
10 Section 39.131 or 39.132 may receive an exemption or waiver
11 under this section from any law or rule other than:

12 (1) a prohibition on conduct that constitutes a
13 criminal offense;

14 (2) a requirement imposed by federal law or rule;

15 (3) a requirement, restriction, or prohibition imposed
16 by state law or rule relating to:

17 (A) public school accountability as provided by
18 Subchapters B, C, D, and G, Chapter 39; or

19 (B) educator rights and benefits under
20 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under
21 Subchapter A, Chapter 22; or

22 (4) [~~textbook~~] selection of instructional materials
23 under Chapter 31.

1 SECTION 2D.03. Section 7.102(c)(23), Education Code, is
2 amended to read as follows:

3 (23) The board shall adopt and purchase or license
4 instructional materials [~~textbooks~~] as provided by Chapter 31
5 and adopt rules required by that chapter.

6 SECTION 2D.04. Sections 7.108(a) and (c), Education Code,
7 are amended to read as follows:

8 (a) A person interested in selling bonds of any type, [~~or~~]
9 a publisher, or any other person engaged in manufacturing,
10 shipping, selling, or advertising instructional materials
11 [~~textbooks~~] or otherwise connected with the instructional
12 material [~~textbook~~] business commits an offense if the person
13 makes or authorizes a political contribution to or takes part
14 in, directly or indirectly, the campaign of any person seeking
15 election to or serving on the board.

16 (c) In this section:

17 (1) "Instructional material" and "publisher" have the
18 meanings assigned by Section 31.002.

19 (2) "Political contribution" has the meaning assigned
20 by Section 251.001, Election Code.

21 [~~(2) "Textbook" has the meaning assigned by Section~~
22 ~~31.002.]~~

23 SECTION 2D.05. The heading to Section 7.112, Education

1 Code, is amended to read as follows:

2 Sec. 7.112. REPRESENTATION OF [~~TEXTBOOK~~] PUBLISHER OF
3 INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

4 SECTION 2D.06. Section 7.112(a), Education Code, is amended
5 to read as follows:

6 (a) A former member of the State Board of Education who is
7 employed by or otherwise receives compensation from a [~~textbook~~]
8 publisher of instructional materials may not, before the second
9 anniversary of the date on which the person last served as a
10 member of the State Board of Education:

11 (1) confer with a member of the board of trustees of a
12 school district concerning instructional materials [~~a textbook~~]
13 published by that [~~textbook~~] publisher; or

14 (2) appear at a meeting of the board of trustees on
15 behalf of the [~~textbook~~] publisher.

16 SECTION 2D.07. Section 7.112(c)(2), Education Code, is
17 amended to read as follows:

18 (2) "Instructional material" and "publisher"
19 [~~"Publisher" and "textbook"~~] have the meanings assigned by
20 Section 31.002.

21 SECTION 2D.08. Section 11.158(b), Education Code, is
22 amended to read as follows:

23 (b) The board may not charge fees for:

1 (1) instructional materials [~~textbooks~~], workbooks,
2 laboratory supplies, or other supplies necessary for
3 participation in any instructional course except as authorized
4 under this code;

5 (2) field trips required as a part of a basic
6 education program or course;

7 (3) any specific form of dress necessary for any
8 required educational program or diplomas;

9 (4) the payment of instructional costs for necessary
10 school personnel employed in any course or educational program
11 required for graduation;

12 (5) library materials [~~books~~] required to be used for
13 any educational course or program, other than fines for lost,
14 damaged, or overdue materials [~~books~~];

15 (6) admission to any activity the student is required
16 to attend as a prerequisite to graduation;

17 (7) admission to or examination in any required
18 educational course or program; or

19 (8) lockers.

20 SECTION 2D.09. Section 11.164(a), Education Code, is
21 amended to read as follows:

22 (a) The board of trustees of each school district shall
23 limit redundant requests for information and the number and

1 length of written reports that a classroom teacher is required
2 to prepare. A classroom teacher may not be required to prepare
3 any written information other than:

4 (1) any report concerning the health, safety, or
5 welfare of a student;

6 (2) a report of a student's grade on an assignment or
7 examination;

8 (3) a report of a student's academic progress in a
9 class or course;

10 (4) a report of a student's grades at the end of each
11 grade reporting period;

12 (5) a [~~textbook~~] report on instructional materials;

13 (6) a unit or weekly lesson plan that outlines, in a
14 brief and general manner, the information to be presented during
15 each period at the secondary level or in each subject or topic
16 at the elementary level;

17 (7) an attendance report;

18 (8) any report required for accreditation review;

19 (9) any information required by a school district that
20 relates to a complaint, grievance, or actual or potential
21 litigation and that requires the classroom teacher's
22 involvement; or

23 (10) any information specifically required by law,

1 rule, or regulation.

2 SECTION 2D.10. Section 19.007(e), Education Code, is
3 amended to read as follows:

4 (e) The district may participate in the instructional
5 materials [~~textbook~~] program under Chapter 31.

6 SECTION 2D.11. Sections 26.006(a) and (c), Education Code,
7 are amended to read as follows:

8 (a) A parent is entitled to:

9 (1) review all teaching materials, instructional
10 materials [~~textbooks~~], and other teaching aids used in the
11 classroom of the parent's child; and

12 (2) review each test administered to the parent's
13 child after the test is administered.

14 (c) A student's parent is entitled to request that the
15 school district or open-enrollment charter school the student
16 attends allow the student to take home any instructional
17 materials [~~textbook~~] used by the student. Subject to the
18 availability of the instructional materials [~~a textbook~~], the
19 district or school shall honor the request. A student who takes
20 home instructional materials [~~a textbook~~] must return the
21 instructional materials [~~textbook~~] to school at the beginning of
22 the next school day if requested to do so by the student's
23 teacher. In this subsection, "instructional material"

1 [~~textbook~~] has the meaning assigned by Section 31.002.

2 SECTION 2D.12. Sections 28.002(c) and (h), Education Code,
3 are amended to read as follows:

4 (c) The State Board of Education, with the direct
5 participation of educators, parents, business and industry
6 representatives, and employers shall by rule identify the
7 essential knowledge and skills of each subject of the required
8 curriculum that all students should be able to demonstrate and
9 that will be used in evaluating instructional materials
10 [~~textbooks~~] under Chapter 31 and addressed on the assessment
11 instruments required under Subchapter B, Chapter 39. As a
12 condition of accreditation, the board shall require each
13 district to provide instruction in the essential knowledge and
14 skills at appropriate grade levels.

15 (h) The State Board of Education and each school district
16 shall foster the continuation of the tradition of teaching
17 United States and Texas history and the free enterprise system
18 in regular subject matter, [~~and~~] in social studies, economics,
19 and reading courses, and in the adoption of instructional
20 materials [~~textbooks~~]. A primary purpose of the public school
21 curriculum is to prepare thoughtful, active citizens who
22 understand the importance of patriotism and can function
23 productively in a free enterprise society with appreciation for

1 the basic democratic values of our state and national heritage.

2 SECTION 2D.13. The heading to Chapter 31, Education Code,
3 is amended to read as follows:

4 CHAPTER 31. INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

5 SECTION 2D.14. Section 31.001, Education Code, is amended
6 to read as follows:

7 Sec. 31.001. FREE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

8 Instructional materials [~~Textbooks~~] selected for use in the
9 public schools shall be furnished without cost to the students
10 attending those schools.

11 SECTION 2D.15. Section 31.002, Education Code, is amended
12 to read as follows:

13 Sec. 31.002. DEFINITIONS. In this chapter:

14 (1) "Instructional material" [~~"Electronic textbook"~~]
15 means a medium or a combination of media for conveying
16 information to a student. The term includes a book,
17 supplementary materials, a combination of a book, workbook,
18 supplementary materials, computer software, [interactive
19 ~~videodisc,~~ magnetic media, DVD, CD-ROM, computer courseware,
20 on-line services, or an electronic medium, or other means of
21 conveying information to the student or otherwise contributing
22 to the learning process through electronic means.

23 (2) "Publisher" means a person who prepares,

1 manufactures, or distributes instructional materials for sale or
2 distribution to public schools. The term includes an on-line
3 service or a developer or distributor of [~~an~~] electronic
4 instructional materials [~~textbook~~].

5 (3) "State-adopted" means adopted by the State Board
6 of Education under Section 31.024 [~~"Textbook" means a book, a~~
7 ~~system of instructional materials, or a combination of a book~~
8 ~~and supplementary instructional materials that conveys~~
9 ~~information to the student or otherwise contributes to the~~
10 ~~learning process, or an electronic textbook~~].

11 (4) "Technological equipment" means hardware, a
12 device, or equipment necessary for:

13 (A) instructional use in the classroom, including
14 to gain access to or enhance the use of [~~an~~] electronic
15 instructional materials [~~textbook~~]; or

16 (B) professional use by a classroom teacher.

17 SECTION 2D.16. Section 31.003, Education Code, is amended
18 to read as follows:

19 Sec. 31.003. RULES. The State Board of Education may adopt
20 rules, consistent with this chapter, for the adoption,
21 requisition, distribution, care, use, and disposal of
22 instructional materials [~~textbooks~~].

23 SECTION 2D.17. Subchapter B, Chapter 31, Education Code, is

1 amended by amending Sections 31.021-31.024 and 31.026-31.030 and
2 adding Sections 31.0211, 31.0212, 31.0221, 31.031, and 31.032 to
3 read as follows:

4 Sec. 31.021. STATE INSTRUCTIONAL MATERIALS [TEXTBOOK]

5 FUND. (a) The state instructional materials [~~textbook~~] fund
6 consists of:

7 (1) an amount set aside by the State Board of
8 Education from the available school fund, computed in accordance
9 with this section; and

10 (2) [~~all funds accruing from the state's sale of~~
11 ~~disused textbooks; and~~

12 [~~3~~] all amounts lawfully paid into the fund from any
13 other source.

14 (b) The State Board of Education shall annually set aside
15 out of the available school fund of the state an amount
16 sufficient for the instructional materials allotment to provide
17 [~~board,~~] school districts[~~7~~] and open-enrollment charter schools
18 with the funds required to purchase and distribute the necessary
19 state-adopted instructional materials [~~textbooks~~] for the use of
20 the students of this state for the following school year. The
21 board shall determine the amount of the available school fund to
22 set aside for the state instructional materials [~~textbook~~] fund
23 based on the amount of the allotment under Section 31.0211 and

1 on reports of maximum attendance and anticipated enrollment
2 growth submitted under Section 31.103.[-

3 [~~(1) a report by the commissioner issued on July 1 or,~~
4 ~~if that date is a Saturday or Sunday, on the following Monday,~~
5 ~~stating the amount of unobligated money in the fund;~~

6 [~~(2) the commissioner's estimate, based on textbooks~~
7 ~~selected under Section 31.101 and on attendance reports~~
8 ~~submitted under Section 31.103 by school districts and open-~~
9 ~~enrollment charter schools, of the amount of funds, in addition~~
10 ~~to funds reported under Subdivision (1), that will be necessary~~
11 ~~for purchase and distribution of textbooks for the following~~
12 ~~school year; and~~

13 [~~(3) any amount the board determines should be set~~
14 ~~aside for emergency purposes caused by unexpected increases in~~
15 ~~attendance.]~~

16 (d) Money transferred to the state instructional materials
17 [~~textbook~~] fund remains in the fund until spent and does not
18 lapse to the state at the end of the fiscal year.

19 [~~(e) All necessary expenses incurred under this chapter~~
20 ~~shall be paid from the state textbook fund on invoices approved~~
21 ~~by the commissioner.]~~

22 Sec. 31.0211. INSTRUCTIONAL MATERIALS ALLOTMENT. (a) For
23 the maximum attendance and anticipated enrollment growth

1 reported under Section 31.103 in a school year, a school
2 district is entitled to an annual allotment of \$70 for each
3 student or a greater amount provided by appropriation, to be
4 paid from the state instructional materials fund. The
5 commissioner may determine for each district the amount of
6 anticipated enrollment growth for which an allotment is provided
7 under this subsection.

8 (b) Funds allotted under this section may be used only to
9 purchase:

10 (1) state-adopted instructional materials; or

11 (2) instructional materials authorized by commissioner
12 waiver.

13 (c) This section applies beginning with the 2007-2008
14 school year. This subsection expires September 1, 2008.

15 Sec. 31.0212. INSTRUCTIONAL MATERIALS ALLOTMENT FOR
16 JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a)

17 Notwithstanding any other provision of this chapter, a juvenile
18 justice alternative education program operating under Section
19 37.011 is entitled to receive an instructional materials
20 allotment under Section 31.0211 to be used in purchasing state-
21 adopted instructional materials as if the program were a school
22 district or open-enrollment charter school.

23 (b) The State Board of Education, in coordination with the

1 Texas Juvenile Probation Commission, shall adopt rules as
2 necessary to administer this section.

3 (c) Notwithstanding Section 31.0211(c), a juvenile justice
4 alternative education program operating under Section 37.011 is
5 entitled to the annual allotment described by Section 31.0211(a)
6 beginning with the 2005-2006 school year. This subsection
7 expires September 1, 2008.

8 Sec. 31.022. INSTRUCTIONAL MATERIALS [TEXTBOOK] REVIEW AND
9 ADOPTION CYCLE. (a) The State Board of Education shall adopt a
10 review and adoption cycle for instructional materials
11 [~~textbooks~~] for elementary grade levels, including
12 prekindergarten, and secondary grade levels, for each subject in
13 the required curriculum under Section 28.002.

14 (b) The board shall organize the cycle for subjects in the
15 foundation curriculum so that not more than one-sixth of the
16 instructional materials [~~textbooks~~] for subjects in the
17 foundation curriculum are reviewed each year. The board shall
18 adopt rules to provide for a full and complete investigation of
19 instructional materials [~~textbooks~~] for each subject in the
20 foundation curriculum at least every six years. The adoption of
21 instructional materials [~~textbooks~~] for a subject in the
22 foundation curriculum may be extended beyond the six-year period
23 only if the content of instructional materials [~~textbooks~~] for a

1 subject is sufficiently current.

2 (c) The board shall adopt rules to provide for a full and
3 complete investigation of instructional materials [~~textbooks~~]
4 for each subject in the enrichment curriculum on a cycle the
5 board considers appropriate, but not less than every eight
6 years.

7 (d) At least 24 months before the beginning of the school
8 year for which instructional materials [~~textbooks~~] for a
9 particular subject and grade level will be purchased under the
10 review and adoption cycle adopted by the board, the board shall
11 publish notice of the review and adoption cycle for those
12 instructional materials [~~textbooks~~].

13 (e) In organizing the cycle for review and adoption of
14 instructional materials, the board shall:

15 (1) generally align the cycle with the schedule for
16 any revision of the essential knowledge and skills under Section
17 28.002 of the subjects and grade levels addressed by the
18 instructional materials;

19 (2) seek advice from the Legislative Budget Board and
20 the governor's office of budget, planning, and policy before
21 approving and publishing any notice or amendment of the cycle;

22 (3) review and consider expected average costs of the
23 instructional materials that will be adopted and the amount of

1 the instructional materials allotment to ensure that the amount
2 of the instructional materials that will be adopted over a two-
3 year period may be purchased within the amount of the
4 instructional material allotment for that same period; and

5 (4) follow any directive provided in the General
6 Appropriations Act regarding the organization of the cycle.

7 (f) In addition to organizing a review and adoption cycle,
8 the board by rule shall allow an instructional material to be
9 submitted, reviewed, and adopted at a time when the subject or
10 grade level is not scheduled in the cycle to be considered for
11 at least two years, in conformance with the procedures for
12 adoption of other state-adopted instructional materials. The
13 board shall place each instructional material submitted under
14 this subsection and adopted under Section 31.024 on an
15 applicable list under Section 31.023.

16 Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) To
17 promote efficiency in the correction of factual errors during
18 the instructional materials review and adoption process, the
19 State Board of Education shall:

20 (1) to the extent practicable, conduct the review of
21 instructional materials using page proofs or other appropriate
22 draft versions of the instructional materials; and

23 (2) require the publisher to provide instructional

1 materials, including page proofs, draft versions, or sample
2 instructional materials, directly to state instructional
3 materials review panel members in a timely manner before the
4 members meet to conduct a complete and formal review of the
5 materials.

6 (b) During the instructional materials review and adoption
7 process, the publisher of instructional materials proposed for
8 adoption in this state shall promptly correct any factual errors
9 discovered in the instructional materials. For purposes of this
10 section, a factual error includes an objectively verifiable
11 mistake, including an incorrect reference to a date, place, or
12 person, an incorrect computational process or result, or similar
13 incorrect provisions. A factual error does not include a
14 difference in professional opinion, conclusion, emphasis, or
15 perspective expressed in instructional materials.

16 (c) If the State Board of Education determines that an
17 instructional material proposed for adoption may contain a
18 factual error, the State Board of Education may appoint a panel
19 of experts and scholars to evaluate the material for any factual
20 error.

21 (d) The board shall adopt rules authorizing the imposition
22 of an administrative penalty in the manner provided by Section
23 31.151 against a publisher who knowingly violates Subsection

1 (b). In setting the amount of any penalty to be imposed under
2 this subsection, the board shall consider the stage of the
3 instructional materials review and adoption process at which the
4 violation occurs and set progressively higher penalties for
5 violations that occur later in the process.

6 Sec. 31.023. [TEXTBOOK] LISTS OF STATE-ADOPTED
7 INSTRUCTIONAL MATERIALS. (a) For each subject and grade level,
8 the State Board of Education shall adopt two lists of
9 instructional materials [~~textbooks~~]. The conforming list
10 includes each state-adopted instructional material [~~textbook~~]
11 submitted for the subject and grade level that meets applicable
12 physical specifications adopted by the State Board of Education
13 and contains material covering each element of the essential
14 knowledge and skills of the subject and grade level as
15 determined by the State Board of Education under Section 28.002
16 and adopted under Section 31.024. The nonconforming list
17 includes each state-adopted instructional material [~~textbook~~]
18 submitted for the subject and grade level that:

19 (1) meets applicable physical specifications adopted
20 by the State Board of Education;

21 (2) contains material covering at least half, but not
22 all, of the elements of the essential knowledge and skills of
23 the subject and grade level; and

1 (3) is adopted under Section 31.024.

2 (b) Each state-adopted instructional material [~~textbook~~] on
3 a conforming or nonconforming list must be free from factual
4 errors.

5 Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION. (a) By
6 majority vote, the State Board of Education shall:

7 (1) place each submitted instructional material
8 [~~textbook~~] on a conforming or nonconforming list; or

9 (2) reject an instructional material [~~a textbook~~]
10 submitted for placement on a conforming or nonconforming list.

11 (b) Not later than December 1 of the year preceding the
12 school year for which the state-adopted instructional materials
13 [~~textbooks~~] for a particular subject and grade level will be
14 purchased under the cycle adopted by the board under Section
15 31.022, the board shall make available [~~provide~~] the lists of
16 state-adopted instructional materials, including instructional
17 materials under Section 31.022(f) [~~adopted textbooks~~] to each
18 school district. Each nonconforming list must include:

19 (1) the reasons an adopted instructional material
20 [~~textbook~~] is not eligible for the conforming list; and

21 (2) a list of the essential knowledge and skills
22 contained in an adopted instructional material on the
23 nonconforming list.

1 Sec. 31.026. CONTRACT; PRICE. (a) The commissioner, with
2 the assistance of the Department of Information Resources, the
3 State Board of Education, and the office of the attorney
4 general, shall develop model contracts that may be used by
5 school districts and open-enrollment charter schools [~~State~~
6 ~~Board of Education shall execute a contract:~~

7 [~~(1)~~] for the purchase or licensing of instructional
8 materials under this chapter [~~each adopted textbook other than~~
9 ~~an electronic textbook; and~~

10 [~~(2)~~] ~~for the purchase or licensing of each adopted~~
11 ~~electronic textbook].~~

12 (b) A contract must require the publisher to provide all of
13 the instructional materials [~~the number of textbooks~~] required
14 by school districts in this state for the term of the contract[,
15 ~~which must coincide with the board's adoption cycle].~~

16 (c) As applicable, a contract must provide for the purchase
17 or licensing of instructional materials [~~a textbook~~] at a
18 specific price, which may not exceed the lowest price paid by
19 any other state or any school or school district. The price
20 must be fixed for the term of the contract. The price may
21 decrease if the lowest price paid by another state or another
22 school or school district decreases during the term of the
23 contract.

1 Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE
2 COPIES. (a) A publisher shall provide each school district and
3 open-enrollment charter school with information that fully
4 describes each of the publisher's state-adopted instructional
5 materials [~~adopted textbooks~~]. On request of a school district,
6 a publisher shall provide a sample copy of a state-adopted
7 instructional material [~~an adopted textbook~~].

8 (b) A publisher shall provide at least two sample copies of
9 each state-adopted instructional material [~~adopted textbook~~] to
10 be maintained for at least two years at each regional education
11 service center or an alternate location designated by the
12 applicable service center.

13 Sec. 31.028. SPECIAL INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

14 (a) The State Board of Education may make available [~~purchase~~]
15 special instructional materials [~~textbooks~~] for the education of
16 blind and visually impaired students in public schools. In
17 addition, from funds appropriated for the purpose, for a teacher
18 who is blind or visually impaired, the board shall provide a
19 teacher's edition in Braille or large type, as requested by the
20 teacher, for each printed state-adopted instructional material
21 [~~textbook~~] the teacher uses in the instruction of students. The
22 teacher edition must be available at the same time the student
23 instructional materials [~~textbooks~~] become available.

1 (b) The publisher of a printed state-adopted instructional
2 material [~~an adopted textbook~~] shall provide the agency with
3 computerized [~~textbook~~] files for the production of Braille
4 instructional materials [~~textbooks~~] or other versions of
5 instructional materials [~~textbooks~~] to be used by students with
6 disabilities, on request of the State Board of Education. A
7 publisher shall arrange the computerized [~~textbook~~] files in one
8 of several optional formats specified by the State Board of
9 Education.

10 (c) The board may also enter into agreements providing for
11 the acceptance, requisition, and distribution of special
12 instructional materials [~~textbooks and instructional aids~~]
13 pursuant to 20 U.S.C. Section 101 et seq. for use by students
14 enrolled in:

15 (1) public schools; or

16 (2) private nonprofit schools, if state funds, other
17 than for administrative costs, are not involved.

18 (c-1) The board shall require electronic instructional
19 materials included on the conforming list and nonconforming list
20 under Section 31.023 to comply with the standards established
21 under Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section
22 794d), if the materials are for use by students enrolled in:

23 (1) public schools; or

1 (2) private nonprofit schools, if state funds, other
2 than for administrative costs, are not involved.

3 (d) In this section:

4 (1) "Blind or visually impaired student" includes any
5 student whose visual acuity is impaired to the extent that the
6 student is unable to read the text [~~print~~] in state-adopted
7 instructional materials [~~a regularly adopted textbook~~] used in
8 the student's class.

9 (2) "Special instructional materials" [~~textbook~~]
10 means instructional materials [~~a textbook~~] in Braille, large
11 type, audiotape, accessible web page, accessible DVD/CD-ROM, or
12 any other medium or any apparatus that conveys information to a
13 student or otherwise contributes to the learning process.

14 Sec. 31.029. BILINGUAL INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

15 The board shall adopt instructional materials [~~purchase or~~
16 ~~otherwise acquire textbooks~~] for use in bilingual education
17 classes.

18 Sec. 31.030. USED INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]. The

19 State Board of Education shall adopt rules to ensure that used
20 instructional materials [~~textbooks~~] sold to school districts and
21 open-enrollment charter schools are not sample copies that
22 contain factual errors. The rules may provide for the
23 imposition of an administrative penalty in accordance with

1 Section 31.151 against a seller of used instructional materials
2 [~~textbooks~~] who knowingly violates this section.

3 Sec. 31.031. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL
4 MATERIALS. The publisher of a state-adopted electronic
5 instructional material may offer the material to school
6 districts and open-enrollment charter schools on a subscription
7 basis.

8 Sec. 31.032. UPDATES. The publisher of a state-adopted
9 instructional material may update the instructional material,
10 and a school district or open-enrollment charter school may
11 purchase the update. The State Board of Education by rule shall
12 provide for an expedited review process to determine the extent
13 to which updated instructional material aligns with the
14 essential knowledge and skills and does not contain factual
15 errors.

16 SECTION 2D.18. Section 31.101, Education Code, is amended
17 to read as follows:

18 Sec. 31.101. SELECTION AND PURCHASE OF INSTRUCTIONAL
19 MATERIALS [~~TEXTBOOKS~~] BY SCHOOL DISTRICTS. (a) Each year,
20 during any [~~a~~] period established by the State Board of
21 Education, the board of trustees of each school district and the
22 governing body of each open-enrollment charter school shall:

23 (1) [~~for a subject in the foundation curriculum,~~]

1 notify the State Board of Education of the state-adopted
2 instructional materials [~~textbooks~~] selected by the board of
3 trustees or governing body for the following school year from
4 among the instructional materials [~~textbooks~~] on the appropriate
5 conforming or nonconforming list; and [~~or~~]

6 (2) provide an accounting of the expenditure of its
7 instructional materials allotment during that period. [~~for a~~
8 ~~subject in the enrichment curriculum:~~

9 [~~(A) notify the State Board of Education of each~~
10 ~~textbook selected by the board of trustees or governing body for~~
11 ~~the following school year from among the textbooks on the~~
12 ~~appropriate conforming or nonconforming list; or~~

13 [~~(B) notify the State Board of Education that the~~
14 ~~board of trustees or governing body has selected a textbook that~~
15 ~~is not on the conforming or noneonforming list.]~~

16 (b) The board of trustees of each [~~If a~~] school district or
17 the governing body of each open-enrollment charter school shall
18 use the instructional materials allotment to purchase
19 instructional materials selected by the board of trustees or the
20 governing body [~~selects a textbook~~] for a [~~particular~~] subject
21 in the required [~~enrichment~~] curriculum. [~~and grade level that~~
22 ~~is not on the conforming or nonconforming list, the state shall~~
23 ~~pay to the district or school an amount equal to the lesser of:~~

1 ~~[(1) 70 percent of the cost to the district of the~~
2 ~~textbook, multiplied by the number of textbooks the district or~~
3 ~~school needs for that subject and grade level; or~~

4 ~~[(2) 70 percent of the limitation established under~~
5 ~~Section 31.025 for a textbook for that subject and grade level,~~
6 ~~multiplied by the number of textbooks the district or school~~
7 ~~needs for that subject and grade level.]~~

8 (c) A school district or open-enrollment charter school may
9 purchase an instructional material under Subsection (b) only if
10 the instructional material is purchased not later than the
11 beginning of the second school year that begins after the
12 adoption of the conforming or nonconforming list that includes
13 the instructional material. This subsection does not apply to:

14 (1) instructional materials under Section 31.022(f);
15 (2) the purchase of replacement instructional
16 materials due to loss or damage; or

17 (3) the purchase of additional instructional materials
18 needed because of enrollment growth ~~[that selects a textbook~~
19 ~~that is not on the conforming or nonconforming list:~~

20 ~~[(1) is responsible for the portion of the cost of the~~
21 ~~textbook that is not paid by the state under Subsection (b); and~~

22 ~~[(2) may use funds received from the state under~~
23 ~~Subsection (b) only for purchasing the textbook for which the~~

1 ~~funds were received].~~

2 [~~(d) For a textbook that is not on the conforming or~~
3 ~~noneonforming list, a school district or open-enrollment charter~~
4 ~~school must use the textbook for the period of the review and~~
5 ~~adoption cycle the State Board of Education has established for~~
6 ~~the subject and grade level for which the textbook is used.]~~

7 SECTION 2D.19. Section 31.102, Education Code, is amended
8 to read as follows:

9 Sec. 31.102. TITLE AND CUSTODY. (a) Except as provided by
10 this subsection, each instructional material [~~Each textbook~~]
11 purchased by the state as provided by this chapter is the
12 property of this state. Beginning with the 2007-2008 school
13 year, each instructional material purchased through the
14 instructional materials allotment by a school district or open-
15 enrollment charter school is the property of the district or
16 charter school.

17 (b) Subsection (a) applies to an electronic instructional
18 material [~~textbook~~] only to the extent of any applicable
19 licensing agreement.

20 (c) The board of trustees of a school district or the
21 governing body of an open-enrollment charter school is the legal
22 custodian of instructional materials [~~textbooks~~] purchased as
23 provided by this chapter for or by the district or school. The

1 board of trustees or governing body shall distribute
2 instructional materials [~~textbooks~~] to students in the manner
3 that the board or governing body determines is most effective
4 and economical.

5 (d) An open-enrollment charter school may not transfer
6 instructional materials unless the transfer is approved by the
7 commissioner. The commissioner may not approve such a transfer
8 unless the transfer is to another public school of this state.

9 SECTION 2D.20. Section 31.103, Education Code, is amended
10 to read as follows:

11 Sec. 31.103. INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~]
12 REQUISITIONS. (a) Not later than the seventh day after the
13 first school day in April, each principal shall report the
14 maximum attendance for the school to the superintendent. Not
15 later than April 25, the superintendent of a school district or
16 the chief operating officer of an open-enrollment charter school
17 shall report to the commissioner the district's or school's
18 maximum attendance and anticipated enrollment growth [~~to the~~
19 ~~commissioner~~].

20 (b) [~~A requisition for textbooks for the following school~~
21 ~~year shall be based on the maximum attendance reports under~~
22 ~~Subsection (a), plus an additional 10 percent, except as~~
23 ~~otherwise provided.~~] A school district or open-enrollment

1 charter school shall make a requisition for instructional
2 materials [~~a textbook~~] on the conforming or nonconforming list
3 [~~through the commissioner~~] to the instructional materials
4 [~~state~~] depository designated by the publisher or as provided by
5 State Board of Education rule, as applicable, not later than
6 June 1 of each year. The designated instructional materials
7 [~~state~~] depository or, if the publisher [~~or manufacturer~~] does
8 not have a designated instructional materials [~~textbook~~]
9 depository in this state under Section 31.151(a)(6)(B), the
10 publisher [~~or manufacturer~~] shall fill a requisition approved by
11 the agency at any other time in the case of an emergency. [~~As~~
12 ~~made necessary by available funds, the commissioner shall reduce~~
13 ~~the additional percentage of attendance for which a district or~~
14 ~~school may requisition textbooks. The commissioner may, on~~
15 ~~application of a district or school that is experiencing high~~
16 ~~enrollment growth, increase the additional percentage of~~
17 ~~attendance for which the district or school may requisition~~
18 ~~textbooks.]~~

19 (c) In making a requisition under this section, a school
20 district or open-enrollment charter school may requisition
21 instructional materials [~~textbooks~~] on the conforming or
22 nonconforming list for grades above or below the grade level in
23 which a student is enrolled[, ~~except that the total quantity of~~

1 ~~textbooks requisitioned under this section may not exceed the~~
2 ~~limit prescribed by Subsection (b)].~~

3 SECTION 2D.21. Sections 31.104-31.106, Education Code, are
4 amended to read as follows:

5 Sec. 31.104. DISTRIBUTION AND HANDLING. (a) The board of
6 trustees of a school district or the governing body of an open-
7 enrollment charter school may delegate to an employee the
8 authority to requisition, purchase, distribute, and manage the
9 inventory of instructional materials [~~textbooks~~] in a manner
10 consistent with this chapter and rules adopted under this
11 chapter.

12 (b) A school district or open-enrollment charter school may
13 order replacements for instructional materials [~~textbooks~~] that
14 have been lost or damaged directly from:

15 (1) the instructional materials [~~textbook~~] depository;
16 or

17 (2) the [~~textbook~~] publisher of the instructional
18 materials [~~or manufacturer~~] if the [~~textbook~~] publisher [~~or~~
19 ~~manufacturer~~] does not have a designated instructional materials
20 [~~textbook~~] depository in this state under Section
21 31.151(a)(6)(B).

22 (c) Each instructional material [~~textbook~~] must state that
23 the instructional material [~~textbook~~] is the property of or is

1 licensed to this state, school district, or charter school, as
2 appropriate. Each instructional material [~~textbook~~], other than
3 an electronic instructional material [~~textbook~~], must be covered
4 by the student under the direction of the teacher. A student
5 must return all instructional materials [~~textbooks~~] to the
6 teacher at the end of the school year or when the student
7 withdraws from school.

8 (d) Each student, or the student's parent or guardian, is
9 responsible for each instructional material [~~textbook~~] not
10 returned by the student. A student who fails to return all
11 instructional materials [~~textbooks~~] forfeits the right to free
12 instructional materials [~~textbooks~~] until each instructional
13 material [~~textbook~~] previously issued but not returned is paid
14 for by the student, parent, or guardian. As provided by policy
15 of the board of trustees or governing body, a school district or
16 open-enrollment charter school may waive or reduce the payment
17 requirement if the student is from a low-income family. The
18 district or school shall allow the student to use instructional
19 materials [~~textbooks~~] at school during each school day. If an
20 instructional material [~~a textbook~~] is not returned or paid for,
21 the district or school may withhold the student's records. A
22 district or school may not, under this subsection, prevent a
23 student from graduating, participating in a graduation ceremony,

1 or receiving a diploma.

2 (e) The board of trustees of a school district may not
3 require an employee of the district to pay for an instructional
4 material [~~a textbook~~] or instructional technology that is
5 stolen, misplaced, or not returned by a student.

6 Sec. 31.105. SALE OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

7 The board of trustees of a school district or governing body of
8 an open-enrollment charter school may sell instructional
9 materials [~~textbooks~~], other than electronic instructional
10 materials [~~textbooks~~], to a student or another school [~~at the~~
11 ~~state contract price~~]. The district shall use [~~send~~] money
12 received from the sale of instructional materials in accordance
13 with uses prescribed by Section 31.0211. [~~textbooks to the~~
14 ~~commissioner as required by the commissioner. The commissioner~~
15 ~~shall deposit the money in the state textbook fund.~~]

16 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
17 instructional materials [~~textbook~~] selected under this chapter,
18 a school district or open-enrollment charter school may use
19 local funds to purchase any instructional materials [~~textbooks~~].

20 SECTION 2D.22. The heading to Section 31.151, Education
21 Code, is amended to read as follows:

22 Sec. 31.151. DUTIES OF PUBLISHERS [~~AND MANUFACTURERS~~].

23 SECTION 2D.23. Sections 31.151(a), (b), and (d), Education

1 Code, are amended to read as follows:

2 (a) A publisher [~~or manufacturer~~] of instructional
3 materials [~~textbooks~~]:

4 (1) shall furnish any instructional material
5 [~~textbook~~] the publisher [~~or manufacturer~~] offers in this
6 state[,] at a price that does not exceed the lowest price at
7 which the publisher offers that instructional material
8 [~~textbook~~] for adoption or sale to any state, public school, or
9 school district in the United States;

10 (2) shall automatically reduce the price of an
11 instructional material [~~a textbook~~] sold for use in a school
12 district or open-enrollment charter school to the extent that
13 the price is reduced elsewhere in the United States;

14 (3) shall provide any instructional material
15 [~~textbook~~] or ancillary item free of charge in this state to the
16 same extent that the publisher [~~or manufacturer~~] provides the
17 instructional material [~~textbook~~] or ancillary item free of
18 charge to any state, public school, or school district in the
19 United States;

20 (4) shall guarantee that each copy of an instructional
21 material [~~a textbook~~] sold in this state is at least equal in
22 quality to copies of that instructional material [~~textbook~~] sold
23 elsewhere in the United States and is free from factual error;

1 (5) may not become associated or connected with,
2 directly or indirectly, any combination in restraint of trade in
3 instructional materials [~~textbooks~~] or enter into any
4 understanding or combination to control prices or restrict
5 competition in the sale of instructional materials [~~textbooks~~]
6 for use in this state;

7 (6) shall:

8 (A) maintain a depository in this state or
9 arrange with a depository in this state to receive and fill
10 orders for instructional materials [~~textbooks~~], other than
11 electronic instructional materials or electronic instructional
12 material [~~on-line textbooks or on-line textbook~~] components,
13 consistent with State Board of Education rules; or

14 (B) deliver instructional materials [~~textbooks~~]
15 to a school district or open-enrollment charter school without a
16 delivery charge to the school district, open-enrollment charter
17 school, or state, if:

18 (i) the publisher [~~or manufacturer~~] does not
19 maintain or arrange with a depository in this state under
20 Paragraph (A) and the publisher's instructional materials [~~or~~
21 ~~manufacturer's textbooks~~] and related products are warehoused or
22 otherwise stored less than 300 miles from a border of this
23 state; or

1 (ii) the instructional materials [~~textbooks~~]
2 are electronic instructional materials or electronic
3 instructional material [~~on-line textbooks or on-line textbook~~]
4 components;

5 (7) shall, at the time an order for instructional
6 materials [~~textbooks~~] is acknowledged, provide to school
7 districts or open-enrollment charter schools an accurate
8 shipping date for instructional materials [~~textbooks~~] that are
9 back-ordered;

10 (8) shall guarantee delivery of instructional
11 materials [~~textbooks~~] at least 10 business days before the
12 opening day of school of the year for which the instructional
13 materials [~~textbooks~~] are ordered if the instructional materials
14 [~~textbooks~~] are ordered by a date specified in the sales
15 contract; and

16 (9) shall submit to the State Board of Education an
17 affidavit certifying any instructional material [~~textbook~~] the
18 publisher [~~or manufacturer~~] offers in this state to be free of
19 factual errors at the time the publisher executes the contract
20 required by Section 31.026.

21 (b) The State Board of Education may impose a reasonable
22 administrative penalty against a publisher [~~or manufacturer~~] who
23 knowingly violates Subsection (a). The board shall provide for

1 a hearing to be held to determine whether a penalty is to be
2 imposed and, if so, the amount of the penalty. The board shall
3 base the amount of the penalty on:

- 4 (1) the seriousness of the violation;
- 5 (2) any history of a previous violation;
- 6 (3) the amount necessary to deter a future violation;
- 7 (4) any effort to correct the violation; and
- 8 (5) any other matter justice requires.

9 (d) A penalty collected under this section shall be
10 deposited to the credit of the state instructional materials
11 [~~textbook~~] fund.

12 SECTION 2D.24. The heading to Section 31.152, Education
13 Code, is amended to read as follows:

14 Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS
15 [~~TEXTBOOKS~~].

16 SECTION 2D.25. Sections 31.152(a), (b), and (d), Education
17 Code, are amended to read as follows:

18 (a) A school trustee, administrator, or teacher commits an
19 offense if that person receives any commission or rebate on any
20 instructional materials [~~textbooks~~] used in the schools with
21 which the person is associated as a trustee, administrator, or
22 teacher.

23 (b) A school trustee, administrator, or teacher commits an

1 offense if the person accepts a gift, favor, or service that:

2 (1) is given to the person or the person's school;

3 (2) might reasonably tend to influence a trustee,
4 administrator, or teacher in the selection of instructional
5 materials [~~a textbook~~]; and

6 (3) could not be lawfully purchased with funds from
7 the state instructional materials [~~textbook~~] fund.

8 (d) In this section, "gift, favor, or service" does not
9 include:

10 (1) staff development, in-service, or teacher
11 training; or

12 (2) instructional materials[,] such as maps or
13 worksheets[, that convey information to the student or otherwise
14 contribute to the learning process].

15 SECTION 2D.26. The heading to Section 31.153, Education
16 Code, is amended to read as follows:

17 Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS
18 [~~TEXTBOOK~~] LAW.

19 SECTION 2D.27. Section 31.153(a), Education Code, is
20 amended to read as follows:

21 (a) A person commits an offense if the person knowingly
22 violates any law providing for the purchase or distribution of
23 free instructional materials [~~textbooks~~] for the public schools.

1 SECTION 2D.28. Subchapter E, Chapter 31, Education Code, is
2 amended to read as follows:

3 SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS

4 [~~TEXTBOOKS~~]

5 Sec. 31.201. DISPOSITION OF INSTRUCTIONAL MATERIALS

6 [~~TEXTBOOKS~~]. (a) The commissioner, with the approval of the
7 State Board of Education, may provide for the disposition of:

8 (1) instructional materials [~~textbooks~~], other than
9 electronic instructional materials [~~textbooks~~], that are no
10 longer in acceptable condition to be used for instructional
11 purposes; or

12 (2) discontinued instructional materials [~~textbooks~~],
13 other than electronic instructional materials [~~textbooks~~].

14 (b) The commissioner, as provided by rules adopted by the
15 State Board of Education, shall make available on request copies
16 of discontinued instructional materials [~~textbooks~~], other than
17 electronic instructional materials [~~textbooks~~], for use in
18 libraries maintained in municipal and county jails and
19 facilities of the institutional division of the Texas Department
20 of Criminal Justice and other state agencies.

21 (c) The State Board of Education shall adopt rules under
22 which a school district or open-enrollment charter school may
23 donate discontinued instructional materials [~~textbooks~~], other

1 than electronic instructional materials [~~textbooks~~], to a
2 student, to an adult education program, or to a nonprofit
3 organization.

4 SECTION 2D.29. The heading to Section 32.005, Education
5 Code, is amended to read as follows:

6 Sec. 32.005. INSTRUCTIONAL MATERIALS AND TECHNOLOGY
7 ALLOTMENT.

8 SECTION 2D.30. Sections 32.005(a) and (b), Education Code,
9 are amended to read as follows:

10 (a) For each student in average daily attendance in a
11 school year, a [Each] school district or open-enrollment charter
12 school is entitled to an allotment of \$30 [for each student in
13 average daily attendance] or a greater [different] amount for
14 any year provided by appropriation, to be used as provided by
15 Subsection (b).

16 (b) An allotment under this section may be used [~~only~~] to:

17 (1) provide for the purchase by school districts of
18 systems or components of:

19 (A) wireless electronic mobile computing devices
20 or other technology devices that convey instruction;

21 (B) productivity hardware or software, including
22 writing, computation, presentation, and communication tools;

23 (C) electronic learning software aligned with the

1 essential skills and knowledge adopted by the State Board of
2 Education under Section 28.002;

3 (D) library and other research tools;

4 (E) electronic assessment tools;

5 (F) electronic learning tools to improve
6 communications among students, teachers, school administrators,
7 parents, and the community;

8 (G) classroom and school management systems; and

9 (H) portable electronic instructional material
10 devices capable of supporting instructional material for each
11 subject in the foundation and enrichment curriculum [electronic
12 ~~textbooks or technological equipment that contributes to student~~
13 ~~learning]; [and]~~

14 (2) provide professional development for educational
15 personnel responsible for direct instruction to integrate the
16 tools and solutions described by Subdivision (1); and

17 (3) acquire additional infrastructure and technologies
18 necessary to support and enhance the tools and solutions
19 described by Subdivision (1) [pay for training educational
20 ~~personnel directly involved in student learning in the~~
21 ~~appropriate use of electronic textbooks and for providing for~~
22 ~~access to technological equipment for instructional use].~~

23 SECTION 2D.31. Section 32.156, Education Code, as added by

1 Chapter 1216, Acts of the 78th Legislature, Regular Session,
2 2003, is amended to read as follows:

3 Sec. 32.156. ON-LINE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

4 (a) The agency may develop and adopt strategies for making
5 instructional materials [~~textbooks~~] available through the portal
6 or through other means in an electronic format as an alternative
7 or supplement to traditional instructional materials
8 [~~textbooks~~].

9 (b) In developing and adopting strategies under this
10 section, the agency shall seek to achieve a system under which a
11 student may, in addition to [a] traditional instructional
12 materials [~~textbook~~], be provided with secure Internet access to
13 each instructional material [~~textbook~~] used by the student.

14 SECTION 2D.32. Section 32.161(b), Education Code, is
15 amended to read as follows:

16 (b) To the extent possible considering other statutory
17 requirements, the commissioner and agency shall encourage the
18 use of instructional materials [~~textbook~~] funds under Section
19 31.021 and technology allotment funds under Section 32.005
20 [~~31.021(b)(2)~~] in a manner that facilitates the development and
21 use of the portal.

22 SECTION 2D.33. Section 31.0221, Education Code, as added by
23 this part, applies only to instructional materials submitted for

1 review by the State Board of Education on or after the effective
2 date of this Act. Instructional materials submitted for review
3 before the effective date of this Act are governed by the law in
4 effect when the instructional materials were submitted for
5 review, and the former law is continued in effect for that
6 purpose.

7 SECTION 2D.34. (a) This section applies to an
8 instructional material, as that term is defined by Section
9 31.002, Education Code, as amended by this part, including an
10 electronic instructional material, adopted by the State Board of
11 Education before January 1, 2005.

12 (b) A contract for the purchase or licensing of an
13 instructional material described by Subsection (a) of this
14 section continues in effect as a state contract for the contract
15 term, and the former law is continued in effect for that
16 purpose.

17 PART E. DUAL LANGUAGE EDUCATION

18 SECTION 2E.01. Subchapter B, Chapter 21, Education Code, is
19 amended by adding Sections 21.0485 and 21.0486 to read as
20 follows:

21 Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER
22 CERTIFICATION. (a) To ensure that there are teachers with
23 special training to work with other teachers and with students

1 in a dual language education program, the board shall establish
2 a dual language education teaching certificate.

3 (b) The board shall propose rules establishing the training
4 requirements, including the minimum academic qualifications, a
5 person must accomplish to obtain a certificate under this
6 section.

7 (c) The board shall propose rules establishing the
8 requirements for a teacher who receives training in a foreign
9 country to obtain a certificate under this section.

10 Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION.

11 (a) To ensure that there are teachers with special training to
12 work with other teachers and with students in order to improve
13 student performance in English and other languages, the board
14 shall establish:

15 (1) a master language teacher certificate to teach
16 bilingual education, dual language instruction, or English as a
17 second language at elementary school grade levels;

18 (2) a master language teacher certificate to teach
19 bilingual education, dual language instruction, or English as a
20 second language at middle school grade levels; and

21 (3) a master language teacher certificate to teach
22 dual language instruction at high school grade levels.

23 (b) The board shall issue the appropriate master language

1 teacher certificate to each eligible person.

2 (c) To be eligible for a master language teacher
3 certificate, a person must:

4 (1) hold a teaching certificate issued under this
5 subchapter;

6 (2) have at least three years of experience teaching
7 bilingual education, dual language instruction, or English as a
8 second language;

9 (3) satisfactorily complete a knowledge-based course
10 of instruction on second language acquisition and the science of
11 teaching children language that includes training in language
12 instruction and professional peer mentoring techniques that,
13 through scientific testing, have been proven effective;

14 (4) perform satisfactorily on the appropriate master
15 language certification examination prescribed by the board; and

16 (5) satisfy any other requirements prescribed by the
17 board.

18 SECTION 2E.02. Section 21.050(b), Education Code, is
19 amended to read as follows:

20 (b) The board may not require more than 18 semester credit
21 hours of education courses at the baccalaureate level for the
22 granting of a teaching certificate. The board shall provide for
23 a minimum number of semester credit hours of internship to be

1 included in the hours needed for certification. The board may
2 propose rules requiring additional credit hours for
3 certification in bilingual education, dual language instruction,
4 English as a second language, early childhood education, or
5 special education.

6 SECTION 2E.03. Section 21.054, Education Code, is amended
7 by adding Subsection (c) to read as follows:

8 (c) Rules proposed under Subsection (a) must permit an
9 educator to fulfill continuing education requirements by
10 acquiring conversational skills in one or more languages other
11 than English and academic language development in the subject
12 area for which the educator provides instruction. The rules
13 must permit educators to obtain language instruction through a
14 variety of methods, including attendance at workshops offered by
15 qualified entities and enrollment on a noncredit basis in
16 courses offered by public or private colleges and universities.

17 SECTION 2E.04. Subchapter B, Chapter 21, Education Code, is
18 amended by adding Section 21.060 to read as follows:

19 Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION.
20 On issuing an educator certificate to an educational aide or
21 renewing such a certificate, the board shall notify the person
22 to whom the certificate is issued of the existence of the
23 educational aide exemption under Section 54.214.

1 SECTION 2E.05. Section 28.0051, Education Code, is amended
2 by adding Subsection (d) to read as follows:

3 (d) The State Board for Educator Certification shall
4 provide for the issuance of teaching certificates appropriate
5 for dual language instruction to teachers who:

6 (1) possess a speaking, reading, and writing language
7 ability in a language other than English in which a dual
8 language immersion program is offered; and

9 (2) meet the general requirements of Subchapter B,
10 Chapter 21.

11 SECTION 2E.06. Subchapter A, Chapter 28, Education Code, is
12 amended by adding Section 28.0052 to read as follows:

13 Sec. 28.0052. DUAL LANGUAGE EDUCATION PILOT PROJECT. (a)
14 The commissioner shall establish a pilot project in school
15 districts selected by the commissioner under which the agency
16 examines dual language education programs and the effect of
17 those programs on a student's ability to graduate from high
18 school.

19 (b) In selecting school districts under Subsection (a), the
20 commissioner shall:

21 (1) select districts that:

22 (A) will commit to at least a three-year dual
23 language education program; and

1 (B) demonstrate a substantially equal enrollment
2 of students with limited English proficiency and students whose
3 primary language is English or, if a district does not have a
4 sufficient number of limited English proficiency students to
5 meet the equal enrollment standard, include the enrollment of
6 students with limited English proficiency, students whose
7 primary language is English, and bilingual students; and

8 (2) give preference to a district that:

9 (A) demonstrates the potential for expanding the
10 program through middle school; and

11 (B) will implement the program at the
12 kindergarten level.

13 (c) The commissioner by rule shall require a district to
14 limit activities of the dual language education program during
15 the first year of the program to planning activities, including:

16 (1) hiring and training teachers and ensuring teacher
17 certification;

18 (2) establishing parental and community support for
19 the program; and

20 (3) acquiring adequate learning materials in both
21 program languages.

22 (d) From amounts appropriated for the purpose, the
23 commissioner shall award grants to school districts that

1 participate in the program. A grant under this section must be
2 in an amount sufficient to pay the costs to the district of
3 participating in the program, as determined by the commissioner.

4 A determination of the commissioner under this subsection is
5 final and may not be appealed.

6 (e) A school district that applies for the expansion of an
7 existing dual language education program is eligible for a grant
8 under Subsection (d).

9 (f) A school district may use a grant awarded under
10 Subsection (d) for:

11 (1) classroom materials;

12 (2) tuition and textbook expenses for students seeking
13 teacher certification under Section 21.0485; and

14 (3) other necessary costs of operating the program, as
15 approved by the commissioner.

16 (g) The agency shall report to the legislature describing
17 the agency's activities under the pilot project, the effect of
18 the project on grade-level completion, and the recommendations
19 arising from the project. The agency shall submit an interim
20 report under this subsection not later than January 1, 2009, and
21 a final report not later than January 1, 2011.

22 (h) This section expires August 1, 2011.

23 SECTION 2E.07. Not later than January 1, 2006, the State

1 Board for Educator Certification shall propose rules:

2 (1) establishing requirements and prescribing an
3 examination for master language teacher certification as
4 required by Section 21.0486, Education Code, as added by this
5 Act;

6 (2) establishing requirements and prescribing an
7 examination for dual language instruction teacher certification
8 as required by Section 21.050(b), Education Code, as amended by
9 this Act, and Section 28.0051(d), Education Code, as added by
10 this Act; and

11 (3) permitting an educator to fulfill continuing
12 education requirements by acquiring conversational skill in a
13 language other than English as required by Section 21.054(c),
14 Education Code, as added by this Act.

15 PART F. STATE AND REGIONAL GOVERNANCE

16 SECTION 2F.01. Section 7.004, Education Code, is amended to
17 read as follows:

18 Sec. 7.004. SUNSET PROVISION. (a) The Texas Education
19 Agency is subject to Chapter 325, Government Code (Texas Sunset
20 Act). Unless continued in existence as provided by that
21 chapter, the agency is abolished September 1, 2017 [~~2005~~].

22 (b) A review conducted under Chapter 325, Government Code
23 (Texas Sunset Act), in accordance with this section must include

1 a review of the regional education service centers under Chapter
2 8.

3 SECTION 2F.02. Subchapter A, Chapter 7, Education Code, is
4 amended by adding Section 7.010 to read as follows:

5 Sec. 7.010. BEST PRACTICES. (a) Using existing funds and
6 other resources available for the purpose, the agency and the
7 regional education service centers shall solicit and collect
8 from exemplary or recognized school districts and open-
9 enrollment charter schools, as rated under Section 39.072, best
10 practices information and shall disseminate that information.
11 The agency and the regional education service centers shall
12 enter into a memorandum of understanding that establishes the
13 respective duties of the agency and the regional education
14 service centers in soliciting, collecting, and disseminating the
15 best practices information.

16 (b) The best practices information may include:

17 (1) information concerning available programs,
18 products, and policies that have been successfully adopted or
19 developed and used by school districts or open-enrollment
20 charter schools;

21 (2) specific examples of successful best practices;

22 and

23 (3) resources available to assist school districts and

1 open-enrollment charter schools in complying with applicable
2 state or federal education laws.

3 (c) The best practices information must include information
4 collected by the agency or a regional education service center
5 concerning the effective use of online courses, including:

6 (1) methods for using online courses to provide
7 curriculum solutions;

8 (2) information to assist school districts and open-
9 enrollment charter schools in investigating the quality of
10 online courses; and

11 (3) a list of funding sources available for various
12 types of online courses.

13 (d) The agency and the regional education service centers
14 are not required to evaluate and may not endorse the best
15 practices information collected under this section.

16 (e) The agency and the regional education service centers
17 shall develop incentives for school districts and open-
18 enrollment charter schools to implement best practices.

19 SECTION 2F.03. Subchapter B, Chapter 7, Education Code, is
20 amended by adding Section 7.0211 to read as follows:

21 Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. The agency may
22 receive gifts, grants, or donations from any public or private
23 source to perform any educational function the agency is

1 authorized to perform by law.

2 SECTION 2F.04. Section 7.027, Education Code, as added by
3 Chapter 201, Acts of the 78th Legislature, Regular Session,
4 2003, is redesignated as Section 7.028, Education Code, and
5 amended to read as follows:

6 Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING.

7 (a) Except as provided by Section 29.001(5), 29.010(a),
8 [~~39.074,~~] or 39.075, the agency may monitor compliance with
9 requirements applicable to a process or program provided by a
10 school district, campus, program, or school granted charters
11 under Chapter 12, including the process described by Subchapter
12 F, Chapter 11, or a program described by Subchapter B, C, D, E,
13 F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section
14 38.003, and the use of funds provided for such a program under
15 Subchapter C, Chapter 42, only as necessary to ensure:

16 (1) compliance with federal law and regulations;

17 (2) financial accountability, including compliance
18 with grant requirements; and

19 (3) data integrity for purposes of:

20 (A) the Public Education Information Management
21 System (PEIMS); and

22 (B) accountability under Chapter 39.

23 (b) The board of trustees of a school district or the

1 governing body of an open-enrollment charter school has primary
2 responsibility for ensuring that the district or school complies
3 with all applicable requirements of state educational programs.

4 SECTION 2F.05. Subchapter B, Chapter 7, Education Code, is
5 amended by adding Section 7.033 to read as follows:

6 Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent
7 permissible under Section 7.028, the agency shall develop and
8 implement a comprehensive, integrated monitoring system for
9 monitoring school district and charter school overall
10 performance under and compliance with federal and state
11 education laws. The system must incorporate performance and
12 compliance information collected by various agency divisions for
13 each school district and charter school, including information
14 relating to:

- 15 (1) data integrity;
16 (2) the performance of district or school programs;
17 (3) financial accountability;
18 (4) academic accountability;
19 (5) previous history of compliance;
20 (6) complaints issues; and
21 (7) governance issues.

22 SECTION 2F.06. Sections 7.057(a) and (d), Education Code,
23 are amended to read as follows:

1 (a) Except as provided by Subsection (e) or Section 7.0571,
2 a person may appeal in writing to the commissioner if the person
3 is aggrieved by:

4 (1) the school laws of this state; or

5 (2) actions or decisions of any school district board
6 of trustees that violate:

7 (A) the school laws of this state; or

8 (B) a provision of a written employment contract
9 between the school district and a school district employee, if a
10 violation causes or would cause monetary harm to the employee.

11 (d) Except as provided by Section 7.0571, a [A] person
12 aggrieved by an action of the agency or decision of the
13 commissioner may appeal to a district court in Travis County.
14 An appeal must be made by serving the commissioner with citation
15 issued and served in the manner provided by law for civil suits.

16 The petition must state the action or decision from which the
17 appeal is taken. At trial, the court shall determine all issues
18 of law and fact, except as provided by Section 33.081(g).

19 SECTION 2F.07. Subchapter C, Chapter 7, Education Code, is
20 amended by adding Section 7.0571 to read as follows:

21 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The
22 commissioner shall adopt rules under which a school district,
23 open-enrollment charter school, or other person that wishes to

1 challenge an agency decision made under Chapter 39, 41, 42, or
2 46 must petition the commissioner for an informal review by the
3 commissioner of the decision.

4 (b) The commissioner may limit a review under this section
5 to a written submission of any issue identified by the
6 commissioner.

7 (c) A final decision under this section is final and may
8 not be appealed under Section 7.057 or any other law.

9 SECTION 2F.08. Chapter 7, Education Code, is amended by
10 adding Subchapter E to read as follows:

11 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

12 Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The
13 agency shall implement a comprehensive performance-based grant
14 system to collect and report grant performance and spending
15 information and to use that information in making future grants.

16 (b) The grant system must:

17 (1) connect grant activities and funding to student
18 academic performance; and

19 (2) provide for efficient grant application and
20 reporting procedures for grant programs administered by the
21 agency.

22 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall
23 ensure that:

1 (1) the mission, purpose, and objectives of each
2 agency grant program support student academic performance or
3 another public education mission, objective, or goal specified
4 under Sections 4.001 and 4.002;

5 (2) each agency grant program coordinates with other
6 grant programs administered by the agency;

7 (3) grant programs with similar objectives have common
8 performance measures; and

9 (4) the most efficient methods for coordinating grant
10 objectives, grant activities, academic performance measures, and
11 funding are used in the agency's grant application and reporting
12 systems.

13 Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may
14 use existing data to identify and notify an eligible school
15 district or charter school of the opportunity to apply for a
16 state-funded discretionary grant.

17 Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS.
18 The agency shall develop one or more consolidated applications
19 to be used by school districts and charter schools in applying
20 for any state-funded formula grant administered by the agency.

21 Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency
22 shall ensure that information relating to the grant system is
23 available to the legislature and the public.

1 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The
2 agency, in coordination with regional education service centers,
3 shall use data relating to grant programs, including grant
4 spending and performance information, to identify successful
5 grant programs. Based on the identification of successful grant
6 programs, each regional education service center shall provide
7 information concerning those programs to the school districts in
8 the service center's region.

9 (b) This section applies beginning with the 2009-2010
10 school year. This subsection expires June 1, 2010.

11 Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In
12 developing the performance-based grant system, the agency shall:

13 (1) identify each area of data collected for grant
14 programs and the method in which the agency collects the data;

15 (2) determine whether grant data that a school
16 district or charter school is required to collect is useful and
17 supports:

18 (A) a grant program's objectives; and

19 (B) the goals for academic performance and
20 accountability or another public education mission, objective,
21 or goal;

22 (3) determine whether grant data is analyzed and
23 disseminated efficiently; and

1 (4) review the agency's policies, procedures, and
2 reporting requirements relating to grant programs administered
3 by the agency to simplify and make more efficient the grant
4 application, award, and reporting processes for school districts
5 and charter schools.

6 (b) This section expires June 1, 2010.

7 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL
8 YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the
9 agency shall provide the legislature with a status report
10 concerning the agency's development of the grant system. The
11 report may suggest any statutory changes needed to facilitate a
12 full transition to a performance-based grant system.

13 (b) Beginning with the 2009-2010 school year, the agency
14 shall make the performance-based grant system fully available to
15 school districts and charter schools.

16 (c) This section expires June 1, 2010.

17 SECTION 2F.09. Subchapter A, Chapter 8, Education Code, is
18 amended by adding Section 8.0031 to read as follows:

19 Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS.

20 (a) The commissioner shall adopt rules prescribing training for
21 members of regional education service center boards of
22 directors. The training curriculum may include:

23 (1) an overview of this code and any rules adopted

1 under this code;

2 (2) a review of recent state and federal education
3 legislation, rules, and regulations;

4 (3) a review of the powers and duties of a regional
5 education service center board of directors; and

6 (4) a review of any statewide or regional strategic
7 planning applicable to regional education service centers.

8 (b) A member of a regional education service center board
9 of directors must complete any training required by commissioner
10 rule.

11 SECTION 2F.10. Sections 8.051(b), (c), and (d), Education
12 Code, are amended to read as follows:

13 (b) Each regional education service center shall annually
14 develop and submit to the commissioner for approval a plan for
15 improvement. Each plan must include the purposes and
16 description of the services the center will provide to:

17 (1) campuses rated academically unacceptable
18 ~~[identified as low-performing based on the indicators adopted]~~
19 under Section 39.072 ~~[39.051]~~;

20 (2) the lowest-performing campuses in the region; and

21 (3) other campuses.

22 (c) Each regional education service center shall provide
23 services that enable school districts to operate more

1 efficiently and economically, including collecting and
2 disseminating:

3 (1) best practices information as provided by Section
4 7.010; and

5 (2) information concerning successful grant programs
6 to school districts as provided by Section 7.156.

7 (d) Each regional education service center shall maintain
8 core services for purchase by school districts and campuses.
9 The core services are:

10 (1) training and assistance in teaching each subject
11 area assessed under Section 39.023;

12 (2) training and assistance in providing each program
13 that qualifies for a funding allotment under Section 42.151,
14 42.152, 42.153, or 42.156;

15 (3) assistance specifically designed for a school
16 district or campus rated academically unacceptable under Section
17 39.072 [~~39.072(a) or a campus whose performance is considered~~
18 ~~unacceptable based on the indicators adopted under Section~~
19 ~~39.051~~];

20 (4) training and assistance to teachers,
21 administrators, members of district boards of trustees, and
22 members of site-based decision-making committees;

23 (5) assistance specifically designed for a school

1 district that is considered out of compliance with state or
2 federal special education requirements, based on the agency's
3 most recent compliance review of the district's special
4 education programs; and

5 (6) assistance in complying with state laws and rules.

6 SECTION 2F.11. Subchapter A, Chapter 29, Education Code, is
7 amended by adding Sections 29.0162 and 29.0163 to read as
8 follows:

9 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE
10 PROCESS HEARINGS. (a) The agency shall make available to a
11 parent, student, school district, attorney, or other interested
12 person, and shall place on the agency's Internet website,
13 comprehensive, easily understood information concerning the
14 special education due process hearing process.

15 (b) The information described by Subsection (a) must
16 include:

17 (1) a description of the steps in the due process
18 hearing process;

19 (2) the text of any applicable administrative,
20 procedural, or evidentiary rule;

21 (3) a description of any notice requirements;

22 (4) an explanation of options for alternative dispute
23 resolution, including mediation;

1 (5) an explanation of a resolution session;

2 (6) answers to frequently asked questions; and

3 (7) other sources of information, including electronic
4 sources of information, such as special education case law
5 available on the Internet.

6 Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION
7 CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) The agency
8 shall collect and at least biennially analyze any information,
9 including complaint information, relating to the performance of
10 a special education hearing officer for use in assessing:

11 (1) the effectiveness of the due process hearing
12 process; and

13 (2) the performance of a special education hearing
14 officer.

15 (b) The agency shall use the information described by
16 Subsection (a) in determining whether to renew a contract with a
17 special education hearing officer.

18 SECTION 2F.12. Section 61.076, Education Code, is amended
19 by adding Subsections (c) and (d) to read as follows:

20 (c) On or before January 1, 2007, the P-16 council shall:

21 (1) review existing school district programs that
22 provide high school students with the opportunity to enroll in
23 advanced academic courses offered through dual credit and

1 concurrent enrollment programs, including reviewing courses
2 currently approved by districts and offered by institutions of
3 higher education for dual and concurrent enrollment credit;

4 (2) review the high school curriculum required for the
5 recommended high school program under Section 28.025 and study
6 the feasibility of offering a revised curriculum that would
7 provide graduating high school students with at least 12 hours
8 of advanced academic courses or college level coursework offered
9 through dual credit and concurrent enrollment programs provided
10 under agreements between high schools and institutions of higher
11 education; and

12 (3) prepare and deliver a report based on the review
13 and study to the governor, the lieutenant governor, the speaker
14 of the house of representatives, and the presiding officer of
15 the standing committee of each house of the legislature with
16 primary jurisdiction over public education.

17 (d) Subsection (c) and this subsection expire January 2,
18 2007.

19 PART G. SCHOOL DISCIPLINE

20 SECTION 2G.01. Chapter 26, Education Code, is amended by
21 adding Section 26.0083 to read as follows:

22 Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY
23 ACTION. (a) A parent is entitled to notice from a school

1 district or open-enrollment charter school as provided by this
2 section if the parent's child is removed from class under
3 Section 37.006 for placement in a disciplinary alternative
4 education program or under Section 37.007 for expulsion or
5 placement in a juvenile justice alternative education program.
6 A school district or open-enrollment charter school shall make a
7 good faith effort to provide the notice required by this
8 subsection on the same day the parent's child is removed from
9 class. If the district or school fails to provide the notice on
10 that day, the district or school shall provide or mail the
11 notice not later than 5 p.m. on the first business day after the
12 day the student is removed from class.

13 (b) A noncustodial parent who has requested notice of
14 disciplinary actions as provided by Section 37.0091 is entitled
15 to notice under Subsection (a).

16 SECTION 2G.02. Section 37.008, Education Code, is amended
17 by amending Subsections (m) and (m-1) and adding Subsection (n)
18 to read as follows:

19 (m) Notwithstanding Section 7.028, the [The] commissioner
20 shall adopt rules necessary to evaluate through an annual
21 monitoring process [annually] the performance of each district's
22 disciplinary alternative education program established under
23 this subchapter. The monitoring process [evaluation] required

1 by this section may be electronic and shall be based on
2 indicators defined by the commissioner, but must include student
3 performance on assessment instruments required under Section
4 ~~[Sections]~~ 39.023(a) and at least one indicator that measures
5 student academic progress [and (e)]. Academically, the mission
6 of disciplinary alternative education programs shall be to
7 enable students to perform at grade level.

8 (m-1) The agency shall integrate the monitoring process
9 developed under Subsection (m) with the monitoring the agency is
10 authorized to conduct under Section 7.028(a). The commissioner
11 may require [shall develop a process for evaluating] a school
12 district to contract at the district's expense in the manner
13 provided by Section 39.134 with a public or private service
14 provider for services determined by the commissioner to be
15 necessary to:

16 (1) improve student performance;

17 (2) improve disciplinary alternative education program
18 effectiveness; and

19 (3) ~~[electronically. The commissioner shall also~~
20 ~~develop a system and standards for review of the evaluation or~~
21 ~~use systems already available at the agency. The system must be~~
22 ~~designed to identify districts that are at high risk of having~~
23 ~~inaaccurate disciplinary alternative education program data or of~~

1 ~~failing to~~ comply with disciplinary alternative education
2 program state and federal requirements.

3 (n) [~~The commissioner shall notify the board of trustees of~~
4 ~~a district of any objection the commissioner has to the~~
5 ~~district's disciplinary alternative education program data or of~~
6 ~~a violation of a law or rule revealed by the data, including any~~
7 ~~violation of disciplinary alternative education program~~
8 ~~requirements, or of any recommendation by the commissioner~~
9 ~~concerning the data. If the data reflect that a penal law has~~
10 ~~been violated, the commissioner shall notify the county~~
11 ~~attorney, district attorney, or criminal district attorney, as~~
12 ~~appropriate, and the attorney general.] The commissioner is
13 entitled to access to all district records the commissioner
14 considers necessary or appropriate for the review, analysis, or
15 approval of disciplinary alternative education program data.~~

16 SECTION 2G.03. Sections 37.020(b) and (c), Education Code,
17 are amended to read as follows:

18 (b) For each placement in a disciplinary alternative
19 education program established under Section 37.008, the district
20 shall report:

21 (1) information identifying the student, including the
22 student's race, sex, and date of birth, that will enable the
23 agency to compare placement data with information collected

1 through other reports;

2 (2) information indicating whether the student was
3 enrolled in a special education program under Subchapter A,
4 Chapter 29, at the time of the placement;

5 (3) information indicating whether the placement was
6 based on:

7 (A) conduct violating the student code of conduct
8 adopted under Section 37.001;

9 (B) conduct for which a student may be removed
10 from class under Section 37.002(b);

11 (C) conduct for which placement in a disciplinary
12 alternative education program is required by Section 37.006; or

13 (D) conduct occurring while a student was
14 enrolled in another district and for which placement in a
15 disciplinary alternative education program is permitted by
16 Section 37.008(j);

17 (4) [~~3~~] the number of full or partial days the
18 student was assigned to the program and the number of full or
19 partial days the student attended the program; and

20 (5) [~~4~~] the number of placements that were
21 inconsistent with the guidelines included in the student code of
22 conduct under Section 37.001(a)(5).

23 (c) For each expulsion under Section 37.007, the district

1 shall report:

2 (1) information identifying the student, including the
3 student's race, sex, and date of birth, that will enable the
4 agency to compare placement data with information collected
5 through other reports;

6 (2) information indicating whether the student was
7 enrolled in a special education program under Subchapter A,
8 Chapter 29, at the time of the expulsion;

9 (3) information indicating whether the expulsion was
10 based on:

11 (A) conduct for which expulsion is required under
12 Section 37.007, including information specifically indicating
13 whether a student was expelled on the basis of Section
14 37.007(e); or

15 (B) conduct for which expulsion is permitted
16 under Section 37.007;

17 (4) [~~3~~] the number of full or partial days the
18 student was expelled;

19 (5) [~~4~~] information indicating whether:

20 (A) the student was placed in a juvenile justice
21 alternative education program under Section 37.011;

22 (B) the student was placed in a disciplinary
23 alternative education program; or

1 (C) the student was not placed in a juvenile
2 justice or other disciplinary alternative education program; and
3 (6) [~~5~~] the number of expulsions that were
4 inconsistent with the guidelines included in the student code of
5 conduct under Section 37.001(a)(5).

6 PART H. CRIMINAL HISTORY RECORDS INFORMATION

7 SECTION 2H.01. Subchapter B, Chapter 21, Education Code, is
8 amended by adding Section 21.0401 to read as follows:

9 Sec. 21.0401. COLLECTION OF FINGERPRINTS REQUIRED. The
10 board shall obtain a complete set of fingerprints from:

11 (1) each applicant for a certificate issued under this
12 subchapter;

13 (2) each applicant for or holder of a teaching permit
14 issued under this subchapter; and

15 (3) each person described by Section 11A.153 or
16 Section 21.0032 for whom the board has received information from
17 a public charter district.

18 SECTION 2H.02. Section 21.041(c), Education Code, is
19 amended to read as follows:

20 (c) The board shall propose rules [~~a rule~~] adopting fees [~~a~~
21 ~~fee~~] for:

22 (1) the issuance and maintenance of each [~~an~~] educator
23 certificate that is adequate to cover the cost of administration

1 of this subchapter, including any amount necessary to cover the
2 cost of obtaining fingerprints under Section 21.0401 or
3 conducting a national criminal background review and
4 investigation under Sections 21.0032 and 22.082; and

5 (2) the cost of obtaining fingerprints from or
6 conducting a national criminal background review of a holder of
7 a teaching permit issued under this subchapter.

8 SECTION 2H.03. Section 22.082, Education Code, is amended
9 to read as follows:

10 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
11 BOARD FOR EDUCATOR CERTIFICATION. (a) The State Board for
12 Educator Certification shall obtain from any law enforcement or
13 criminal justice agency all state and national criminal history
14 record information that relates to:

15 (1) an applicant for or holder of a certificate or
16 permit issued under Subchapter B, Chapter 21; or

17 (2) a person described by Section 11A.153 or 21.0032.

18 (b) The board shall require each applicant, holder, and
19 person described by Subsection (a)(2) to pay any costs to the
20 board related to obtaining criminal history record information
21 related to the person under this section.

22 SECTION 2H.04. Section 411.090, Government Code, is amended
23 to read as follows:

1 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION
2 AND FINGERPRINTS: STATE BOARD FOR EDUCATOR CERTIFICATION.

3 (a) The State Board for Educator Certification is entitled to
4 obtain from the department any criminal history record
5 information maintained by the department about:

6 (1) a person who has applied or expressed to the board
7 an intention to apply [to the board] for a certificate or permit
8 under Subchapter B, Chapter 21, Education Code; or

9 (2) a person described by Section 11A.153 or 21.0032,
10 Education Code.

11 (b) Criminal history record information obtained by the
12 board under Subsection (a):

13 (1) may be used for any purpose related to the
14 issuance, denial, suspension, or cancellation of a certificate
15 or permit under Subchapter B, Chapter 21, Education Code, or for
16 any purpose authorized by Section 11A.153 or 21.0032, Education
17 Code [issued by the board]; and

18 (2) may not be released to any person except on court
19 order or with the consent of the subject of the criminal history
20 record information [~~applicant for a certificate; and~~

21 [~~(3) shall be destroyed by the board after the~~
22 ~~information is used for the authorized purposes].~~

23 (c) The board may keep on file with the department all

1 fingerprints obtained by the board under Section 21.0401,
2 Education Code. The department shall notify the board of the
3 arrest of any person who has fingerprints on file with the
4 department pursuant to that section.

5 (d) On receipt of notice from the department of an arrest
6 of a person described by Section 11A.153 or 21.0032, Education
7 Code, the board shall notify the public charter district
8 affected.

9 PART I. HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION

10 SECTION 2I.01. Chapter 1580, Insurance Code, is reenacted
11 and amended to read as follows:

12 CHAPTER 1580. ACTIVE EMPLOYEE HEALTH COVERAGE

13 OR COMPENSATION SUPPLEMENTATION

14 SUBCHAPTER A. GENERAL PROVISIONS

15 Sec. 1580.001. DEFINITIONS. In this chapter:

16 (1) "Cafeteria plan" means a plan as defined and
17 authorized by Section 125, Internal Revenue Code of 1986, and
18 its subsequent amendments.

19 (2) "Employee" means a participating member of the
20 Teacher Retirement System of Texas who:

21 (A) is employed by a school district, other
22 educational district whose employees are members of the Teacher
23 Retirement System of Texas, participating charter school, or

1 regional education service center; and

2 (B) is not a retiree covered under the program
3 established under Chapter 1575.

4 (3) "Participating charter school" means an open-
5 enrollment charter school established under Subchapter D,
6 Chapter 12, Education Code, that participates in the program
7 established under Chapter 1579.

8 (4) "Regional education service center" means a
9 regional education service center established under Chapter 8,
10 Education Code.

11 (5) "Trustee" means the Teacher Retirement System of
12 Texas.

13 Sec. 1580.002. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

14 (a) The trustee may adopt rules to implement this chapter.

15 (b) The trustee may enter into interagency contracts with
16 any agency of this state for the purpose of assistance in
17 implementing this chapter.

18 SUBCHAPTER B. DESIGNATION OF COMPENSATION AS HEALTH CARE
19 SUPPLEMENTATION [~~DISTRIBUTION OF STATE FUNDS BY TRUSTEE~~]

20 Sec. 1580.051. DESIGNATION OF COMPENSATION AS HEALTH CARE
21 SUPPLEMENTATION. (a) As provided by Section 21.402 or 22.007,
22 Education Code, and subject to Section 1580.102, an employee of
23 a [~~DISTRIBUTION BY TRUSTEE. Each year, the trustee shall~~

1 ~~deliver to each~~ school district, [~~including a school district~~
2 ~~that is ineligible for state aid under Chapter 42, Education~~
3 ~~Code, each~~] other educational district that is a member of the
4 Teacher Retirement System of Texas, [~~each~~] participating charter
5 school, or [~~and each~~] regional education service center may
6 elect to designate a portion of the employee's compensation to
7 be used as health care supplementation under this chapter. The
8 amount designated under this section may not exceed the amount
9 permitted under applicable federal law.

10 (b) Notwithstanding Subsection (a), an administrator, as
11 defined by the trustee, employed by a school district, another
12 educational district, a participating charter school, or a
13 regional education service center is not eligible to elect to
14 designate a portion of the person's compensation to be used as
15 health care supplementation under this chapter [~~state funds in~~
16 ~~an amount, as determined by the trustee, equal to the product of~~
17 ~~the number of active employees employed by the district, school,~~
18 ~~or service center multiplied by \$1,000 or a greater amount as~~
19 ~~provided by the General Appropriations Act for purposes of this~~
20 ~~chapter].~~

21 [~~Sec. 1580.052. EQUAL INSTALLMENTS. The trustee shall~~
22 ~~distribute funds under this chapter in equal monthly~~
23 ~~installments.]~~

1 Sec. 1580.053. FUNDS HELD IN TRUST. All funds received by
2 a school district, other educational district, participating
3 charter school, or regional education service center under this
4 chapter are held in trust for the benefit of the active
5 employees on whose behalf the district, school, or service
6 center received the funds.

7 ~~[Sec. 1580.054. RECOVERY OF DISTRIBUTIONS. The trustee is~~
8 ~~entitled to recover from a school district, other educational~~
9 ~~district, participating charter school, or regional education~~
10 ~~service center any amount distributed under this chapter to~~
11 ~~which the district, school, or service center was not entitled.~~

12 ~~[Sec. 1580.055. DETERMINATION OF TRUSTEE FINAL. A~~
13 ~~determination by the trustee under this subchapter is final and~~
14 ~~may not be appealed.]~~

15 SUBCHAPTER C. EMPLOYEE ELECTION

16 Sec. 1580.101. WRITTEN ELECTION REQUIRED. (a) Each school
17 year, an active employee must elect in writing whether to
18 designate a portion of the employee's compensation to be used as
19 health care supplementation under this chapter.

20 (b) This section does not apply to an employee to whom
21 Section 1580.102 applies.

22 Sec. 1580.1011. EMPLOYEE COVERED BY CAFETERIA PLAN. (a)
23 To elect to designate a portion of the employee's compensation

1 to be used as health care supplementation under this chapter,
2 [~~if~~] an active employee must be [~~is~~] covered by a cafeteria plan
3 of a school district, other educational district, participating
4 charter school, or regional education service center. The
5 employee must [~~, the state contribution under this chapter shall~~
6 ~~be deposited in the cafeteria plan, and the employee may~~] elect
7 among the options provided by the cafeteria plan.

8 (b) A cafeteria plan receiving funds designated as health
9 care supplementation [~~state contributions~~] under this chapter
10 may include a medical savings account option and must include,
11 at a minimum, the following options:

12 (1) a health care reimbursement account;

13 (2) a benefit or coverage other than that provided
14 under Chapter 1579, or any employee coverage or dependent
15 coverage available under Chapter 1579 but not otherwise fully
16 funded by the state or the employer contributions, any of which
17 must be a "qualified benefit" under Section 125, Internal
18 Revenue Code of 1986, and its subsequent amendments; or

19 [~~(3) [an option for the employee to receive the state~~
20 ~~contribution as supplemental compensation; or~~

21 [~~(4)~~] an option to divide the funds between [~~state~~
22 ~~contribution among two or more of~~] the other options provided
23 under this subsection.

1 Sec. 1580.102. EMPLOYEE NOT COVERED BY CAFETERIA PLAN. If
2 an active employee is not covered by a cafeteria plan of a
3 school district, other educational district, participating
4 charter school, or regional education service center, the
5 employee is not eligible to elect to designate a portion of the
6 employee's compensation to be used as health care
7 supplementation under this chapter [~~state contribution under~~
8 ~~this chapter shall be paid to the active employee as~~
9 ~~supplemental compensation~~].

10 [~~Sec. 1580.103. SUPPLEMENTAL COMPENSATION. Supplemental~~
11 ~~compensation under this subchapter must be in addition to the~~
12 ~~rate of compensation that:~~

13 [~~(1) the school district, other educational district,~~
14 ~~participating charter school, or regional education service~~
15 ~~center paid the employee in the preceding school year; or~~

16 [~~(2) the district, school, or service center would~~
17 ~~have paid the employee in the preceding school year if the~~
18 ~~employee had been employed by the district, school, or service~~
19 ~~center in the same capacity in the preceding school year.]~~

20 Sec. 1580.104. TIME FOR ELECTION. For each state fiscal
21 year, an election under this subchapter must be made before the
22 later of:

23 (1) August 1 of the preceding state fiscal year; or

1 (2) the 31st day after the date the employee is hired.

2 Sec. 1580.105. WRITTEN EXPLANATION; ELECTION

3 FORM. (a) The trustee shall prescribe and distribute to each
4 school district, other educational district, participating
5 charter school, and regional education service center:

6 (1) a model explanation written in English and Spanish
7 of the options active employees may elect under this section and
8 the effect of electing each option; and

9 (2) an election form to be completed by active
10 employees.

11 (b) Each state fiscal year, a school district, other
12 educational district, participating charter school, or regional
13 education service center shall prepare and distribute to each
14 active employee a written explanation in English and Spanish, as
15 appropriate, of the options the employee may elect under this
16 section. The explanation must be based on the model explanation
17 prepared by the trustee under Subsection (a) and must reflect
18 all available health coverage options available to the employee.

19 The explanation must be distributed to an employee before the
20 later of:

21 (1) July 1 of the preceding state fiscal year; or

22 (2) the fifth day after the date the employee is
23 hired.

1 (c) The written explanation under Subsection (b) must be
2 accompanied by a copy of the election form prescribed under
3 Subsection (a)(2).

4 [~~Sec. 1580.106. RETURN OF UNENCUMBERED FUNDS. Any~~
5 ~~unencumbered funds that are returned to the school district from~~
6 ~~accounts established under Section 1580.101 may be used only to~~
7 ~~provide employee compensation, benefits, or both.~~]

8 SUBCHAPTER D. MEDICAL SAVINGS ACCOUNT

9 Sec. 1580.151. DEFINITION. In this subchapter, "qualified
10 health care expense" means an expense paid by an employee for
11 medical care, as defined by Section 213(d), Internal Revenue
12 Code of 1986, and its subsequent amendments, for the employee or
13 the employee's dependents, as defined by Section 152, Internal
14 Revenue Code of 1986, and its subsequent amendments.

15 Sec. 1580.152. RULES. The trustee, by rule, shall specify
16 the requirements for a medical savings account established under
17 this chapter.

18 Sec. 1580.153. QUALIFICATION OF ACCOUNT. (a) The trustee
19 shall request in writing a ruling or opinion from the Internal
20 Revenue Service as to whether the medical savings accounts
21 established under this chapter and the state rules governing
22 those accounts qualify the accounts for appropriate federal tax
23 exemptions.

1 (b) Based on the response of the Internal Revenue Service
2 under Subsection (a), the trustee shall:

3 (1) modify the rules, plans, and procedures adopted
4 under this section as necessary to ensure the qualification of
5 those accounts for appropriate federal tax exemptions; and

6 (2) certify the information regarding federal tax
7 qualifications to the comptroller.

8 Sec. 1580.154. EMPLOYEE ELECTION. An employee who elects
9 under Section 1580.101 to have state funds distributed under
10 this chapter placed in a medical savings account may use the
11 money in that account only for a qualified health care expense.

12 PART J. SCHOOL SAFETY

13 SECTION 2J.01. Chapter 33, Education Code, is amended by
14 adding Subchapter F to read as follows:

15 SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR
16 ACTIVITIES

17 Sec. 33.201. APPLICABILITY. This subchapter applies to
18 each public school in this state and to any other school in this
19 state subject to University Interscholastic League regulations.

20 Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The
21 commissioner by rule shall develop and adopt a safety training
22 program as provided by this section. In developing the program,
23 the commissioner may use materials available from the American

1 Red Cross or another appropriate entity.

2 (b) The following persons must satisfactorily complete the
3 safety training program:

4 (1) a coach, trainer, or sponsor for an
5 extracurricular athletic activity;

6 (2) except as provided by Subsection (f), a physician
7 who is employed by a school or school district or who volunteers
8 to assist with an extracurricular athletic activity; and

9 (3) a director responsible for a school marching band.

10 (c) The safety training program must include:

11 (1) certification of participants by the American Red
12 Cross, the American Heart Association, or a similar organization
13 or the University Interscholastic League, as determined by the
14 commissioner;

15 (2) annual training in:

16 (A) emergency action planning;

17 (B) cardiopulmonary resuscitation if the person
18 is not required to obtain certification under Section 33.086;

19 (C) communicating effectively with 9-1-1
20 emergency service operators and other emergency personnel; and

21 (D) recognizing symptoms of potentially
22 catastrophic injuries, including head and neck injuries,
23 concussions, injuries related to second impact syndrome, asthma

1 attacks, heatstroke, cardiac arrest, and injuries requiring use
2 of a defibrillator; and

3 (3) at least once each school year, a safety drill
4 that incorporates the training described by Subdivision (2) and
5 simulates various injuries described by Subdivision (2)(D).

6 (d) A student participating in an extracurricular athletic
7 activity must receive training related to:

8 (1) recognizing the symptoms of injuries described by
9 Subsection (c)(2)(D); and

10 (2) the risks of using supplements designed or
11 marketed to enhance athletic performance.

12 (e) The safety training program and the training under
13 Subsection (d) may each be conducted by a school or school
14 district or by an organization described by Subsection (c)(1).

15 (f) A physician who is employed by a school or school
16 district or who volunteers to assist with an extracurricular
17 athletic activity is exempt from the requirements of Subsection
18 (b) if the physician attends a continuing medical education
19 course that specifically addresses emergency medicine for
20 athletic team physicians.

21 Sec. 33.2021. COMPLETION OF UNIVERSITY INTERSCHOLASTIC
22 LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in
23 an extracurricular athletic activity must complete the

1 University Interscholastic League forms entitled
2 "Preparticipation Physical Evaluation--Medical History" and
3 "Acknowledgment of Rules." Each form must be signed by both the
4 student and the student's parent or guardian.

5 (b) Each form described by Subsection (a) must clearly
6 state that failure to accurately and truthfully answer all
7 questions on a form required by statute or by the University
8 Interscholastic League as a condition for participation in an
9 extracurricular athletic activity subjects a signer of the form
10 to penalties determined by the University Interscholastic
11 League.

12 (c) The "Preparticipation Physical Evaluation--Medical
13 History" form described by Subsection (a) must contain the
14 following statement:

15 "An individual answering in the affirmative
16 to any question relating to a possible cardiovascular
17 health issue, as identified on the form, should be
18 restricted from further participation until the
19 individual is examined by the individual's primary
20 care physician. Ultimately, the individual may need
21 to be evaluated by a cardiologist and/or undergo
22 cardiac testing (including an echocardiogram and/or
23 other heart-related examination) based on the

1 assessment by the primary care physician."

2 Sec. 33.203. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED.

3 A coach, trainer, or sponsor for an extracurricular athletic
4 activity may not encourage or permit a student participating in
5 the activity to engage in any unreasonably dangerous athletic
6 technique that unnecessarily endangers the health of a student,
7 including using a helmet or any other sports equipment as a
8 weapon.

9 Sec. 33.204. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A

10 coach, trainer, or sponsor for an extracurricular athletic
11 activity shall at each athletic practice or competition ensure
12 that:

13 (1) each student participating in the activity is
14 adequately hydrated;

15 (2) any prescribed asthma medication for a student
16 participating in the activity is readily available to the
17 student;

18 (3) emergency lanes providing access to the practice
19 or competition area are open and clear; and

20 (4) heatstroke prevention materials are readily
21 available.

22 (b) If a student participating in an extracurricular
23 athletic activity, including a practice or competition, is

1 rendered unconscious during the activity, the student may not:

2 (1) return to the practice or competition during which
3 the student was rendered unconscious; or

4 (2) continue to participate in any extracurricular
5 athletic activity until the student receives written
6 authorization from a physician.

7 Sec. 33.205. COMPLIANCE; ENFORCEMENT. (a) On request, a
8 school shall make available to the public proof of compliance
9 for each person enrolled in, employed by, or volunteering for
10 the school who is required to receive safety training described
11 by Section 33.202.

12 (b) The superintendent of a school district or the director
13 of a school subject to this subchapter shall maintain complete
14 and accurate records of the district's or school's compliance
15 with Section 33.202.

16 (c) A school campus that is determined by the school's
17 superintendent or director to not be in compliance with Section
18 33.202, 33.204, or 33.205 shall discontinue all extracurricular
19 athletic activities offered by the school campus, including all
20 practices and competitions, until the superintendent or director
21 determines that the school campus is in compliance.

22 Sec. 33.206. CONTACT INFORMATION. (a) The commissioner
23 shall maintain an existing telephone number and an electronic

1 mail address to allow a person to report a violation of this
2 subchapter.

3 (b) Each school that offers an extracurricular athletic
4 activity shall prominently display at the administrative offices
5 of the school the telephone number and electronic mail address
6 maintained under Subsection (a).

7 Sec. 33.207. NOTICE REQUIRED. (a) A school that offers an
8 extracurricular athletic activity shall provide to each student
9 participating in an extracurricular athletic activity and to the
10 student's parent or guardian a copy of the text of Sections
11 33.201-33.207 and a copy of the University Interscholastic
12 League's parent information manual.

13 (b) A document required to be provided under this section
14 may be provided in an electronic format unless otherwise
15 requested by a student, parent, or guardian.

16 Sec. 33.208. INCORPORATION OF SAFETY REGULATIONS. The
17 University Interscholastic League shall incorporate the
18 provisions of Sections 33.203-33.207 into the league's
19 constitution and contest rules.

20 Sec. 33.209. LIABILITY. The requirements of this
21 subchapter are not considered ministerial acts for purposes of
22 immunity from liability under Section 22.0511.

23 SECTION 2J.02. Subchapter D, Chapter 33, Education Code, is

1 amended by adding Section 33.087 to read as follows:

2 Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL
3 DEFIBRILLATORS. (a) Using existing funds and other resources
4 available for the purpose, the agency and the University
5 Interscholastic League shall jointly investigate the
6 availability of federal, state, local, and private funds for
7 purchasing automated external defibrillators, as defined by
8 Section 779.001, Health and Safety Code, for use by University
9 Interscholastic League member schools, and the possibility of
10 receiving a bulk discount on such purchases.

11 (b) The agency and the University Interscholastic League
12 shall submit a report describing the findings of the
13 investigation to the legislature not later than June 1, 2006.

14 (c) This section expires July 1, 2006.

15 SECTION 2J.03. Subchapter D, Chapter 37, Education Code, is
16 amended by adding Section 37.108 to read as follows:

17 Sec. 37.108. MULTHAZARD EMERGENCY OPERATIONS PLAN;
18 SECURITY AUDIT. (a) Each school district shall adopt and
19 implement a multihazard emergency operations plan for use in
20 district schools. The plan must address mitigation,
21 preparedness, response, and recovery as recommended by the
22 United States Department of Homeland Security. The plan must
23 provide for:

1 (1) district employee training in responding to an
2 emergency;

3 (2) mandatory school drills to prepare district
4 students and employees for responding to an emergency;

5 (3) measures to ensure coordination with local
6 emergency management agencies, law enforcement, and fire
7 departments in the event of an emergency; and

8 (4) the implementation of a security audit as required
9 by Subsection (b).

10 (b) At least once every three years, a school district
11 shall conduct a security audit of the district's facilities. To
12 the extent possible, a district shall follow security audit
13 procedures developed by the Texas School Safety Center or a
14 comparable public or private entity.

15 (c) A school district shall report the results of the
16 security audit conducted under Subsection (b) to the district's
17 board of trustees.

18 SECTION 2J.04. Section 37.203(a), Education Code, is
19 amended to read as follows:

20 (a) The center is advised [~~governed~~] by a board of
21 directors composed of:

22 (1) the attorney general, or the attorney general's
23 designee;

1 (2) the commissioner, or the commissioner's designee;

2 (3) the executive director of the Texas Juvenile
3 Probation Commission, or the executive director's designee;

4 (4) the executive director of the Texas Youth
5 Commission, or the executive director's designee;

6 (5) the commissioner of the Texas Department of Mental
7 Health and Mental Retardation, or the commissioner's designee;

8 and

9 (6) the following members appointed by the governor
10 with the advice and consent of the senate:

11 (A) a juvenile court judge;

12 (B) a member of a school district's board of
13 trustees;

14 (C) an administrator of a public primary school;

15 (D) an administrator of a public secondary
16 school;

17 (E) a member of the state parent-teacher
18 association;

19 (F) a teacher from a public primary or secondary
20 school;

21 (G) a public school superintendent who is a
22 member of the Texas Association of School Administrators;

23 (H) a school district police officer or a peace

1 officer whose primary duty consists of working in a public
2 school; and

3 (I) two members of the public.

4 SECTION 2J.05. Section 37.205, Education Code, is amended
5 to read as follows:

6 Sec. 37.205. SAFETY TRAINING PROGRAMS. The center shall
7 conduct for school districts a safety training program that
8 includes:

9 (1) development of a positive school environment and
10 proactive safety measures designed to address local concerns;

11 (2) school safety courses for law enforcement
12 officials, with a focus on school district police officers and
13 school resource officers;

14 (3) discussion of school safety issues with parents
15 and community members; and

16 (4) assistance in developing a multihazard emergency
17 operations plan for adoption under Section 37.108 [~~specialized~~
18 ~~training for the staff of alternative education programs and~~
19 ~~juvenile justice alternative education programs~~].

20 SECTION 2J.06. Subchapter G, Chapter 37, Education Code, is
21 amended by adding Section 37.2051 to read as follows:

22 Sec. 37.2051. SECURITY CRITERIA FOR INSTRUCTIONAL
23 FACILITIES. The center shall develop security criteria that

1 school districts may consider in the design of instructional
2 facilities.

3 SECTION 2J.07. Section 37.208, Education Code, is amended
4 to read as follows:

5 Sec. 37.208. ON-SITE ASSISTANCE. On request of a school
6 district, the center may [~~shall~~] provide on-site technical
7 assistance to the district for:

8 (1) school safety and security audits; and

9 (2) school safety and security information and
10 presentations.

11 SECTION 2J.08. Section 37.215(b), Education Code, is
12 amended to read as follows:

13 (b) The center [~~board~~] shall biannually prepare a budget
14 request [~~for the center~~] for submission to the legislature.

15 SECTION 2J.09. Subchapter A, Chapter 46, Education Code, is
16 amended by adding Section 46.0081 to read as follows:

17 Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL
18 FACILITIES. A school district that constructs a new
19 instructional facility or conducts a major renovation of an
20 existing instructional facility using funds allotted to the
21 district under this subchapter shall consider, in the design of
22 the instructional facility, security criteria developed by the
23 Texas School Safety Center under Section 37.2051.

1 SECTION 2J.10. Sections 37.206 and 37.213, Education Code,
2 are repealed.

3 SECTION 2J.11. (a) Not later than December 1, 2005, the
4 Texas School Safety Center shall:

5 (1) develop a school safety program that includes
6 assistance to school districts in developing a multihazard
7 emergency operations plan as required by Section 37.205,
8 Education Code, as amended by this Act; and

9 (2) develop security criteria for the construction and
10 renovation of school district instructional facilities as
11 required by Section 37.2051, Education Code, as added by this
12 Act.

13 (b) Not later than March 1, 2006, each school district
14 shall adopt a multihazard emergency operations plan as required
15 by Section 37.108, Education Code, as added by this Act.

16 PART K. SCHOOL DISTRICT OPERATIONS

17 SECTION 2K.01. Section 7.056(e), Education Code, is amended
18 to read as follows:

19 (e) Except as provided by Subsection (f), a school campus
20 or district may not receive an exemption or waiver under this
21 section from:

22 (1) a prohibition on conduct that constitutes a
23 criminal offense;

1 (2) a requirement imposed by federal law or rule,
2 including a requirement for special education or bilingual
3 education programs; or

4 (3) a requirement, restriction, or prohibition
5 relating to:

6 (A) essential knowledge or skills under Section
7 28.002 or minimum graduation requirements under Section 28.025;

8 (B) public school accountability as provided by
9 Subchapters B, C, D, and G, Chapter 39;

10 (C) extracurricular activities under Section
11 33.081;

12 (D) health and safety under Chapter 38;

13 (E) purchasing under Subchapter B, Chapter 44;

14 (F) elementary school class size limits, except
15 as provided by Section 25.112;

16 (G) removal of a disruptive student from the
17 classroom under Subchapter A, Chapter 37;

18 (H) at-risk programs under Subchapter C, Chapter
19 29;

20 (I) prekindergarten programs under Subchapter E,
21 Chapter 29;

22 (J) educator rights and benefits under
23 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under

1 Subchapter A, Chapter 22;

2 (K) special education programs under Subchapter
3 A, Chapter 29; ~~[or]~~

4 (L) bilingual education programs under Subchapter
5 B, Chapter 29; or

6 (M) the requirements for the first and last day
7 of instruction under Section 25.0811, except as provided by that
8 section.

9 SECTION 2K.02. The heading to Section 25.0811, Education
10 Code, is amended to read as follows:

11 Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

12 SECTION 2K.03. Section 25.0811(a), Education Code, is
13 amended to read as follows:

14 ~~[(a)]~~ A school district shall ~~[may not]~~ begin instruction
15 for students for a school year on the first Tuesday after Labor
16 Day. The school year must end not later than June 7 unless:

17 (1) the district operates a year-round system under
18 Section 25.084; or

19 (2) the commissioner grants a waiver to extend the
20 school year at a campus as the result of a disaster, flood,
21 extreme weather condition, fuel curtailment, or other calamity
22 that caused a closure of the campus for a significant period
23 ~~[before the week in which August 21 falls. For purposes of this~~

1 ~~subsection, Sunday is considered the first day of the week].~~

2 SECTION 2K.04. This part applies beginning with the 2006-
3 2007 school year.

4 PART L. SAFETY OR LAP BELTS IN SCHOOL BUSES

5 SECTION 2L.01. Chapter 34, Education Code, is amended by
6 adding Section 34.012 to read as follows:

7 Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) A
8 person may offer to donate safety or lap belts or money for the
9 purchase of safety or lap belts for a school district's school
10 buses.

11 (b) The board of trustees of a school district shall
12 consider any offer made by a person under Subsection (a). The
13 board of trustees may accept or decline the offer after adequate
14 consideration.

15 (c) The board of trustees may acknowledge a person who
16 donates safety or lap belts or money for the purchase of safety
17 or lap belts for a school bus under this section by displaying a
18 small, discreet sign on the side or back of the bus recognizing
19 the person who made the donation. The sign may not serve as an
20 advertisement for the person who made the donation.

21 ARTICLE 4. CHARTER SCHOOLS

22 SECTION 4.01. (a) Effective August 1, 2006, Subchapter D,
23 Chapter 12, Education Code, is repealed.

1 (b) Except as provided by Section 11A.1041, Education Code,
2 as added by this Act, each open-enrollment charter school
3 operating or holding a charter to operate on August 1, 2006,
4 shall be dissolved in accordance with Subchapter J, Chapter 11A,
5 Education Code, as added by this Act.

6 SECTION 4.02. Subtitle C, Title 2, Education Code, is
7 amended by adding Chapter 11A to read as follows:

8 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 11A.001. DEFINITIONS. In this chapter:

11 (1) "Charter holder" means the entity to which a
12 charter is granted under this chapter.

13 (2) "Governing body of a charter holder" means the
14 board of directors, board of trustees, or other governing body
15 of a charter holder.

16 (3) "Governing body of a public charter district"
17 means the board of directors, board of trustees, or other
18 governing body of a public charter district. The term includes
19 the governing body of a charter holder if that body acts as the
20 governing body of the public charter district.

21 (4) "Management company" means a person, other than a
22 charter holder, who provides management services for a public
23 charter district.

1 (5) "Management services" means services related to
2 the management or operation of a public charter district,
3 including:

4 (A) planning, operating, supervising, and
5 evaluating the public charter district's educational programs,
6 services, and facilities;

7 (B) making recommendations to the governing body
8 of the public charter district relating to the selection of
9 school personnel;

10 (C) managing the public charter district's day-
11 to-day operations as its administrative manager;

12 (D) preparing and submitting to the governing
13 body of the public charter district a proposed budget;

14 (E) recommending policies to be adopted by the
15 governing body of the public charter district, developing
16 appropriate procedures to implement policies adopted by the
17 governing body of the public charter district, and overseeing
18 the implementation of adopted policies; and

19 (F) providing leadership for the attainment of
20 student performance at the public charter district based on the
21 indicators adopted under Section 39.051 or by the governing body
22 of the public charter district.

23 (6) "Officer of a public charter district" means:

1 (A) the principal, director, or other chief
2 operating officer of a public charter district or campus; or

3 (B) a person charged with managing the finances
4 of a public charter district.

5 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
6 chapter, the State Board of Education may grant a charter on the
7 application of an eligible entity for a public charter district
8 to operate in a facility of a commercial or nonprofit entity, an
9 eligible entity, or a school district, including a home-rule
10 school district. In this subsection, "eligible entity" means:

11 (1) an institution of higher education as defined
12 under Section 61.003;

13 (2) a private or independent institution of higher
14 education as defined under Section 61.003;

15 (3) an organization that is exempt from federal income
16 taxation under Section 501(a), Internal Revenue Code of 1986, as
17 an organization described by Section 501(c)(3) of that code; or

18 (4) a governmental entity in this state.

19 (b) The State Board of Education may grant a charter for a
20 public charter district only to an applicant that meets all
21 financial, governing, and operational standards adopted by the
22 commissioner under this chapter.

23 (c) The State Board of Education may not grant more than a

1 total of 215 charters for public charter districts.

2 (d) An educator employed by a school district before the
3 effective date of a charter for a public charter district
4 operated at a school district facility may not be transferred to
5 or employed by the public charter district over the educator's
6 objection.

7 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
8 district:

9 (1) shall provide instruction to and assess a number
10 of students at a number of elementary or secondary grade levels,
11 as provided by the charter, sufficient to permit the agency to
12 assign an accountability rating under Chapter 39;

13 (2) is governed under the governing structure required
14 by this chapter and described by the charter;

15 (3) retains authority to operate under the charter
16 contingent on satisfactory student performance as provided by
17 the charter in accordance with Section 11A.103; and

18 (4) does not have authority to impose taxes.

19 Sec. 11A.004. STATUS. A public charter district or campus
20 is part of the public school system of this state.

21 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related
22 to operation of a public charter district, a public charter
23 district is immune from liability to the same extent as a school

1 district, and its employees and volunteers are immune from
2 liability to the same extent as school district employees and
3 volunteers. Except as provided by Section 11A.154, a member of
4 the governing body of a public charter district or of a charter
5 holder is immune from liability to the same extent as a school
6 district trustee.

7 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.

8 A reference in law to an open-enrollment charter school means a
9 public charter district or public charter campus, as applicable.

10 [Sections 11A.007-11A.050 reserved for expansion]

11 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

12 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
13 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided
14 by Subsection (b) or (c), a public charter district is subject
15 to federal and state laws and rules governing public schools and
16 to municipal zoning ordinances governing public schools.

17 (b) A public charter district is subject to this code and
18 rules adopted under this code only to the extent the
19 applicability to a public charter district of a provision of
20 this code or a rule adopted under this code is specifically
21 provided.

22 (c) Notwithstanding Subsection (a), a campus of a public
23 charter district located in whole or in part in a municipality

1 with a population of 20,000 or less is not subject to a
2 municipal zoning ordinance governing public schools.

3 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public
4 charter district has the powers granted to schools under this
5 title.

6 (b) A public charter district is subject to:

7 (1) a provision of this title establishing a criminal
8 offense; and

9 (2) a prohibition, restriction, or requirement, as
10 applicable, imposed by this title or a rule adopted under this
11 title, relating to:

12 (A) the Public Education Information Management
13 System (PEIMS) under Section 42.006;

14 (B) reporting an educator's misconduct under
15 Section 21.006;

16 (C) criminal history records under Subchapter C,
17 Chapter 22;

18 (D) reading instruments and accelerated reading
19 instruction programs under Section 28.006;

20 (E) satisfactory performance on assessment
21 instruments and to accelerated instruction under Section
22 28.0211;

23 (F) intensive programs of instruction under

1 Section 28.0213;

2 (G) high school graduation under Section 28.025;

3 (H) special education programs under Subchapter

4 A, Chapter 29, including a requirement that special education

5 teachers obtain appropriate certification;

6 (I) bilingual education under Subchapter B,

7 Chapter 29, including a requirement that bilingual education

8 teachers obtain appropriate certification;

9 (J) prekindergarten programs under Subchapter E,

10 Chapter 29;

11 (K) extracurricular activities under Section

12 33.081;

13 (L) discipline management practices or behavior

14 management techniques under Section 37.0021;

15 (M) health and safety under Chapter 38; and

16 (N) public school accountability under

17 Subchapters B, C, D, G, and I, Chapter 39.

18 (c) A public charter district is entitled to the same level

19 of services provided to school districts by regional education

20 service centers. The commissioner shall adopt rules that

21 provide for the representation of public charter districts on

22 the boards of directors of regional education service centers.

23 (d) The commissioner may by rule permit a public charter

1 district to voluntarily participate in any state program
2 available to school districts, including a purchasing program,
3 if the public charter district complies with all terms of the
4 program.

5 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
6 INFORMATION LAWS. (a) With respect to the operation of a
7 public charter district, the governing body of a charter holder
8 and the governing body of a public charter district are
9 considered to be governmental bodies for purposes of Chapters
10 551 and 552, Government Code.

11 (b) With respect to the operation of a public charter
12 district, any requirement in Chapter 551 or 552, Government
13 Code, that applies to a school district, the board of trustees
14 of a school district, or public school students applies to a
15 public charter district, the governing body of a charter holder,
16 the governing body of a public charter district, or students in
17 attendance at a public charter district campus.

18 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
19 GOVERNMENT RECORDS. (a) With respect to the operation of a
20 public charter district, a public charter district is considered
21 to be a local government for purposes of Subtitle C, Title 6,
22 Local Government Code, and Subchapter J, Chapter 441, Government
23 Code.

1 (b) Records of a public charter district, a charter holder,
2 or a management company that relate to a public charter district
3 are government records for all purposes under state law.

4 (c) Any requirement in Subtitle C, Title 6, Local
5 Government Code, or Subchapter J, Chapter 441, Government Code,
6 that applies to a school district, the board of trustees of a
7 school district, or an officer or employee of a school district
8 applies to a public charter district or management company, the
9 governing body of a charter holder, the governing body of a
10 public charter district, or an officer or employee of a public
11 charter district or management company except that the records
12 of a public charter district or management company that ceases
13 to operate shall be transferred in the manner prescribed by
14 Subsection (d).

15 (d) The records of a public charter district or management
16 company that ceases to operate shall be transferred in the
17 manner specified by the commissioner to a custodian designated
18 by the commissioner. The commissioner may designate any
19 appropriate entity to serve as custodian, including the agency,
20 a regional education service center, or a school district. In
21 designating a custodian, the commissioner shall ensure that the
22 transferred records, including student and personnel records,
23 are transferred to a custodian capable of:

1 (1) maintaining the records;

2 (2) making the records readily accessible to students,
3 parents, former school employees, and other persons entitled to
4 access; and

5 (3) complying with applicable state or federal law
6 restricting access to the records.

7 (e) If the charter holder of a public charter district that
8 ceases to operate or an officer or employee of the district or a
9 management company refuses to transfer school records in the
10 manner specified by the commissioner under Subsection (d), the
11 commissioner may ask the attorney general to petition a court
12 for recovery of the records. If the court grants the petition,
13 the court shall award attorney's fees and court costs to the
14 state.

15 (f) A record described by this section is a public school
16 record for purposes of Section 37.10(c)(2), Penal Code.

17 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
18 PURCHASING AND CONTRACTING. (a) This section applies to a
19 public charter district unless the district's charter otherwise
20 describes procedures for purchasing and contracting and the
21 procedures are approved by the State Board of Education.

22 (b) A public charter district is considered to be:

23 (1) a governmental entity for purposes of:

1 (A) Subchapter D, Chapter 2252, Government Code;

2 and

3 (B) Subchapter B, Chapter 271, Local Government
4 Code;

5 (2) a political subdivision for purposes of Subchapter
6 A, Chapter 2254, Government Code; and

7 (3) a local government for purposes of Sections
8 2256.009-2256.016, Government Code.

9 (c) To the extent consistent with this section, a
10 requirement in a law listed in this section that applies to a
11 school district or the board of trustees of a school district
12 applies to a public charter district, the governing body of a
13 charter holder, or the governing body of a public charter
14 district.

15 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
16 INTEREST. (a) A member of the governing body of a charter
17 holder, a member of the governing body of a public charter
18 district, or an officer of a public charter district is
19 considered to be a local public official for purposes of Chapter
20 171, Local Government Code. For purposes of that chapter:

21 (1) a member of the governing body of a charter holder
22 or a member of the governing body or officer of a public charter
23 district is considered to have a substantial interest in a

1 business entity if a person related to the member or officer in
2 the third degree by consanguinity or affinity, as determined
3 under Chapter 573, Government Code, has a substantial interest
4 in the business entity under Section 171.002, Local Government
5 Code; and

6 (2) a teacher at a public charter district may serve
7 as a member of the governing body of the charter holder or the
8 governing body of the public charter district if the teachers
9 serving on the governing body:

10 (A) do not constitute a quorum of the governing
11 body or any committee of the governing body; and

12 (B) comply with the requirements of Sections
13 171.003-171.007, Local Government Code.

14 (b) To the extent consistent with this section, a
15 requirement of a law listed in this section that applies to a
16 school district or the board of trustees of a school district
17 applies to a public charter district, the governing body of a
18 charter holder, or the governing body of a public charter
19 district.

20 (c) An employee who is not a teacher may serve as a member
21 of the governing body of a charter holder or the governing body
22 of a public charter district if:

23 (1) the charter holder operating the public charter

1 district where the individual is employed and serves as a member
2 of the governing body operated an open-enrollment charter school
3 under Subchapter D, Chapter 12, on August 31, 2005;

4 (2) the individual was employed by the charter holder
5 and serving as a member of the governing body on August 31,
6 2005, in compliance with former Section 12.1054; and

7 (3) the individual had been continuously so employed
8 and serving since a date on or before January 1, 2005.

9 (d) If under Subsection (c) an individual continues to be
10 employed and serve as a member of the governing body, the
11 individual may not participate in any deliberation or voting on
12 the appointment, reappointment, confirmation of the appointment
13 or reappointment, employment, reemployment, change in the
14 status, compensation, or dismissal of the individual if that
15 action applies only to the individual and is not taken regarding
16 a bona fide class or category of employees. In addition, the
17 individual may not hear, consider, or act on any grievance or
18 complaint concerning the individual or a matter with which the
19 individual has dealt in the individual's capacity as an
20 employee.

21 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A
22 public charter district, including the governing body of a
23 public charter district and any district employee with final

1 authority to hire a district employee, is subject to a
2 prohibition, restriction, or requirement, as applicable, imposed
3 by state law or by a rule adopted under state law, relating to
4 nepotism under Chapter 573, Government Code.

5 (b) Notwithstanding Subsection (a), a member of the
6 governing body of a charter holder or public charter district
7 may not be related in the third degree by consanguinity or
8 affinity, as determined under Chapter 573, Government Code, to
9 another member of the governing body of the charter holder or
10 public charter district.

11 (c) This section does not apply to an appointment,
12 confirmation of an appointment, or vote for an appointment or
13 confirmation of an appointment of an individual to a position
14 if:

15 (1) the charter holder operating the public charter
16 district where the individual is employed or serves as a member
17 of the governing body operated an open-enrollment charter school
18 under Subchapter D, Chapter 12, on August 31, 2005;

19 (2) the individual was employed or serving in the
20 position on August 31, 2005, in compliance with former Section
21 12.1055; and

22 (3) the individual has been continuously employed or
23 serving since a date on or before January 1, 2005.

1 (d) If, under Subsection (c), an individual continues to be
2 employed or serve in a position, the public official to whom the
3 individual is related in a prohibited degree may not participate
4 in any deliberation or voting on the appointment, reappointment,
5 confirmation of the appointment or reappointment, employment,
6 reemployment, change in status, compensation, or dismissal of
7 the individual if that action applies only to the individual and
8 is not taken regarding a bona fide class or category of
9 employees.

10 [Sections 11A.058-11A.100 reserved for expansion]

11 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

12 Sec. 11A.101. APPLICATION. (a) The State Board of
13 Education shall adopt:

14 (1) an application form and a procedure that must be
15 used to apply for a charter for a public charter district; and

16 (2) criteria to use in selecting a program for which
17 to grant a charter.

18 (b) The application form must provide for including the
19 information required under Section 11A.103 to be contained in a
20 charter.

21 (c) The State Board of Education may approve or deny an
22 application based on criteria it adopts and on financial,
23 governing, and operational standards adopted by the commissioner

1 under this chapter. The criteria the board adopts must include:

2 (1) criteria relating to improving student performance
3 and encouraging innovative programs; and

4 (2) criteria relating to the educational benefit for
5 students residing in the geographic area to be served by the
6 proposed public charter district, as compared to any significant
7 financial difficulty that a loss in enrollment may have on any
8 school district whose enrollment is likely to be affected by the
9 public charter district.

10 (d) A public charter district may not begin operating under
11 this chapter unless the commissioner has certified that the
12 applicant has acceptable administrative and accounting systems
13 and procedures in place for the operation of the proposed public
14 charter district.

15 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
16 commissioner by rule shall adopt a procedure for providing
17 notice to each member of the legislature that represents the
18 geographic area to be served by the proposed public charter
19 district, as determined by the commissioner, on receipt by the
20 State Board of Education of an application for a charter for a
21 public charter district under Section 11A.101.

22 Sec. 11A.103. CONTENT. (a) Each charter granted under
23 this chapter must:

1 (1) describe the educational program to be offered,
2 which must include the required curriculum as provided by
3 Section 28.002;

4 (2) establish educational goals, which must include
5 acceptable student performance as determined under Chapter 39;

6 (3) specify the grade levels to be offered, which must
7 be sufficient to permit the agency to assign an accountability
8 rating under Chapter 39;

9 (4) describe the facilities to be used;

10 (5) describe the geographical area served by the
11 program, which may not be statewide; and

12 (6) specify any type of enrollment criteria to be
13 used.

14 (b) A charter holder of a public charter district shall
15 consider including in the district's charter a requirement that
16 the district develop and administer personal graduation plans
17 under Section 28.0212, as added by Chapter 1212, Acts of the
18 78th Legislature, Regular Session, 2003.

19 (c) The terms of a charter may not include plans for future
20 increases in student enrollment, grades levels, campuses, or
21 geographical area, except that:

22 (1) the charter may contain a plan for adding grade
23 levels as necessary to comply with Section 11A.253(c) or (d);

1 and

2 (2) the commissioner may approve such an increase in a
3 charter revision request under Section 11A.106.

4 Sec. 11A.104. FORM. A charter for a public charter
5 district shall be in the form of a license issued by the State
6 Board of Education to the charter holder.

7 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN
8 ENTITIES. (a) Notwithstanding Section 11A.101, the
9 commissioner shall immediately grant a charter under this
10 chapter to the following entities on or before August 1, 2006:

11 (1) an eligible entity holding a charter granted
12 before September 1, 2002, under Subchapter D, Chapter 12, as
13 that subchapter existed on January 1, 2005, if:

14 (A) for fiscal years 2004 and 2005, the entity
15 had total assets that exceeded total liabilities, as determined
16 by the entity's annual audit report under Section 44.008;

17 (B) at least 25 percent of all students enrolled
18 at the entity's open-enrollment charter school and administered
19 an assessment instrument under Section 39.023(a), (c), or (l)
20 performed satisfactorily on the assessment instrument in
21 mathematics, as determined by the school's assessment instrument
22 results for the 2005-2006 school year; and

23 (C) at least 25 percent of all students enrolled

1 at the entity's open-enrollment charter school and administered
2 an assessment instrument under Section 39.023(a), (c), or (l)
3 performed satisfactorily on the assessment instrument in reading
4 or English language arts, as applicable, as determined by the
5 school's assessment instrument results for the 2005-2006 school
6 year;

7 (2) a governmental entity holding a charter under
8 Subchapter D, Chapter 12, as that subchapter existed on January
9 1, 2005;

10 (3) an eligible entity holding a charter under
11 Subchapter D, Chapter 12, as that subchapter existed on January
12 1, 2005, if at least 85 percent of students enrolled in the
13 school reside in a residential facility; and

14 (4) an eligible entity granted a charter on or after
15 September 1, 2002, under Subchapter D, Chapter 12, as that
16 subchapter existed on January 1, 2005.

17 (b) Assessment instrument results for fewer than five
18 students are not considered for purposes of Subsection (a)(1)(B)
19 or (C).

20 (c) The commissioner shall determine which entities are
21 eligible for a charter under this section as soon as
22 practicable.

23 (d) The content and terms of a charter granted to an

1 eligible entity under this section must be the same as those
2 under which the entity operated under Subchapter D, Chapter 12,
3 as that subchapter existed on January 1, 2005, except that where
4 the terms conflict with this chapter, this chapter prevails.

5 (e) An eligible entity holding multiple charters prior to
6 January 1, 2005, may not combine those charters into one charter
7 for a public charter district but must retain each of those
8 charters which count towards the limit imposed under Section
9 11A.002(c).

10 (f) Section 11A.157 does not apply to an entity granted a
11 charter under this section.

12 (g) A decision of the commissioner under this section is
13 not subject to a hearing or an appeal to a district court.

14 (h) This section expires January 1, 2008.

15 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

16 (a) For purposes of Section 11A.1041(a), the commissioner shall
17 compute the percentage of students who performed satisfactorily
18 on an assessment instrument in a manner consistent with this
19 section.

20 (b) The commissioner may only consider the performance of a
21 student who was enrolled as of the date for reporting enrollment
22 for the fall semester under the Public Education Information
23 Management System (PEIMS).

1 (c) In computing performance under this section, the
2 commissioner must:

3 (1) add the results for third through 11th grade
4 assessment instruments in English and third through sixth grade
5 assessment instruments in Spanish across grade levels tested at
6 all campuses operated by the charter holder and evaluate those
7 results for all students;

8 (2) combine the results for third through ninth grade
9 assessment instruments in reading and 10th and 11th grade
10 assessment instruments in English language arts and evaluate
11 those results as a single subject; and

12 (3) separately determine student performance for
13 reading and mathematics as a percentage equal to the sum of
14 students who performed satisfactorily on the specific subject
15 area assessment instrument in all grade levels tested at all
16 campuses operated by the charter holder divided by the number of
17 students who took the specific subject area assessment
18 instrument in grade levels tested at all campuses operated by
19 the charter holder.

20 (d) To the extent consistent with this section, the
21 commissioner shall use the methodology used to compute passing
22 rates for reading and mathematics assessment instruments for
23 purposes of determining accountability ratings under Chapter 39

1 for the 2004-2005 school year as provided by 19 T.A.C. Section
2 97.1002.

3 (e) This section expires January 1, 2008.

4 Sec. 11A.105. CHARTER GRANTED. Each charter the State
5 Board of Education grants for a public charter district must:

6 (1) satisfy this chapter; and

7 (2) include the information that is required under
8 Section 11A.103 consistent with the information provided in the
9 application and any modification the board requires.

10 Sec. 11A.106. REVISION. (a) A revision of a charter of a
11 public charter district may be made only with the approval of
12 the commissioner.

13 (b) Not more than once each year, a public charter district
14 may request approval to revise the maximum student enrollment
15 described by the district's charter.

16 (c) The commissioner may not approve a charter revision
17 that increases a public charter district's enrollment, increases
18 the grade levels offered, increases the number of campuses, or
19 changes the boundaries of the geographic area served by the
20 program unless the commissioner determines that:

21 (1) the public charter district has operated one or
22 more campuses for at least three school years;

23 (2) each campus operated by the public charter

1 district has been rated at least academically acceptable under
2 Subchapter D, Chapter 39, for each of its most recent three
3 years of operation;

4 (3) each campus operated by the public charter
5 district has achieved performance levels that are at least five
6 percentage points above the applicable accountability standard
7 for academically acceptable performance on statewide assessments
8 under Subchapter D, Chapter 39, as determined by the
9 commissioner, for all tested subjects for each of its most
10 recent two years of operation;

11 (4) the public charter district has been rated
12 superior, above standard, standard, or the equivalent, under the
13 financial accountability system under Subchapter I, Chapter 39;

14 (5) during the three years preceding the proposed
15 charter revision, the public charter district and its campuses
16 have not been subject to an intervention or sanction under
17 Subchapter D, Chapter 39, including an intervention or sanction
18 related to:

19 (A) the quality of data or reports required by
20 state or federal law or court order;

21 (B) high school graduation requirements under
22 Section 28.025; or

23 (C) the effectiveness of programs for special

1 student populations; and

2 (6) the charter revision is in the best interest of
3 students of this state.

4 (d) In making a determination under Subsection (c)(6), the
5 commissioner shall review all available information relating to
6 the charter holder, including the charter holder's:

7 (1) academic and financial performance;

8 (2) history of compliance with applicable laws;

9 (3) staffing, financial, and organizational data; and

10 (4) any other information regarding the charter
11 holder's capacity to successfully implement the requested
12 charter revision.

13 (e) The commissioner may not approve a charter revision
14 that proposes an increase in:

15 (1) a public charter district's enrollment, unless the
16 charter holder adopts a business plan for implementing the
17 enrollment increase that includes components identified by the
18 commissioner; or

19 (2) the grade levels offered by a public charter
20 district, unless the charter holder adopts an educational plan
21 for the additional grade levels that includes components
22 identified by the commissioner.

23 (f) The commissioner may approve a charter revision

1 authorizing a public charter district to serve students in a
2 geographical area that is not contiguous with the existing
3 boundaries of the district, but may not approve a statewide
4 geographical boundary.

5 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON
6 PROBATION, OR REVOCATION. (a) The commissioner may modify,
7 place on probation, or revoke the charter of a public charter
8 district if the commissioner determines under Section 11A.108
9 that the charter holder:

10 (1) committed a material violation of the charter;

11 (2) failed to satisfy generally accepted accounting
12 standards of fiscal management;

13 (3) failed to protect the health, safety, welfare, or
14 best interests of the students enrolled at the public charter
15 district; or

16 (4) failed to comply with this chapter or another
17 applicable law or rule.

18 (b) The commissioner shall revoke the charter of a public
19 charter district without a hearing if:

20 (1) in two consecutive years, the public charter
21 district:

22 (A) is rated academically unacceptable under
23 Subchapter D, Chapter 39; or

1 (B) is rated financially unacceptable by the
2 commissioner under Subchapter I, Chapter 39; or

3 (2) all campuses operated by the public charter
4 district have been ordered closed under Section 39.131(a) or
5 39.132(b).

6 (c) A revocation under Subsection (b)(1) is effective on
7 January 1 following the school year in which the public charter
8 district received a second unacceptable rating.

9 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
10 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
11 procedure to be used for modifying, placing on probation, or
12 revoking the charter of a public charter district under Section
13 11A.107(a).

14 (b) The procedure adopted under Subsection (a) must provide
15 an opportunity for a hearing to the charter holder.

16 Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON
17 PROBATION, OR REVOCATION. A charter holder may appeal a
18 modification, placement on probation, or revocation under this
19 subchapter only in the manner provided by the applicable
20 procedures adopted by the commissioner under Section 11A.108.
21 The charter holder may not otherwise appeal to the commissioner
22 and may not appeal to a district court.

23 Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER.

1 If the commissioner revokes a charter of a public charter
2 district, if a district is ordered closed under Chapter 39, or
3 if a public charter district surrenders its charter, the
4 district may not:

- 5 (1) continue to operate under this chapter; or
6 (2) receive state funds under this chapter.

7 [Sections 11A.111-11A.150 reserved for expansion]

8 SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF
9 CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND MANAGEMENT
10 COMPANIES

11 Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.
12 The governing body of a charter holder is responsible for the
13 management, operation, and accountability of the public charter
14 district, regardless of whether the governing body delegates the
15 governing body's powers and duties to another person.

16 Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER
17 HOLDER. The governing body of a charter holder must be composed
18 of at least five members.

19 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF
20 GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR
21 AS OFFICER OR EMPLOYEE. (a) Except as provided by Subsection
22 (b), a person may not serve as a member of the governing body of
23 a charter holder, as a member of the governing body of a public

1 charter district, or as an officer or employee of a public
2 charter district if the person:

3 (1) has been convicted of a felony or a misdemeanor
4 involving moral turpitude;

5 (2) has been convicted of an offense listed in Section
6 37.007(a);

7 (3) has been convicted of an offense listed in Article
8 62.01(5), Code of Criminal Procedure; or

9 (4) has a substantial interest in a management
10 company.

11 (b) A person who has been convicted of an offense described
12 by Subsection (a)(1), (2), or (3) may serve as a member of the
13 governing body of a charter holder, as a member of the governing
14 body of a public charter district, or as an officer or employee
15 of a public charter district if the commissioner determines that
16 the person is fit to serve in that capacity. In making a
17 determination under this subsection, the commissioner shall
18 consider:

19 (1) the factors described by Section 53.022,
20 Occupations Code, for determining the extent to which a
21 conviction relates to an occupation;

22 (2) the factors described by Section 53.023,
23 Occupations Code, for determining the fitness of a person to

1 perform the duties and discharge the responsibilities of an
2 occupation; and

3 (3) other appropriate factors, as determined by the
4 commissioner.

5 (c) For purposes of Subsection (a)(4), a person has a
6 substantial interest in a management company if the person or a
7 relative within the third degree by consanguinity or affinity,
8 as determined under Chapter 573, Government Code:

9 (1) has a controlling interest in the company;

10 (2) owns more than 10 percent of the voting interest
11 in the company;

12 (3) owns more than \$25,000 of the fair market value of
13 the company;

14 (4) has a direct or indirect participating interest by
15 shares, stock, or otherwise, regardless of whether voting rights
16 are included, in more than 10 percent of the profits, proceeds,
17 or capital gains of the company;

18 (5) is a member of the board of directors or other
19 governing body of the company;

20 (6) serves as an elected officer of the company; or

21 (7) is an employee of the company.

22 Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF

23 CHARTER HOLDER. (a) Notwithstanding the Texas Non-Profit

1 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
2 Statutes), Chapter 22, Business Organizations Code, or other
3 law, on request of the commissioner, the attorney general shall
4 bring suit against a member of the governing body of a charter
5 holder for breach of a fiduciary duty by the member, including
6 misapplication of public funds.

7 (b) The attorney general may bring suit under Subsection

8 (a) for:

9 (1) damages;

10 (2) injunctive relief; or

11 (3) any other equitable remedy determined to be
12 appropriate by the court.

13 (c) This section is cumulative of all other remedies.

14 Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF

15 CHARTER HOLDER. (a) The commissioner shall adopt rules
16 prescribing training for members of governing bodies of charter
17 holders.

18 (b) The rules adopted under Subsection (a) may:

19 (1) specify the minimum amount and frequency of the
20 training;

21 (2) require the training to be provided by:

22 (A) the agency and regional education service

23 centers;

1 (B) entities other than the agency and service
2 centers, subject to approval by the commissioner; or

3 (C) both the agency, service centers, and other
4 entities; and

5 (3) require training to be provided concerning:

6 (A) basic school law, including school finance;

7 (B) health and safety issues;

8 (C) accountability requirements related to the
9 use of public funds; and

10 (D) other requirements relating to accountability
11 to the public, such as open meetings requirements under Chapter
12 551, Government Code, and public information requirements under
13 Chapter 552, Government Code.

14 Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder
15 shall file with the State Board of Education a copy of its
16 articles of incorporation and bylaws, or comparable documents if
17 the charter holder does not have articles of incorporation or
18 bylaws, within the period and in the manner prescribed by the
19 board.

20 (b) Each public charter district shall file annually with
21 the State Board of Education the following information in a form
22 prescribed by the board:

23 (1) the name, address, and telephone number of each

1 officer and member of the governing body of the charter holder;
2 and

3 (2) the amount of annual compensation the public
4 charter district pays to each officer and member of the
5 governing body.

6 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During
7 a public charter district's first year of operation, the charter
8 holder shall submit quarterly financial reports to the
9 commissioner. The commissioner by rule shall determine the form
10 and content of the financial reports under this section.

11 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
12 public charter district shall comply with Section 42.006.

13 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
14 management company that provides management services to a public
15 charter district is liable for damages incurred by the state or
16 a school district as a result of the failure of the company to
17 comply with its contractual or other legal obligation to provide
18 services to the district.

19 (b) On request of the commissioner, the attorney general
20 may bring suit on behalf of the state against a management
21 company liable under Subsection (a) for:

22 (1) damages, including any state funding received by
23 the company and any consequential damages suffered by the state;

1 (2) injunctive relief; or
2 (3) any other equitable remedy determined to be
3 appropriate by the court.

4 (c) This section is cumulative of all other remedies and
5 does not affect:

6 (1) the liability of a management company to the
7 charter holder; or

8 (2) the liability of a charter holder, a member of the
9 governing body of a charter holder, or a member of the governing
10 body of a public charter district to the state.

11 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.

12 (a) The charter holder or the governing body of a public
13 charter district may not accept a loan from a management company
14 that has a contract to provide management services to:

15 (1) the district; or

16 (2) another public charter district that operates
17 under a charter granted to the charter holder.

18 (b) A charter holder or the governing body of a public
19 charter district that accepts a loan from a management company
20 may not enter into a contract with that management company to
21 provide management services to the district.

22 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any
23 contract, including a contract renewal, between a public charter

1 district and a management company proposing to provide
2 management services to the district must require the management
3 company to maintain all records related to the management
4 services separately from any other records of the management
5 company.

6 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS
7 PROHIBITED. The commissioner may prohibit, deny renewal of,
8 suspend, or revoke a contract between a public charter district
9 and a management company providing management services to the
10 district if the commissioner determines that the management
11 company has:

12 (1) failed to provide educational or related services
13 in compliance with the company's contractual or other legal
14 obligation to any public charter district in this state or to
15 any other similar entity in another state;

16 (2) failed to protect the health, safety, or welfare
17 of the students enrolled at a public charter district served by
18 the company;

19 (3) violated this chapter or a rule adopted under this
20 chapter; or

21 (4) otherwise failed to comply with any contractual or
22 other legal obligation to provide services to the district.

23 [Sections 11A.163-11A.200 reserved for expansion]

SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

Sec. 11A.201. STATE FUNDING. (a) To the extent consistent with Subsection (c), a charter holder is entitled to receive for the public charter district funding under Chapter 42 as if the public charter district were a school district without a local share for purposes of Section 42.253 and without any local revenue ("LR") for purposes of Section 42.302. In determining funding for a public charter district, adjustments under Sections 42.102, 42.103, and 42.105 and the district enrichment tax rate ("DTR") under Section 42.302 are based on the average adjustment and average district enrichment tax rate for the state.

(a-1) Notwithstanding Subsection (a), an entity granted a charter under Section 11A.1041 is entitled to receive funding for each student in weighted average daily attendance in an amount equal to the greater of the amount determined under Subsection (a) or the amount to which the entity was entitled for the 2003-2004 or 2004-2005 school year, as determined by the commissioner. A determination of the commissioner under this subsection is final and not subject to appeal. This subsection expires September 1, 2013.

(b) To the extent consistent with Subsection (c), a public charter district is entitled to funds that are available to

1 school districts from the agency or the commissioner in the form
2 of grants or other discretionary funding unless the statute
3 authorizing the funding explicitly provides that a public
4 charter district is not entitled to the funding.

5 (c) A charter holder is entitled to receive for a public
6 charter district funding under this section only if the holder:

7 (1) provides information for the Public Education
8 Information Management System (PEIMS) as required by this
9 chapter;

10 (2) submits to the commissioner appropriate fiscal and
11 financial records as required by this chapter and the
12 commissioner; and

13 (3) receives an annual unqualified opinion in the
14 standard report filed pursuant to Section 11A.210.

15 (d) The commissioner shall suspend the funding of a charter
16 holder that fails to comply with Subsection (c) until the
17 commissioner determines that the charter holder is in compliance
18 or has cured any noncompliance and has adopted adequate
19 procedures to prevent future noncompliance.

20 (e) The commissioner may adopt rules to provide and account
21 for state funding of public charter districts under this
22 section. A rule adopted under this section may be similar to a
23 provision of this code that is not similar to Section 11A.052(b)

1 if the commissioner determines that the rule is related to
2 financing of public charter districts and is necessary or
3 prudent to provide or account for state funds.

4 Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF
5 SALARIES. (a) This section applies only to a charter holder
6 that on January 1, 2005:

7 (1) operated an open-enrollment charter school under
8 former Subchapter D, Chapter 12; and

9 (2) participated in the program under Chapter 1579,
10 Insurance Code.

11 (b) In addition to any amounts to which a charter holder is
12 entitled under this chapter, a charter holder is entitled to
13 state aid in an amount, as determined by the commissioner, equal
14 to the sum of:

15 (1) the product of \$1,000 multiplied by the number of
16 the following employees employed by the charter holder at a
17 public charter district:

18 (A) classroom teachers, full-time librarians, and
19 full-time counselors certified under Subchapter B, Chapter 21;
20 and

21 (B) full-time school nurses appropriately
22 licensed under Chapter 301, Occupations Code;

23 (2) the product of \$500 multiplied by the number of

1 full-time public charter district employees, other than
2 administrators or employees described by Subdivision (1); and
3 (3) the product of \$250 multiplied by the number of
4 part-time public charter district employees.

5 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) In
6 this section, "instructional facility" has the meaning assigned
7 by Section 46.001.

8 (b) A charter holder is initially eligible for
9 instructional facilities allotments in accordance with this
10 section if:

11 (1) any campus of a public charter district for which
12 the charter holder has been granted a license has for two
13 consecutive school years been rated exemplary or recognized
14 under Subchapter D, Chapter 39, or has performed at a comparable
15 level, as determined by the commissioner for purposes of this
16 section; and

17 (2) on the most recent audit of the financial
18 operations of the district conducted pursuant to Section
19 11A.210, the district has satisfied generally accepted
20 accounting standards of fiscal management as evidenced by an
21 unqualified opinion in the standard report issued and filed
22 pursuant to Section 11A.210.

23 (c) Once a public charter district satisfies the initial

1 eligibility requirements under Subsection (b) and receives an
2 allotment under this section, the district continues to remain
3 eligible until the district receives an accountability rating of
4 unacceptable under Subchapter D, Chapter 39, at which point the
5 district is again subject to the eligibility requirements of
6 Subsection (b).

7 (d) The commissioner annually shall review the eligibility
8 of a public charter district campus for purposes of this
9 section.

10 (e) Except as otherwise provided by this section, a charter
11 holder is entitled to an annual allotment in an amount
12 determined by the commissioner, not to exceed \$1,000 or a
13 different amount provided by appropriation, for each student in
14 average daily attendance during the preceding year at a campus
15 of a public charter district for which the charter holder has
16 been granted a charter that is eligible for an allotment under
17 this section.

18 (f) A charter holder who receives funds under this section
19 may use the funds only to:

20 (1) purchase real property on which to construct an
21 instructional facility for a public charter district campus for
22 which the funds were paid under Subsection (e);

23 (2) purchase, lease, construct, expand, or renovate

1 instructional facilities for a public charter district campus
2 for which the funds were paid under Subsection (e);

3 (3) pay debt service in connection with instructional
4 facilities purchased or improved for a campus of the public
5 charter district that meets the requirements under Subsection
6 (b); or

7 (4) maintain and operate public charter district
8 instructional facilities.

9 (g) A decision of the commissioner under Subsection (e) is
10 final and may not be appealed.

11 (h) The commissioner shall by rule establish procedures to
12 ensure that funds a charter holder claims to be using for
13 purposes of Subsection (f)(3) are used only for that purpose.

14 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
15 under Section 11A.201 or 11A.202 by a charter holder:

16 (1) are considered to be public funds for all purposes
17 under state law;

18 (2) are held in trust by the charter holder for the
19 benefit of this state and the students of the public charter
20 district;

21 (3) may be used only for a purpose for which a school
22 may use local funds under Section 45.105(c) in the case of funds
23 received under Section 11A.201, and may be used only for a

1 purpose specified under Section 11A.202(f) in the case of funds
2 received under Section 11A.202; and

3 (4) pending their use, must be deposited into a bank,
4 as defined by Section 45.201, with which the charter holder has
5 entered into a depository contract under Section 11A.204.

6 (b) Funds deposited under Subsection (a)(4) may be directly
7 deposited into an account controlled by a bond trustee acting
8 for the charter holder pursuant to a bond indenture agreement
9 requiring direct deposit.

10 (c) The commissioner shall adopt rules for identifying
11 public funds in accordance with Subsection (a).

12 (d) The commissioner may bring an action in district court
13 in Travis County for injunctive or other relief to enforce this
14 section. In identifying public funds held by a charter holder,
15 the court shall use the criteria adopted by the commissioner
16 under Subsection (c). Except as otherwise provided by this
17 subsection, the court shall enter any order under this
18 subsection concerning public funds held by the charter holder
19 necessary to best serve the interests of the students of a
20 public charter district. In the case of a public charter
21 district that has ceased to operate, the court shall enter any
22 order under this subsection concerning public funds held by the
23 charter holder necessary to best serve the interests of this

1 state.

2 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank
3 selected as a school depository and the charter holder shall
4 enter into a depository contract, bond, or other necessary
5 instrument setting forth the duties and agreements pertaining to
6 the depository, in a form and with the content prescribed by the
7 State Board of Education.

8 (b) The depository bank shall attach to the contract and
9 file with the charter holder a bond in an initial amount equal
10 to the estimated highest daily balance, determined by the
11 charter holder, of all deposits that the charter holder will
12 have in the depository during the term of the contract, less any
13 applicable Federal Deposit Insurance Corporation insurance. The
14 bond must be payable to the charter holder and must be signed by
15 the depository bank and by a surety company authorized to engage
16 in business in this state. The depository bank shall increase
17 the amount of the bond if the charter holder determines the
18 increase is necessary to adequately protect the funds of the
19 charter holder deposited with the depository bank.

20 (c) The bond shall be conditioned on:

21 (1) the faithful performance of all duties and
22 obligations imposed by law on the depository;

23 (2) the payment on presentation of all checks or

1 drafts on order of the charter holder, in accordance with its
2 orders entered by the charter holder according to law;

3 (3) the payment on demand of any demand deposit in the
4 depository;

5 (4) the payment, after the expiration of the period of
6 notice required, of any time deposit in the depository;

7 (5) the faithful keeping of school funds by the
8 depository and the accounting for the funds according to law;
9 and

10 (6) the faithful paying over to the successor
11 depository all balances remaining in the accounts.

12 (d) The bond and the surety on the bond must be approved by
13 the charter holder. A premium on the depository bond may not be
14 paid out of charter holder funds related to operation of the
15 public charter district.

16 (e) The charter holder shall file a copy of the depository
17 contract and bond with the agency.

18 (f) Instead of the bond required under Subsection (b), the
19 depository bank may deposit or pledge, with the charter holder
20 or with a trustee designated by the charter holder, approved
21 securities, as defined by Section 45.201, in an amount
22 sufficient to adequately protect the funds of the charter holder
23 deposited with the depository bank. A depository bank may give

1 a bond and deposit or pledge approved securities in an aggregate
2 amount sufficient to adequately protect the funds of the charter
3 holder deposited with the depository bank. The charter holder
4 shall periodically designate the amount of approved securities
5 or the aggregate amount of the bond and approved securities
6 necessary to adequately protect the charter holder. The charter
7 holder may not designate an amount less than the balance of
8 charter holder funds on deposit with the depository bank from
9 day to day, less any applicable Federal Deposit Insurance
10 Corporation insurance. The depository bank may substitute
11 approved securities on obtaining the approval of the charter
12 holder. For purposes of this subsection, the approved
13 securities are valued at their market value.

14 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
15 holder who accepts state funds under Section 11A.201 or 11A.202
16 agrees to be subject to all requirements, prohibitions, and
17 sanctions authorized under this chapter.

18 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE
19 FUNDS. (a) Property purchased or leased with funds received by
20 a charter holder under Section 11A.201 or 11A.202:

21 (1) is considered to be public property for all
22 purposes under state law;

23 (2) is held in trust by the charter holder for the

1 benefit of this state and the students of the public charter
2 district; and

3 (3) may be used only for a purpose for which a school
4 district may use school district property.

5 (b) The commissioner shall:

6 (1) take possession and assume control of the property
7 described by Subsection (a) of a public charter district that
8 ceases to operate; and

9 (2) supervise the disposition of the property in
10 accordance with law.

11 (c) This section does not affect the priority of a security
12 interest in or lien on property established by a creditor in
13 compliance with law if the security interest or lien arose in
14 connection with the sale or lease of the property to the charter
15 holder.

16 (d) The commissioner shall adopt rules for identifying
17 public property in accordance with Subsection (a).

18 (e) The commissioner may bring an action in district court
19 in Travis County for injunctive or other relief to enforce this
20 section. In identifying public property held by a charter
21 holder, the court shall use the criteria adopted by the
22 commissioner under Subsection (d). Except as otherwise provided
23 by this subsection, the court shall enter any order under this

1 subsection concerning public property held by the charter holder
2 necessary to best serve the interests of the students of a
3 public charter district. In the case of a public charter
4 district that has ceased to operate, the court shall enter any
5 order under this subsection concerning public property held by
6 the charter holder necessary to best serve the interests of this
7 state. The court may order title to real or personal public
8 property held by the charter holder transferred to a trust
9 established for the purpose of managing the property or may make
10 other disposition of the property necessary to best serve the
11 interests of this state.

12 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
13 DISTRICT LAND OR FACILITIES. A municipality to which a charter
14 is granted under this chapter may borrow funds, issue
15 obligations, or otherwise spend its funds to acquire land or
16 acquire, construct, expand, or renovate school buildings or
17 facilities and related improvements for its public charter
18 district within the city limits of the municipality in the same
19 manner the municipality is authorized to borrow funds, issue
20 obligations, or otherwise spend its funds in connection with any
21 other public works project.

22 Sec. 11A.208. TEXTBOOK FUNDING. A public charter district
23 is entitled to funding for textbooks under Chapter 31 and is

1 subject to that chapter as if the public charter district were a
2 school district.

3 Sec. 11A.209. ANNUAL BUDGET. The governing body of a
4 public charter district shall annually adopt a budget for the
5 district.

6 Sec. 11A.210. ANNUAL AUDIT. The governing body of a public
7 charter district shall conduct an annual audit in a manner that
8 complies with Section 44.008.

9 [Sections 11A.211-11A.250 reserved for expansion]

10 SUBCHAPTER F. OPERATION OF PUBLIC SCHOOL CHARTER DISTRICT

11 Sec. 11A.251. ADMISSION POLICY. (a) A public charter
12 district may not discriminate in admission policy on the basis
13 of sex, national origin, ethnicity, religion, disability, or
14 academic, artistic, or athletic ability or the district the
15 child would otherwise attend in accordance with this code.

16 (b) A public charter district admission policy may provide
17 for the exclusion of a student who has a documented history of a
18 criminal offense, a juvenile court adjudication, or discipline
19 problems under Subchapter A, Chapter 37.

20 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to
21 a public charter district campus, the governing body of the
22 district shall:

23 (1) require the applicant to complete and submit an

1 application not later than a reasonable deadline the district
2 establishes; and

3 (2) on receipt of more acceptable applications for
4 admission under this section than available positions in the
5 school:

6 (A) fill the available positions by lottery; or

7 (B) subject to Subsection (b), fill the available
8 positions in the order in which applications received before the
9 application deadline were received.

10 (b) A public charter district may fill applications for
11 admission under Subsection (a)(2)(B) only if the district
12 published a notice of the opportunity to apply for admission to
13 the district. A notice published under this subsection must:

14 (1) state the application deadline; and

15 (2) be published in a newspaper of general circulation
16 in the community in which the district campus is located not
17 later than the seventh day before the application deadline.

18 (c) A public charter district may exempt an applicant from
19 the requirements of Subsection (a)(2) if the applicant is:

20 (1) the child or grandchild of a member of the
21 governing body of the charter holder at the time the district's
22 charter was first granted;

23 (2) the child of an employee of the district or the

1 charter holder; or

2 (3) a sibling of a student who is enrolled in the
3 district.

4 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
5 by Subsection (b) or as otherwise determined impracticable by
6 the commissioner, during a public charter district's first year
7 of operation, the district must have a student enrollment of at
8 least 100 and not more than 500 at any time during the school
9 year.

10 (b) A public charter district may have a student enrollment
11 of less than 100 if approved by the commissioner.

12 (c) Not later than a public charter district's third year
13 of operation, at least 25 percent of the district's students
14 must be enrolled in one or more grade levels for which
15 assessment instruments are administered under Section 39.023(a).

16 (d) The commissioner may grant a waiver from the
17 requirements of Subsection (c) for a public charter district
18 that opens a campus serving prekindergarten or kindergarten
19 students and agrees to:

20 (1) add at least one higher grade level class each
21 school year after opening the campus; and

22 (2) until the campus complies with Subsection (c),
23 adopt accountability measures to assess the performance of the

1 students not assessed under Section 39.023(a).

2 (e) The commissioner may grant a waiver from the
3 requirements of Subsection (c) for a public charter district
4 that was operating an open-enrollment charter school campus on
5 January 1, 2005, serving prekindergarten, kindergarten, and
6 first, second, and third grade students if the public charter
7 district:

8 (1) adopts one or more nationally norm-referenced
9 assessment instruments approved by the commissioner;

10 (2) administers the assessment instruments to its
11 second grade students at intervals and in the manner specified
12 by commissioner rule; and

13 (3) meets the applicable standards for student
14 performance on the assessment instruments, as determined by
15 commissioner rule.

16 (f) The commissioner shall adopt rules necessary to
17 implement this section.

18 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
19 charter district may not charge tuition to an eligible student
20 who applies for admission to the district under this chapter.

21 (b) The governing body of a public charter district may
22 require a student to pay any fee that the board of trustees of a
23 school district may charge under Section 11.158(a). The

1 governing body may not require a student to pay a fee that the
2 board of trustees of a school district may not charge under
3 Section 11.158(b).

4 Sec. 11A.255. TRANSPORTATION. A public charter district
5 shall provide transportation to each student attending the
6 school to the same extent a school district is required by law
7 to provide transportation to district students.

8 Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY
9 ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The
10 governing body of a public charter district shall adopt a code
11 of conduct for the district or for each campus in the district.

12 (b) The code of conduct must include:

13 (1) standards for student behavior, including the
14 types of prohibited behaviors and the possible consequences of
15 misbehavior; and

16 (2) the district's due process procedures regarding
17 expulsion of a student.

18 (c) A final decision of the governing body of a public
19 charter district regarding action taken under the code of
20 conduct may not be appealed.

21 (d) A public charter district may not expel a student for a
22 reason that is not authorized by Section 37.007 or specified in
23 the district's code of conduct as conduct that may result in

1 expulsion.

2 (e) Section 37.002 does not apply to a public charter
3 district except to the extent specified by the governing body of
4 the public charter district in the district's code of conduct.

5 [Sections 11A.257-11A.300 reserved for expansion]

6 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

7 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except
8 as otherwise required by this section or chapter, a person
9 employed as a teacher by a public charter district must hold a
10 high school diploma.

11 (b) To the extent required by federal law, including 20
12 U.S.C. 7801(11), a person employed as a teacher by a public
13 charter district must hold a baccalaureate degree.

14 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE
15 QUALIFICATIONS. (a) Each public charter district shall provide
16 to the parent or guardian of each student enrolled at a campus
17 in the district written notice of the qualifications of each
18 professional employee, including each teacher, employed at the
19 campus.

20 (b) The notice must include:

21 (1) any professional or educational degree held by the
22 employee;

23 (2) a statement of any certification under Subchapter

1 B, Chapter 21, held by the employee; and

2 (3) any relevant experience of the employee.

3 Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. The
4 governing body of a public charter district shall obtain a
5 complete set of fingerprints from each person described by
6 Section 21.0032(a).

7 Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF
8 CERTAIN APPLICANTS. A public charter district must comply with
9 Section 21.0032 before employing or otherwise securing the
10 services of a person as a teacher, teacher intern or trainee,
11 librarian, educational aide, administrator, or counselor,
12 regardless of whether the applicant is certified under
13 Subchapter B, Chapter 21.

14 Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF
15 TEXAS. (a) An employee of a public charter district who
16 qualifies for membership in the Teacher Retirement System of
17 Texas shall be covered under the system to the same extent a
18 qualified employee of a school district is covered.

19 (b) For each employee of a public charter district covered
20 under the system, the public charter district is responsible for
21 making any contribution that otherwise would be the legal
22 responsibility of a school district, and the state is
23 responsible for making contributions to the same extent it would

1 be legally responsible if the employee were a school district
2 employee.

3 Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

4 (a) This section applies only to a charter holder that on
5 January 1, 2005:

6 (1) operated an open-enrollment charter school under
7 former Subchapter D, Chapter 12; and

8 (2) participated in the program under Chapter 1579,
9 Insurance Code.

10 (b) Using state funds received by the charter holder for
11 that purpose under Section 11A.2011, a charter holder each
12 school year shall pay the following employees employed by the
13 charter holder at a public charter district an amount at least
14 equal to:

15 (1) \$1,000 for:

16 (A) classroom teachers, full-time librarians, and
17 full-time counselors certified under Subchapter B, Chapter 21;
18 and

19 (B) full-time school nurses appropriately
20 licensed under Chapter 301, Occupations Code;

21 (2) \$500 for full-time public charter district
22 employees, other than administrators or employees described by
23 Subdivision (1); and

1 (3) \$250 for part-time public charter district
2 employees.

3 (c) A payment under this section is in addition to wages
4 the charter holder would otherwise pay the employee during the
5 school year.

6 [Sections 11A.307-11A.350 reserved for expansion]

7 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

8 Sec. 11A.351. AUDIT. (a) To the extent consistent with
9 this section, the commissioner may audit the records of:

10 (1) a public charter district or campus;

11 (2) a charter holder; and

12 (3) a management company.

13 (b) An audit under Subsection (a) must be limited to
14 matters directly related to the management or operation of a
15 public charter district, including any financial, student, and
16 administrative records.

17 (c) Unless the commissioner has specific cause to conduct
18 an additional audit, the commissioner may not conduct more than
19 one on-site audit of a public charter district under this
20 section during any fiscal year, including any audit of
21 financial, student, and administrative records. For purposes of
22 this subsection, an audit of a charter holder or management
23 company associated with a public charter district is not

1 considered an audit of the district.

2 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a
3 subpoena to compel the attendance and testimony of a witness or
4 the production of materials relevant to an audit or
5 investigation under this chapter.

6 (b) A subpoena may be issued throughout the state and may
7 be served by any person designated by the commissioner.

8 (c) If a person fails to comply with a subpoena issued
9 under this section, the commissioner, acting through the
10 attorney general, may file suit to enforce the subpoena in a
11 district court in Travis County or in the county in which the
12 audit or investigation is conducted. The court shall order
13 compliance with the subpoena if the court finds that good cause
14 exists to issue the subpoena.

15 (d) This section expires September 1, 2007.

16 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
17 any of the actions described by Subsection (b) or by Section
18 39.131(a), to the extent the commissioner determines necessary,
19 if a public charter district, as determined by a report issued
20 under Section 39.076(b):

21 (1) commits a material violation of the district's
22 charter;

23 (2) fails to satisfy generally accepted accounting

1 standards of fiscal management; or

2 (3) fails to comply with this chapter or another
3 applicable rule or law.

4 (b) The commissioner may temporarily withhold funding,
5 suspend the authority of a public charter district to operate,
6 or take any other reasonable action the commissioner determines
7 necessary to protect the health, safety, or welfare of students
8 enrolled at a district campus based on evidence that conditions
9 at the district campus present a danger to the health, safety,
10 or welfare of the students.

11 (c) After the commissioner acts under Subsection (b), the
12 public charter district may not receive funding and may not
13 resume operating until a determination is made that:

14 (1) despite initial evidence, the conditions at the
15 district campus do not present a danger of material harm to the
16 health, safety, or welfare of students; or

17 (2) the conditions at the district campus that
18 presented a danger of material harm to the health, safety, or
19 welfare of students have been corrected.

20 (d) Not later than the third business day after the date
21 the commissioner acts under Subsection (b), the commissioner
22 shall provide the charter holder an opportunity for a hearing.

23 This subsection does not apply to an action taken by the

1 commissioner under Chapter 39.

2 (e) Immediately after a hearing under Subsection (d), the
3 commissioner must cease the action under Subsection (b) or
4 initiate action under Section 11A.108.

5 Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN
6 ASSESSMENT INSTRUMENTS. (a) Using funds appropriated for the
7 Foundation School Program, the commissioner shall reduce the
8 total amount of state funds allocated to each district from any
9 source in the same manner described for a reduction in
10 allotments under Section 42.253 and adopt and implement a
11 program for supervising the administration of assessment
12 instruments under Section 39.023 during the 2005-2006 school
13 year at an open-enrollment charter school, other than a school
14 operated by an entity described by Section 11A.1041(a)(2), (3),
15 or (4), at which less than 25 percent of all students enrolled
16 at the school and administered an assessment instrument under
17 Section 39.023(a), (c), or (l) performed satisfactorily on:

18 (1) the assessment instrument in mathematics, as
19 determined by the school's assessment instrument results for the
20 2004-2005 school year; or

21 (2) the assessment instrument in reading or English
22 language arts, as applicable, as determined by the school's
23 assessment instrument results for the 2004-2005 school year.

1 (b) The program adopted under Subsection (a) must be
2 designed to:

3 (1) ensure that the location at which an assessment
4 instrument is administered is secure and under the supervision
5 of persons who do not have any interest in the results of the
6 assessment instrument; and

7 (2) provide direct supervision of:

8 (A) the transportation of the assessment
9 instrument materials to and from the location at which the
10 instrument is administered; and

11 (B) the administration of the assessment
12 instrument to students.

13 (c) The commissioner may adopt rules necessary to
14 administer this section and may take any action that the
15 commissioner determines necessary to ensure the integrity of the
16 results of an assessment instrument administered at an open-
17 enrollment charter school described by Subsection (a).

18 (d) After deducting the amount withheld under Subsection
19 (a) from the total amount appropriated for the Foundation School
20 Program, the commissioner shall reduce the total amount of state
21 funds allocated to each district from any source in the same
22 manner described for a reduction in allotments under Section
23 42.253.

1 (e) An open-enrollment charter school's failure to fully
2 cooperate with the commissioner under this section is sufficient
3 grounds for revocation of the district's charter, as determined
4 by the commissioner.

5 (f) This section expires September 1, 2006.

6 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The
7 commissioner shall periodically consult with representatives of
8 charter holders regarding the duties and mission of the agency
9 relating to the operation of public charter districts. The
10 commissioner shall determine the frequency of the consultations.

11 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
12 in this chapter may be construed to limit the commissioner's
13 authority under Chapter 39.

14 Sec. 11A.356. RULES. The commissioner may adopt rules for
15 the administration of this chapter.

16 [Sections 11A.357-11A.400 reserved for expansion]

17 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

18 Sec. 11A.401. AUTHORIZATION. (a) In this section,
19 "eligible entity" means an organization that is exempt from
20 taxation under Section 501(a), Internal Revenue Code of 1986, as
21 an organization described by Section 501(c)(3) of that code.

22 (b) In accordance with this subchapter, the commissioner
23 may authorize not more than three charter holders to grant a

1 charter to an eligible entity to operate a blue ribbon charter
2 campus if:

3 (1) the charter holder proposes to grant the blue
4 ribbon charter to replicate a distinctive education program;

5 (2) the charter holder has demonstrated the ability to
6 replicate the education program;

7 (3) the education program has been implemented by the
8 charter holder for at least seven school years; and

9 (4) the charter school in which the charter holder has
10 implemented the program has been rated recognized or exemplary
11 under Section 39.072 for at least five school years, including
12 the two school years preceding the proposed issuance of the blue
13 ribbon charter.

14 (b-1) An eligible entity that assumed operation of an
15 existing charter school program during the seven years preceding
16 the proposed authorization under Subsection (b) may be
17 authorized to grant a blue ribbon charter under Subsection (b)
18 if:

19 (1) the performance level of the program at a campus
20 before and after the entity assumed operation of the program
21 meets the qualifications described by Subsection (b); and

22 (2) the entity has met the qualifications described by
23 Subsection (b) since assuming operation of the program.

1 (c) A charter holder may grant a blue ribbon charter only
2 to an applicant that meets any financial, governing, and
3 operational standards adopted by the commissioner under this
4 subchapter.

5 (d) A charter holder may grant not more than two blue
6 ribbon charters under this subchapter.

7 Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) A blue
8 ribbon charter campus is considered a public charter district
9 campus for purposes of state and federal law.

10 (b) A blue ribbon charter granted under this subchapter is
11 not considered for purposes of the limit on the number of public
12 charter districts imposed by Section 11A.002.

13 Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE
14 RIBBON CHARTER CAMPUS. (a) The governing body of the public
15 charter district authorizing a blue ribbon charter is
16 responsible for the management and operation of the campus
17 operated under a blue ribbon charter. A blue ribbon charter
18 campus is subject to the rules and policies of the governing
19 body of the charter holder that granted the blue ribbon charter.

20 (b) For purposes of academic and financial accountability
21 and all other purposes under this chapter and Chapter 39, a blue
22 ribbon charter campus is considered a campus of the public
23 charter district operated by the charter holder that granted the

1 blue ribbon charter.

2 (c) A charter holder is entitled to receive funding for a
3 blue ribbon charter campus as if the blue ribbon charter campus
4 were a campus of the public charter district operated by the
5 charter holder.

6 Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The
7 commissioner by rule shall adopt an application form and
8 procedures for a charter holder to apply for authorization to
9 grant a blue ribbon charter to an eligible entity under this
10 subchapter.

11 (b) The application must specify:

12 (1) the criteria that will be used to grant blue
13 ribbon charters;

14 (2) procedures for governance and management of
15 campuses operating under a blue ribbon charter; and

16 (3) the performance standard by which continuation of
17 a blue ribbon charter will be determined.

18 (c) A determination by the commissioner regarding an
19 application under this section is final and may not be appealed.

20 Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) The
21 commissioner may revoke a charter holder's authorization to
22 grant a blue ribbon charter or operate a campus granted a blue
23 ribbon charter if the commissioner determines that the purposes

1 of this subchapter are not being satisfied.

2 (b) On revocation of a charter holder's authority under
3 this section, the charter holder shall:

4 (1) operate a campus granted a blue ribbon charter as
5 a standard campus of the charter holder under this chapter; or

6 (2) close the campus effective at the end of the
7 school year in which the commissioner revokes the authorization.

8 Sec. 11A.406. CONTENT. (a) Each blue ribbon charter
9 granted under this subchapter must:

10 (1) describe the educational program to be offered,
11 which may be a general or specialized education program;

12 (2) provide that continuation of the charter is
13 contingent on satisfactory student performance under Subchapter
14 B, Chapter 39, and on compliance with other applicable
15 accountability provisions under Chapter 39;

16 (3) specify any basis, in addition to a basis
17 specified by this subchapter, on which the charter may be placed
18 on probation or revoked;

19 (4) prohibit discrimination in admission on the basis
20 of national origin, ethnicity, race, religion, or disability;

21 (5) describe the governing structure of the blue
22 ribbon charter campus;

23 (6) specify any procedure or requirement, in addition

1 to those under Chapter 38, that the campus will follow to ensure
2 the health and safety of students and employees; and

3 (7) describe the manner in which the campus and
4 charter holder granting the blue ribbon charter will comply with
5 financial and operational requirements, including requirements
6 related to the Public Education Information Management System
7 (PEIMS) under Section 11A.158 and the audit requirements under
8 Section 11A.210.

9 (b) A charter holder may reserve the right to approve
10 contracts, governance alterations, personnel decisions, and
11 other matters affecting the operation of the blue ribbon charter
12 campus.

13 (c) A blue ribbon charter must specify the basis and
14 procedure to be used by the charter holder for placing the blue
15 ribbon charter campus on probation or revoking the charter,
16 which must include an opportunity for an informal review of the
17 blue ribbon charter campus and governing body of the campus by
18 the charter holder. A charter holder's decision to place on
19 probation or revoke a blue ribbon charter is final and may not
20 be appealed.

21 Sec. 11A.407. FORM. A blue ribbon charter issued under
22 this subchapter must be in the form and substance of a written
23 contract signed by the president or equivalent officer of the

1 governing body of the charter holder granting the blue ribbon
2 charter and the president or equivalent officer of the governing
3 body of the eligible entity to which the blue ribbon charter is
4 granted.

5 Sec. 11A.408. REVISION. A blue ribbon charter granted
6 under this subchapter may be revised with the approval of the
7 charter holder that granted the charter.

8 [Sections 11A.409-11A.450 reserved for expansion]

9 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT

10 CHARTER SCHOOLS

11 Sec. 11A.451. DEFINITIONS. In this subchapter:

12 (1) "Assets" means:

13 (A) public funds, as determined under Section
14 12.107, as that section existed on January 1, 2005; and

15 (B) public property, as determined under Section
16 12.128, as that section existed on January 1, 2005.

17 (2) "Records" means government records, as determined
18 under Section 12.1052, as that section existed on January 1,
19 2005.

20 Sec. 11A.452. APPLICABILITY. The commissioner shall
21 appoint a receiver under this subchapter for each open-
22 enrollment charter school that on June 1, 2005, was operating
23 under a charter issued under Subchapter D, Chapter 12, as that

1 subchapter existed on January 1, 2005, and:

2 (1) is not authorized to operate as a public charter
3 district under this chapter; or

4 (2) elects not to operate as a public charter district
5 under this chapter.

6 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a)

7 The commissioner shall appoint a receiver to protect the assets
8 and direct the dissolution of open-enrollment charter schools
9 subject to this subchapter.

10 (b) The receiver shall execute a bond in an amount set by
11 the commissioner to ensure the proper performance of the
12 receiver's duties.

13 (c) Until discharged by the commissioner, the receiver
14 shall perform the duties that the commissioner directs to
15 preserve the assets and direct the dissolution of the open-
16 enrollment charter school under this subchapter.

17 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After
18 appointment and execution of bond under Section 11A.453, the
19 receiver shall take possession of:

20 (1) assets and records in the possession of the open-
21 enrollment charter school specified by the commissioner; and

22 (2) any Foundation School Program funds and any other
23 public funds received by the school's charter holder.

1 (b) On request of the receiver, the attorney general shall
2 file a suit for attachment, garnishment, or involuntary
3 bankruptcy and take any other action necessary for the
4 dissolution of an open-enrollment charter school under this
5 subchapter.

6 (c) If the charter holder of an open-enrollment charter
7 school or an officer or employee of such a school refuses to
8 transfer school assets or records to a receiver under this
9 subsection, the receiver may ask the attorney general to
10 petition a court for recovery of the assets or records. If the
11 court grants the petition, the court shall award attorney's fees
12 and court costs to the state.

13 (d) A record described by this section is a public school
14 record for purposes of Section 37.10(c)(2), Penal Code.

15 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
16 wind up the affairs of an open-enrollment charter school and,
17 except as provided by Subsection (b), reduce its assets to cash
18 for the purpose of discharging all existing liabilities and
19 obligations of the school. In winding up the affairs of a
20 school, the receiver shall cooperate in any bankruptcy
21 proceeding affecting the school. The receiver shall distribute
22 any remaining balance to the commissioner.

23 (b) A receiver shall offer free of charge any equipment and

1 supplies of an open-enrollment charter school dissolved under
2 this subchapter to school districts, giving priority to
3 districts based on the percentage of the charter school's
4 students that reside in the districts.

5 (c) The commissioner shall use money in the foundation
6 school fund and money received under this section to pay the
7 costs described by Section 11A.458 and discharge liabilities and
8 obligations of open-enrollment charter schools under this
9 subchapter. The commissioner shall deposit any remaining
10 balance in the foundation school fund.

11 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
12 an open-enrollment charter school subject to this subchapter
13 shall be transferred in the manner specified by the commissioner
14 to a custodian designated by the commissioner. The commissioner
15 may designate any appropriate entity to serve as custodian of
16 records, including the agency, a regional education service
17 center, or a school district. In designating a custodian, the
18 commissioner shall ensure that the transferred records,
19 including student and personnel records, are transferred to a
20 custodian capable of:

21 (1) maintaining the records;

22 (2) making the records readily accessible to students,
23 parents, former school employees, and other persons entitled to

1 access; and

2 (3) complying with applicable state or federal law
3 restricting access to the records.

4 (b) The commissioner is entitled to access to any records
5 transferred to a custodian under this section as the
6 commissioner determines necessary for auditing, investigative,
7 or monitoring purposes.

8 Sec. 11A.457. LIABILITY. A receiver is not personally
9 liable for actions taken by the receiver under this subchapter.

10 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
11 authorize reimbursement of reasonable costs related to the
12 receivership, including:

13 (1) payment of fees to the receiver for the receiver's
14 services; and

15 (2) payment of fees to attorneys, accountants, or any
16 other person that provides goods or services necessary to the
17 operation of the receivership.

18 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
19 competitive bidding requirements of this code and the
20 contracting requirements of Chapter 2155, Government Code, do
21 not apply to the appointment of a receiver, attorney,
22 accountant, or other person appointed under this subchapter.

23 SECTION 4.03. Subchapter D, Chapter 12, Education Code, is

1 amended by adding Section 12.1058 to read as follows:

2 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
3 PROVISIONS. (a) An open-enrollment charter school is subject to
4 Sections 11A.201, 11A.204, 11A.205, 11A.206, 11A.210, 11A.303,
5 11A.304, 11A.352, 21.0032, and 21.058.

6 (b) The commissioner may bring an action for injunctive or
7 other relief as provided by Section 11A.203(d) to enforce
8 Section 12.107.

9 (c) For purposes of this section, a reference in a law
10 described by this section to a public charter district means an
11 open-enrollment charter school.

12 SECTION 4.04. Sections 12.152 and 12.156, Education Code,
13 are amended to read as follows:

14 Sec. 12.152. AUTHORIZATION. [~~a~~] In accordance with this
15 subchapter and Chapter 11A [~~Subchapter D~~], the State Board of
16 Education may grant a charter on the application of a public
17 senior college or university for a public [~~an open-enrollment~~]
18 charter district [~~school~~] to operate on the campus of the public
19 senior college or university or in the same county in which the
20 campus of the public senior college or university is located.

21 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS. (a)
22 Except as otherwise provided by this subchapter, Chapter 11A
23 [~~Subchapter D~~] applies to a college or university charter school

1 as though the college or university charter school were granted
2 a charter under that chapter [~~subchapter~~].

3 (b) A charter granted under this subchapter is not
4 considered for purposes of the limit on the number of public
5 [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section
6 11A.002 [~~12.101(b)~~].

7 (c) A college or university charter school is not subject
8 to a prohibition, restriction, or requirement relating to:

9 (1) open meetings and public information under Section
10 11A.053;

11 (2) maintenance of records under Section 11A.054;

12 (3) purchasing and contracting under Section 11A.055;

13 (4) conflict of interest under Section 11A.056;

14 (5) nepotism under Section 11A.057;

15 (6) composition of governing body under Section
16 11A.152;

17 (7) restrictions on serving as a member of a governing
18 body or as an officer or employee under Section 11A.153;

19 (8) liability of members of governing body under
20 Section 11A.154;

21 (9) training for members of governing body under
22 Section 11A.155;

23 (10) bylaws and annual reports under Section 11A.156;

1 (11) quarterly financial reports under Section
2 11A.157; and

3 (12) depository bond and security requirements under
4 Section 11A.204.

5 (d) A college or university charter school and the
6 governing body of the school are subject to regulations and
7 procedures that govern a public senior college or university
8 relating to open meetings, records retention, purchasing,
9 contracting, conflicts of interest, and nepotism.

10 SECTION 4.05. Section 5.001, Education Code, is amended by
11 adding Subdivision (5-a) and amending Subdivision (6) to read as
12 follows:

13 (5-a) "Public charter campus" means a campus operated
14 by a public charter district.

15 (6) "Public charter district [~~Open-enrollment charter~~
16 ~~school~~]" means a public school authorized by [~~that has been~~
17 ~~granted~~] a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].

18 SECTION 4.06. Section 7.003, Education Code, is amended to
19 read as follows:

20 Sec. 7.003. LIMITATION ON AUTHORITY. An educational
21 function not specifically delegated to the agency or the board
22 under this code is reserved to and shall be performed by school
23 districts or [~~open-enrollment~~] charter schools.

1 SECTION 4.07. Section 7.027(b), Education Code, as added by
2 Chapter 201, Acts of the 78th Legislature, Regular Session,
3 2003, is amended to read as follows:

4 (b) The board of trustees of a school district or the
5 governing body of a public charter district [~~an open-enrollment~~
6 ~~charter school~~] has primary responsibility for ensuring that the
7 district [~~or school~~] complies with all applicable requirements
8 of state educational programs.

9 SECTION 4.08. Section 7.055(b)(17), Education Code, is
10 amended to read as follows:

11 (17) The commissioner shall distribute funds to public
12 charter districts [~~open-enrollment charter schools~~] as required
13 under Chapter 11A [~~Subchapter D, Chapter 12~~].

14 SECTION 4.09. Section 7.102(c)(9), Education Code, is
15 amended to read as follows:

16 (9) The board may grant a charter for a public charter
17 district [~~an open-enrollment charter or approve a charter~~
18 ~~revision~~] as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

19 SECTION 4.10. Section 12.002, Education Code, is amended to
20 read as follows:

21 Sec. 12.002. CLASSES OF CHARTER. The classes of charter
22 under this chapter are:

23 (1) a home-rule school district charter as provided by

1 Subchapter B;

2 (2) a campus or campus program charter as provided by
3 Subchapter C; or

4 (3) a college or university [~~an open enrollment~~]
5 charter as provided by Subchapter E [D].

6 SECTION 4.11. Subchapter A, Chapter 21, Education Code, is
7 amended by adding Section 21.0032 to read as follows:

8 Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER
9 DISTRICT PERSONNEL; APPEAL. (a) A person may not be employed
10 by or serve as a teacher, teacher intern or teacher trainee,
11 librarian, educational aide, administrator, educational
12 diagnostician, or counselor for a public charter district unless
13 the person has been cleared by the State Board for Educator
14 Certification following a national criminal history record
15 review and investigation under this section.

16 (b) Before or immediately after employing or securing the
17 services of a person described by Subsection (a), a public
18 charter district shall send to the State Board for Educator
19 Certification the person's fingerprints and social security
20 number. The person may be employed or serve pending action by
21 the board.

22 (c) The State Board for Educator Certification shall review
23 and investigate the person's national criminal history record

1 information, educator certification discipline history in any
2 state, and other information in the same manner as a review or
3 investigation conducted regarding an initial application for
4 educator certification. If the board finds the person would not
5 be eligible for educator certification, the board shall notify
6 the public charter district in writing that the person may not
7 be employed or serve in a capacity described by Subsection (a).

8 (d) On receipt of written notice under Subsection (c), a
9 public charter district may not employ or permit the person to
10 serve unless the person timely submits a written appeal under
11 this section. The State Board for Educator Certification shall
12 conduct an appeal under this subsection in the same manner as an
13 appeal regarding the denial of an initial application for
14 educator certification.

15 SECTION 4.12. Sections 21.058(b) and (c), Education Code,
16 are amended to read as follows:

17 (b) Notwithstanding Section 21.041(b)(7), not later than
18 the fifth day after the date the board receives notice under
19 Article 42.018, Code of Criminal Procedure, of the conviction of
20 a person described by Section 21.0032 or who holds a certificate
21 under this subchapter, the board shall:

22 (1) revoke the certificate or clearance held by the
23 person; and

1 (2) provide to the person and to any school district
2 or public charter district [~~open-enrollment charter school~~]
3 employing the person at the time of revocation written notice
4 of:

5 (A) the revocation; and

6 (B) the basis for the revocation.

7 (c) A school district or public charter district [~~open-~~
8 ~~enrollment charter school~~] that receives notice under Subsection
9 (b) of the revocation of a certificate issued under this
10 subchapter shall:

11 (1) immediately remove the person whose certificate
12 has been revoked from campus or from an administrative office,
13 as applicable, to prevent the person from having any contact
14 with a student; and

15 (2) as soon as practicable, terminate the employment
16 of the person in accordance with the person's contract and with
17 this subchapter.

18 SECTION 4.13. Sections 22.083(b)-(d), Education Code, are
19 amended to read as follows:

20 (b) A public charter district may [~~An open-enrollment~~
21 ~~charter school shall~~] obtain from the Department of Public
22 Safety [~~any law enforcement or criminal justice agency~~] all
23 criminal history record information that relates to:

1 (1) a person whom the district [~~school~~] intends to
2 employ in any capacity; or

3 (2) a person who has indicated, in writing, an
4 intention to serve as a volunteer with the district [~~school~~].

5 (c) A school district, public charter district [~~open-~~
6 ~~enrollment charter school~~], private school, regional education
7 service center, or shared services arrangement may obtain from a
8 federal or state [~~any~~] law enforcement or criminal justice
9 agency all criminal history record information that relates to:

10 (1) a volunteer or employee of the district, school,
11 service center, or shared services arrangement; or

12 (2) an employee of or applicant for employment by a
13 person that contracts with the district, school, service center,
14 or shared services arrangement to provide services, if:

15 (A) the employee or applicant has or will have
16 continuing duties related to the contracted services; and

17 (B) the duties are or will be performed on school
18 property or at another location where students are regularly
19 present.

20 (d) The superintendent of a district or the director of a
21 public charter district [~~an open-enrollment charter school~~],
22 private school, regional education service center, or shared
23 services arrangement shall promptly notify the State Board for

1 Educator Certification in writing if the person obtains or has
2 knowledge of information showing that an applicant for or holder
3 of a certificate issued under Subchapter B, Chapter 21, has a
4 reported criminal history.

5 SECTION 4.14. Section 22.084, Education Code, is amended to
6 read as follows:

7 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL
8 BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as
9 provided by Subsections (c) and (d), a school district, public
10 charter district [~~open-enrollment charter school~~], private
11 school, regional education service center, or shared services
12 arrangement that contracts with a person for transportation
13 services shall obtain from the Department of Public Safety [~~any~~
14 ~~law enforcement or criminal justice agency~~] all criminal history
15 record information that relates to:

16 (1) a person employed by the person as a bus driver;
17 or

18 (2) a person the person intends to employ as a bus
19 driver.

20 (b) Except as provided by Subsections (c) and (d), a person
21 that contracts with a school district, public charter district
22 [~~open-enrollment charter school~~], private school, regional
23 education service center, or shared services arrangement to

1 provide transportation services shall submit to the district,
2 school, service center, or shared services arrangement the name
3 and other identification data required to obtain criminal
4 history record information of each person described by
5 Subsection (a). If the district, school, service center, or
6 shared services arrangement obtains information that a person
7 described by Subsection (a) has been convicted of a felony or a
8 misdemeanor involving moral turpitude, the district, school,
9 service center, or shared services arrangement shall inform the
10 chief personnel officer of the person with whom the district,
11 school, service center, or shared services arrangement has
12 contracted, and the person may not employ that person to drive a
13 bus on which students are transported without the permission of
14 the board of trustees of the district or service center, the
15 governing body of the public charter district [~~open-enrollment~~
16 ~~charter school~~], or the chief executive officer of the private
17 school or shared services arrangement.

18 (c) A commercial transportation company that contracts with
19 a school district, public charter district [~~open-enrollment~~
20 ~~charter school~~], private school, regional education service
21 center, or shared services arrangement to provide transportation
22 services may obtain from a federal or state [~~any~~] law
23 enforcement or criminal justice agency all criminal history

1 record information that relates to:

2 (1) a person employed by the commercial transportation
3 company as a bus driver, bus monitor, or bus aide; or

4 (2) a person the commercial transportation company
5 intends to employ as a bus driver, bus monitor, or bus aide.

6 (d) If the commercial transportation company obtains
7 information that a person employed or to be employed by the
8 company has been convicted of a felony or a misdemeanor
9 involving moral turpitude, the company may not employ that
10 person to drive or to serve as a bus monitor or bus aide on a
11 bus on which students are transported without the permission of
12 the board of trustees of the district or service center, the
13 governing body of the public charter district [~~open-enrollment~~
14 ~~charter school~~], or the chief executive officer of the private
15 school or shared services arrangement. Subsections (a) and (b)
16 do not apply if information is obtained as provided by
17 Subsection (c).

18 SECTION 4.15. Section 22.085, Education Code, is amended to
19 read as follows:

20 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.

21 A school district, public charter district [~~open-enrollment~~
22 ~~charter school~~], private school, regional education service
23 center, or shared services arrangement may discharge an employee

1 if the district or school obtains information of the employee's
2 conviction of a felony or of a misdemeanor involving moral
3 turpitude that the employee did not disclose to the State Board
4 for Educator Certification or the district, school, service
5 center, or shared services arrangement. An employee discharged
6 under this section is considered to have been discharged for
7 misconduct for purposes of Section 207.044, Labor Code.

8 SECTION 4.16. Section 22.086, Education Code, is amended to
9 read as follows:

10 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The State
11 Board for Educator Certification, a school district, a public
12 charter district [~~an open-enrollment charter school~~], a private
13 school, a regional education service center, a shared services
14 arrangement, or an employee of the board, district, school,
15 service center, or shared services arrangement is not civilly or
16 criminally liable for making a report required under this
17 subchapter.

18 SECTION 4.161. Section 25.087, Education Code, is amended
19 by amending Subsection (b) and adding Subsection (c) to read as
20 follows:

21 (b) A school district shall excuse a student from attending
22 school for:

23 (1) the following purposes, including travel for those

1 purposes:

2 (A) [~~purpose of~~] observing religious holy days;

3 (B) appearing at a governmental office to
4 complete paperwork required in connection with the student's
5 application for United States citizenship or to take part in a
6 naturalization oath ceremony;

7 (C) attending an appointment with the student's
8 probation officer;

9 (D) attending an adoption proceeding involving
10 the student; or

11 (E) attending a required court appearance; or

12 (2) a [~~, including traveling for that purpose. A~~
13 ~~school district shall excuse a student for~~] temporary absence
14 resulting from health care professionals if that student
15 commences classes or returns to school on the same day of the
16 appointment.

17 (c) A student whose absence is excused under Subsection (b)
18 [~~this subsection~~] may not be penalized for that absence and
19 shall be counted as if the student attended school for purposes
20 of calculating the average daily attendance of students in the
21 school district. A student whose absence is excused under
22 Subsection (b) [~~this subsection~~] shall be allowed a reasonable
23 time to make up school work missed on those days. If the

1 student satisfactorily completes the school work, the day of
2 absence shall be counted as a day of compulsory attendance.

3 SECTION 4.17. Section 25.088, Education Code, is amended to
4 read as follows:

5 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school
6 attendance officer may be selected by:

7 (1) the county school trustees of any county;

8 (2) the board of trustees of any school district or
9 the boards of trustees of two or more school districts jointly;
10 or

11 (3) the governing body of a public charter district
12 [~~an open-enrollment charter school~~].

13 SECTION 4.18. Section 25.089(a), Education Code, is amended
14 to read as follows:

15 (a) An attendance officer may be compensated from the funds
16 of the county, independent school district, or public charter
17 district [~~open-enrollment charter school~~], as applicable.

18 SECTION 4.19. Section 25.090(b), Education Code, is amended
19 to read as follows:

20 (b) If the governing body of a public charter district [~~an~~
21 ~~open-enrollment charter school~~] has not selected an attendance
22 officer for a district campus, the duties of attendance officer
23 shall be performed by the peace officers of the county in which

1 the campus [~~school~~] is located.

2 SECTION 4.20. Sections 25.093(d) and (e), Education Code,
3 are amended to read as follows:

4 (d) A fine collected under this section shall be deposited
5 as follows:

6 (1) one-half shall be deposited to the credit of the
7 operating fund of, as applicable:

8 (A) the school district in which the child
9 attends school;

10 (B) the public charter district [~~open-enrollment~~
11 ~~charter school~~] the child attends; or

12 (C) the juvenile justice alternative education
13 program that the child has been ordered to attend; and

14 (2) one-half shall be deposited to the credit of:

15 (A) the general fund of the county, if the
16 complaint is filed in the justice court or the constitutional
17 county court; or

18 (B) the general fund of the municipality, if the
19 complaint is filed in municipal court.

20 (e) At the trial of any person charged with violating this
21 section, the attendance records of the child may be presented in
22 court by any authorized employee of the school district or
23 public charter district [~~open-enrollment charter school~~], as

1 applicable.

2 SECTION 4.21. Sections 25.095(a) and (b), Education Code,
3 are amended to read as follows:

4 (a) A school district or public charter district [~~open-~~
5 ~~enrollment charter school~~] shall notify a student's parent in
6 writing at the beginning of the school year that if the student
7 is absent from school on 10 or more days or parts of days within
8 a six-month period in the same school year or on three or more
9 days or parts of days within a four-week period:

10 (1) the student's parent is subject to prosecution
11 under Section 25.093; and

12 (2) the student is subject to prosecution under
13 Section 25.094 or to referral to a juvenile court in a county
14 with a population of less than 100,000 for conduct that violates
15 that section.

16 (b) A school district or public charter district shall
17 notify a student's parent if the student has been absent from
18 school, without excuse under Section 25.087, on three days or
19 parts of days within a four-week period. The notice must:

20 (1) inform the parent that:

21 (A) it is the parent's duty to monitor the
22 student's school attendance and require the student to attend
23 school; and

1 (B) the parent is subject to prosecution under
2 Section 25.093; and

3 (2) request a conference between school officials and
4 the parent to discuss the absences.

5 SECTION 4.22. Sections 25.0951(a) and (b), Education Code,
6 are amended to read as follows:

7 (a) If a student fails to attend school without excuse on
8 10 or more days or parts of days within a six-month period in
9 the same school year, a school district or public charter
10 district shall:

11 (1) file a complaint against the student or the
12 student's parent or both in a county, justice, or municipal
13 court for an offense under Section 25.093 or 25.094, as
14 appropriate, or refer the student to a juvenile court in a
15 county with a population of less than 100,000 for conduct that
16 violates Section 25.094; or

17 (2) refer the student to a juvenile court for conduct
18 indicating a need for supervision under Section 51.03(b)(2),
19 Family Code.

20 (b) If a student fails to attend school without excuse on
21 three or more days or parts of days within a four-week period
22 but does not fail to attend school for the time described by
23 Subsection (a), the school district or public charter district

1 may:

2 (1) file a complaint against the student or the
3 student's parent or both in a county, justice, or municipal
4 court for an offense under Section 25.093 or 25.094, as
5 appropriate, or refer the student to a juvenile court in a
6 county with a population of less than 100,000 for conduct that
7 violates Section 25.094; or

8 (2) refer the student to a juvenile court for conduct
9 indicating a need for supervision under Section 51.03(b)(2),
10 Family Code.

11 SECTION 4.23. Section 26.006(c), Education Code, is amended
12 to read as follows:

13 (c) A student's parent is entitled to request that the
14 school district or public charter district [~~open-enrollment~~
15 ~~charter school~~] the student attends allow the student to take
16 home any textbook used by the student. Subject to the
17 availability of a textbook, the school district or public
18 charter district [~~or school~~] shall honor the request. A student
19 who takes home a textbook must return the textbook to school at
20 the beginning of the next school day if requested to do so by
21 the student's teacher. In this subsection, "textbook" has the
22 meaning assigned by Section 31.002.

23 SECTION 4.24. Sections 26.0085(a), (c), (d), and (e),

1 Education Code, are amended to read as follows:

2 (a) A school district or public charter district [~~open-~~
3 ~~enrollment charter school~~] that seeks to withhold information
4 from a parent who has requested public information relating to
5 the parent's child under Chapter 552, Government Code, and that
6 files suit as described by Section 552.324, Government Code, to
7 challenge a decision by the attorney general issued under
8 Subchapter G, Chapter 552, Government Code, must bring the suit
9 not later than the 30th calendar day after the date the school
10 district or public charter district [~~open-enrollment charter~~
11 ~~school~~] receives the decision of the attorney general being
12 challenged.

13 (c) Notwithstanding any other law, a school district or
14 public charter district [~~open-enrollment charter school~~] may not
15 appeal the decision of a court in a suit filed under Subsection
16 (a). This subsection does not affect the right of a parent to
17 appeal the decision.

18 (d) If the school district or public charter district
19 [~~open-enrollment charter school~~] does not bring suit within the
20 period established by Subsection (a), the school district or
21 public charter district [~~open-enrollment charter school~~] shall
22 comply with the decision of the attorney general.

23 (e) A school district or public charter district [~~open-~~

1 ~~enrollment charter school]~~ that receives a request from a parent
2 for public information relating to the parent's child shall
3 comply with Chapter 552, Government Code. If an earlier
4 deadline for bringing suit is established under Chapter 552,
5 Government Code, Subsection (a) does not apply. This section
6 does not affect the earlier deadline for purposes of Section
7 552.353(b)(3), Government Code, [532.353(b)(3)] for a suit
8 brought by an officer for public information.

9 SECTION 4.25. Section 28.0211(j), Education Code, is
10 amended to read as follows:

11 (j) A school district [~~or open-enrollment charter school]~~
12 shall provide students required to attend accelerated programs
13 under this section with transportation to those programs if the
14 programs occur outside of regular school hours.

15 SECTION 4.26. Section 29.010(f), Education Code, is amended
16 to read as follows:

17 (f) This section does not create an obligation for or
18 impose a requirement on a school district [~~or open-enrollment~~
19 ~~charter school]~~ that is not also created or imposed under
20 another state law or a federal law.

21 SECTION 4.27. Sections 29.012(a) and (c), Education Code,
22 are amended to read as follows:

23 (a) Except as provided by Subsection (b)(2), not later than

1 the third day after the date a person 22 years of age or younger
2 is placed in a residential facility, the residential facility
3 shall:

4 (1) if the person is three years of age or older,
5 notify the school district in which the facility is located,
6 unless the facility is a public charter district [~~an open-~~
7 ~~enrollment charter school~~]; or

8 (2) if the person is younger than three years of age,
9 notify a local early intervention program in the area in which
10 the facility is located.

11 (c) For purposes of enrollment in a school, a person who
12 resides in a residential facility is considered a resident of
13 the school district or geographical area served by the public
14 charter district campus [~~open-enrollment charter school~~] in
15 which the facility is located.

16 SECTION 4.28. Sections 29.062(c)-(e), Education Code, are
17 amended to read as follows:

18 (c) Not later than the 30th day after the date of an on-
19 site monitoring inspection, the agency shall report its findings
20 to the school district [~~or open-enrollment charter school~~] and
21 to the division of accreditation.

22 (d) The agency shall notify a school district [~~or open-~~
23 ~~enrollment charter school~~] found in noncompliance in writing,

1 not later than the 30th day after the date of the on-site
2 monitoring. The district [~~or open-enrollment charter school~~]
3 shall take immediate corrective action.

4 (e) If a school district [~~or open-enrollment charter~~
5 ~~school~~] fails to satisfy appropriate standards adopted by the
6 commissioner for purposes of Subsection (a), the agency shall
7 apply sanctions, which may include the removal of accreditation,
8 loss of foundation school funds, or both.

9 SECTION 4.29. Sections 29.087(a)-(c), (e), (k), and (l),
10 Education Code, are amended to read as follows:

11 (a) The agency shall develop a process by which a school
12 district or public charter district [~~open-enrollment charter~~
13 ~~school~~] may apply to the commissioner for authority to operate a
14 program to prepare eligible students to take a high school
15 equivalency examination.

16 (b) Any school district or public charter district [~~open-~~
17 ~~enrollment charter school~~] may apply for authorization to
18 operate a program under this section. As part of the application
19 process, the commissioner shall require a school district or
20 public charter district [~~or school~~] to provide information
21 regarding the operation of any similar program during the
22 preceding five years.

23 (b-1) A school district or public charter district [~~open-~~

1 ~~enrollment charter school~~] authorized by the commissioner on or
2 before August 31, 2003, to operate a program under this section
3 may continue to operate that program in accordance with this
4 section.

5 (c) A school district or public charter district [~~open-~~
6 ~~enrollment charter school~~] may not increase enrollment of
7 students in a program authorized by this section by more than
8 five percent of the number of students enrolled in the similar
9 program operated by the school district or public charter
10 district [~~or school~~] during the 2000-2001 school year.

11 (e) A school district or public charter district [~~open-~~
12 ~~enrollment charter school~~] shall inform each student who has
13 completed a program authorized by this section of the time and
14 place at which the student may take the high school equivalency
15 examination. Notwithstanding any provision of this section, a
16 student may not take the high school equivalency examination
17 except as authorized by Section 7.111.

18 (k) The board of trustees of a school district or the
19 governing body [~~board~~] of a public charter district [~~an open-~~
20 ~~enrollment charter school~~] shall:

21 (1) hold a public hearing concerning the proposed
22 application of the school district or public charter district
23 [~~or school~~] before applying to operate a program authorized by

1 this section; and

2 (2) subsequently hold a public hearing annually to
3 review the performance of the program.

4 (1) The commissioner may revoke a school district's or
5 public charter district's [~~open-enrollment charter school's~~]
6 authorization under this section after consideration of relevant
7 factors, including performance of students participating in the
8 school district's or public charter district's [~~or school's~~]
9 program on assessment instruments required under Chapter 39, the
10 percentage of students participating in the school district's or
11 public charter district's [~~or school's~~] program who complete the
12 program and perform successfully on the high school equivalency
13 examination, and other criteria adopted by the commissioner. A
14 decision by the commissioner under this subsection is final and
15 may not be appealed.

16 SECTION 4.30. Sections 29.155(a)-(d), (i), and (j),
17 Education Code, are amended to read as follows:

18 (a) From amounts appropriated for the purposes of this
19 section, the commissioner may make grants to school districts
20 and public charter districts [~~open-enrollment charter schools~~]
21 to implement or expand kindergarten and prekindergarten programs
22 by:

23 (1) operating an existing half-day kindergarten or

1 prekindergarten program on a full-day basis; or

2 (2) implementing a prekindergarten program at a campus
3 that does not have a prekindergarten program.

4 (b) A school district or public charter district [~~open-~~
5 ~~enrollment charter school~~] may use funds received under this
6 section to employ teachers and other personnel for a
7 kindergarten or prekindergarten program and acquire curriculum
8 materials or equipment, including computers, for use in
9 kindergarten and prekindergarten programs.

10 (c) To be eligible for a grant under this section, a school
11 district or public charter district [~~open-enrollment charter~~
12 ~~school~~] must apply to the commissioner in the manner and within
13 the time prescribed by the commissioner.

14 (d) In awarding grants under this section, the commissioner
15 shall give priority to districts and public charter districts
16 [~~open-enrollment charter schools~~] in which the level of
17 performance of students on the assessment instruments
18 administered under Section 39.023 to students in grade three is
19 substantially below the average level of performance on those
20 assessment instruments for all school districts in the state.

21 (i) In carrying out the purposes of Subsection (g), a
22 school district or public charter district [~~open-enrollment~~
23 ~~charter school~~] may use funds granted to the school district or

1 public charter district [~~or school~~] under this section
2 [~~subsection~~] in contracting with another entity, including a
3 private entity.

4 (j) If a school district or public charter district [~~open-~~
5 ~~enrollment charter school~~] returns to the commissioner funds
6 granted under this section, the commissioner may grant those
7 funds to another entity, including a private entity, for the
8 purposes of Subsection (g).

9 SECTION 4.31. Section 29.905(b), Education Code, is amended
10 to read as follows:

11 (b) The agency shall make the program available to a school
12 on the request of the board of trustees of [~~or~~] the school
13 district of which the school is a part, or if the school is a
14 public charter district [~~an open-enrollment charter school~~], on
15 the request of the governing body of the public charter district
16 [~~school~~].

17 SECTION 4.32. Section 31.021(b), Education Code, is amended
18 to read as follows:

19 (b) The State Board of Education shall annually set aside
20 out of the available school fund of the state an amount
21 sufficient for the board and[~~7~~] school districts[~~7~~, ~~and open-~~
22 ~~enrollment charter schools~~] to purchase and distribute the
23 necessary textbooks for the use of the students of this state

1 for the following school year. The board shall determine the
2 amount of the available school fund to set aside for the state
3 textbook fund based on:

4 (1) a report by the commissioner issued on July 1 or,
5 if that date is a Saturday or Sunday, on the following Monday,
6 stating the amount of unobligated money in the fund;

7 (2) the commissioner's estimate, based on textbooks
8 selected under Section 31.101 and on attendance reports
9 submitted under Section 31.103 by school districts [~~and open-~~
10 ~~enrollment charter schools~~], of the amount of funds, in addition
11 to funds reported under Subdivision (1), that will be necessary
12 for purchase and distribution of textbooks for the following
13 school year; and

14 (3) any amount the board determines should be set
15 aside for emergency purposes caused by unexpected increases in
16 attendance.

17 SECTION 4.33. Section 31.027(a), Education Code, is amended
18 to read as follows:

19 (a) A publisher shall provide each school district [~~and~~
20 ~~open-enrollment charter school~~] with information that fully
21 describes each of the publisher's adopted textbooks. On request
22 of a school district, a publisher shall provide a sample copy of
23 an adopted textbook.

1 SECTION 4.34. Section 31.030, Education Code, is amended to
2 read as follows:

3 Sec. 31.030. USED TEXTBOOKS. The State Board of Education
4 shall adopt rules to ensure that used textbooks sold to school
5 districts [~~and open-enrollment charter schools~~] are not sample
6 copies that contain factual errors. The rules may provide for
7 the imposition of an administrative penalty in accordance with
8 Section 31.151 against a seller of used textbooks who knowingly
9 violates this section.

10 SECTION 4.35. Section 31.101, Education Code, is amended to
11 read as follows:

12 Sec. 31.101. SELECTION AND PURCHASE OF TEXTBOOKS BY SCHOOL
13 DISTRICTS. (a) Each year, during a period established by the
14 State Board of Education, the board of trustees of each school
15 district [~~and the governing body of each open-enrollment charter~~
16 ~~school~~] shall:

17 (1) for a subject in the foundation curriculum, notify
18 the State Board of Education of the textbooks selected by the
19 board of trustees [~~or governing body~~] for the following school
20 year from among the textbooks on the appropriate conforming or
21 nonconforming list; or

22 (2) for a subject in the enrichment curriculum:

23 (A) notify the State Board of Education of each

1 textbook selected by the board of trustees [~~or governing body~~]
2 for the following school year from among the textbooks on the
3 appropriate conforming or nonconforming list; or

4 (B) notify the State Board of Education that the
5 board of trustees [~~or governing body~~] has selected a textbook
6 that is not on the conforming or nonconforming list.

7 (b) If a school district [~~or open-enrollment charter~~
8 ~~school~~] selects a textbook for a particular subject in the
9 enrichment curriculum and grade level that is not on the
10 conforming or nonconforming list, the state shall pay to the
11 district [~~or school~~] an amount equal to the lesser of:

12 (1) 70 percent of the cost to the district of the
13 textbook, multiplied by the number of textbooks the district [~~or~~
14 ~~school~~] needs for that subject and grade level; or

15 (2) 70 percent of the limitation established under
16 Section 31.025 for a textbook for that subject and grade level,
17 multiplied by the number of textbooks the district [~~or school~~]
18 needs for that subject and grade level.

19 (c) A school district [~~or open-enrollment charter school~~]
20 that selects a textbook that is not on the conforming or
21 nonconforming list:

22 (1) is responsible for the portion of the cost of the
23 textbook that is not paid by the state under Subsection (b); and

1 (2) may use funds received from the state under
2 Subsection (b) only for purchasing the textbook for which the
3 funds were received.

4 (d) For a textbook that is not on the conforming or
5 nonconforming list, a school district [~~or open-enrollment~~
6 ~~charter school~~] must use the textbook for the period of the
7 review and adoption cycle the State Board of Education has
8 established for the subject and grade level for which the
9 textbook is used.

10 SECTION 4.36. Section 31.102(c), Education Code, is amended
11 to read as follows:

12 (c) The board of trustees of a school district [~~or the~~
13 ~~governing body of an open-enrollment charter school~~] is the
14 legal custodian of textbooks purchased as provided by this
15 chapter for the district [~~or school~~]. The board of trustees
16 shall distribute textbooks to students in the manner that the
17 board [~~or governing body~~] determines is most effective and
18 economical.

19 SECTION 4.37. Section 31.103, Education Code, is amended to
20 read as follows:

21 Sec. 31.103. TEXTBOOK REQUISITIONS. (a) Not later than
22 the seventh day after the first school day in April, each
23 principal shall report the maximum attendance for the school to

1 the superintendent. Not later than April 25, the superintendent
2 of a school district [~~or the chief operating officer of an open-~~
3 ~~enrollment charter school~~] shall report the district's [~~or~~
4 ~~school's~~] maximum attendance to the commissioner.

5 (b) A requisition for textbooks for the following school
6 year shall be based on the maximum attendance reports under
7 Subsection (a), plus an additional 10 percent, except as
8 otherwise provided. A school district [~~or open-enrollment~~
9 ~~charter school~~] shall make a requisition for a textbook on the
10 conforming or nonconforming list through the commissioner to the
11 state depository designated by the publisher or as provided by
12 State Board of Education rule, as applicable, not later than
13 June 1 of each year. The designated state depository or, if the
14 publisher or manufacturer does not have a designated textbook
15 depository in this state under Section 31.151(a)(6)(B), the
16 publisher or manufacturer shall fill a requisition approved by
17 the agency at any other time in the case of an emergency. As
18 made necessary by available funds, the commissioner shall reduce
19 the additional percentage of attendance for which a district [~~or~~
20 ~~school~~] may requisition textbooks. The commissioner may, on
21 application of a district [~~or school~~] that is experiencing high
22 enrollment growth, increase the additional percentage of
23 attendance for which the district [~~or school~~] may requisition

1 textbooks.

2 (c) In making a requisition under this section, a school
3 district [~~or open-enrollment charter school~~] may requisition
4 textbooks on the conforming or nonconforming list for grades
5 above the grade level in which a student is enrolled, except
6 that the total quantity of textbooks requisitioned under this
7 section may not exceed the limit prescribed by Subsection (b).

8 SECTION 4.38. Sections 31.104(a), (b), and (d), Education
9 Code, are amended to read as follows:

10 (a) The board of trustees of a school district [~~or the~~
11 ~~governing body of an open-enrollment charter school~~] may
12 delegate to an employee the authority to requisition,
13 distribute, and manage the inventory of textbooks in a manner
14 consistent with this chapter and rules adopted under this
15 chapter.

16 (b) A school district [~~or open-enrollment charter school~~]
17 may order replacements for textbooks that have been lost or
18 damaged directly from:

19 (1) the textbook depository; or

20 (2) the textbook publisher or manufacturer if the
21 textbook publisher or manufacturer does not have a designated
22 textbook depository in this state under Section 31.151(a)(6)(B).

23 (d) Each student, or the student's parent or guardian, is

1 responsible for each textbook not returned by the student. A
2 student who fails to return all textbooks forfeits the right to
3 free textbooks until each textbook previously issued but not
4 returned is paid for by the student, parent, or guardian. As
5 provided by policy of the board of trustees [~~or governing body~~],
6 a school district [~~or open-enrollment charter school~~] may waive
7 or reduce the payment requirement if the student is from a low-
8 income family. The district [~~or school~~] shall allow the student
9 to use textbooks at school during each school day. If a
10 textbook is not returned or paid for, the district [~~or school~~]
11 may withhold the student's records. A district [~~or school~~] may
12 not, under this subsection, prevent a student from graduating,
13 participating in a graduation ceremony, or receiving a diploma.

14 SECTION 4.39. Section 31.105, Education Code, is amended to
15 read as follows:

16 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a
17 school district [~~or governing body of an open-enrollment charter~~
18 ~~school~~] may sell textbooks, other than electronic textbooks, to
19 a student or another school at the state contract price. The
20 district shall send money from the sale of textbooks to the
21 commissioner as required by the commissioner. The commissioner
22 shall deposit the money in the state textbook fund.

23 SECTION 4.40. Section 31.106, Education Code, is amended to

1 read as follows:

2 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
3 textbook selected under this chapter, a school district [~~or~~
4 ~~open-enrollment charter school~~] may use local funds to purchase
5 any textbooks.

6 SECTION 4.41. Section 31.151(a), Education Code, is amended
7 to read as follows:

8 (a) A publisher or manufacturer of textbooks:

9 (1) shall furnish any textbook the publisher or
10 manufacturer offers in this state, at a price that does not
11 exceed the lowest price at which the publisher offers that
12 textbook for adoption or sale to any state, public school, or
13 school district in the United States;

14 (2) shall automatically reduce the price of a textbook
15 sold for use in a school district [~~or open-enrollment charter~~
16 ~~school~~] to the extent that the price is reduced elsewhere in the
17 United States;

18 (3) shall provide any textbook or ancillary item free
19 of charge in this state to the same extent that the publisher or
20 manufacturer provides the textbook or ancillary item free of
21 charge to any state, public school, or school district in the
22 United States;

23 (4) shall guarantee that each copy of a textbook sold

1 in this state is at least equal in quality to copies of that
2 textbook sold elsewhere in the United States and is free from
3 factual error;

4 (5) may not become associated or connected with,
5 directly or indirectly, any combination in restraint of trade in
6 textbooks or enter into any understanding or combination to
7 control prices or restrict competition in the sale of textbooks
8 for use in this state;

9 (6) shall:

10 (A) maintain a depository in this state or
11 arrange with a depository in this state to receive and fill
12 orders for textbooks, other than on-line textbooks or on-line
13 textbook components, consistent with State Board of Education
14 rules; or

15 (B) deliver textbooks to a school district [~~or~~
16 ~~open-enrollment charter school~~] without a delivery charge to the
17 school district[~~, open-enrollment charter school,~~] or state, if:

18 (i) the publisher or manufacturer does not
19 maintain or arrange with a depository in this state under
20 Paragraph (A) and the publisher's or manufacturer's textbooks
21 and related products are warehoused or otherwise stored less
22 than 300 miles from a border of this state; or

23 (ii) the textbooks are on-line textbooks or

1 on-line textbook components;

2 (7) shall, at the time an order for textbooks is
3 acknowledged, provide to school districts [~~or open-enrollment~~
4 ~~charter schools~~] an accurate shipping date for textbooks that
5 are back-ordered;

6 (8) shall guarantee delivery of textbooks at least 10
7 business days before the opening day of school of the year for
8 which the textbooks are ordered if the textbooks are ordered by
9 a date specified in the sales contract; and

10 (9) shall submit to the State Board of Education an
11 affidavit certifying any textbook the publisher or manufacturer
12 offers in this state to be free of factual errors at the time
13 the publisher executes the contract required by Section 31.026.

14 SECTION 4.42. Section 31.201(c), Education Code, is amended
15 to read as follows:

16 (c) The State Board of Education shall adopt rules under
17 which a school district [~~or open-enrollment charter school~~] may
18 donate discontinued textbooks, other than electronic textbooks,
19 to a student, to an adult education program, or to a nonprofit
20 organization.

21 SECTION 4.43. Subchapter C, Chapter 32, Education Code, is
22 amended by adding Section 32.1011 to read as follows:

23 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.

1 This subchapter applies to a public charter district as if the
2 public charter district were a school district.

3 SECTION 4.44. Section 32.102, Education Code, is amended to
4 read as follows:

5 Sec. 32.102. AUTHORITY. (a) As provided by this
6 subchapter, a school district [~~or open-enrollment charter~~
7 ~~school~~] may transfer to a student enrolled in the district [~~or~~
8 ~~school~~]:

9 (1) any data processing equipment donated to the
10 district [~~or school~~], including equipment donated by:

11 (A) a private donor; or

12 (B) a state eleemosynary institution or a state
13 agency under Section 2175.128, Government Code;

14 (2) any equipment purchased by the district [~~or~~
15 ~~school~~], to the extent consistent with Section 32.105; and

16 (3) any surplus or salvage equipment owned by the
17 district [~~or school~~].

18 (b) A school district [~~or open-enrollment charter school~~]
19 may accept:

20 (1) donations of data processing equipment for
21 transfer under this subchapter; and

22 (2) any gifts, grants, or donations of money or
23 services to purchase, refurbish, or repair data processing

1 equipment under this subchapter.

2 SECTION 4.45. Section 32.103, Education Code, is amended to
3 read as follows:

4 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
5 eligible to receive data processing equipment under this
6 subchapter only if the student does not otherwise have home
7 access to data processing equipment, as determined by the
8 student's school district [~~or open-enrollment charter school~~].

9 (b) In transferring data processing equipment to students,
10 a school district [~~or open-enrollment charter school~~] shall give
11 preference to educationally disadvantaged students.

12 SECTION 4.46. Section 32.104, Education Code, is amended to
13 read as follows:

14 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before
15 transferring data processing equipment to a student, a school
16 district [~~or open-enrollment charter school~~] must:

17 (1) adopt rules governing transfers under this
18 subchapter, including provisions for technical assistance to the
19 student by the district [~~or school~~];

20 (2) determine that the transfer serves a public
21 purpose and benefits the district [~~or school~~]; and

22 (3) remove from the equipment any offensive,
23 confidential, or proprietary information, as determined by the

1 district [~~or school~~].

2 SECTION 4.47. Section 32.105, Education Code, is amended to
3 read as follows:

4 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school
5 district [~~or open-enrollment charter school~~] may spend public
6 funds to:

7 (1) purchase, refurbish, or repair any data processing
8 equipment transferred to a student under this subchapter; and

9 (2) store, transport, or transfer data processing
10 equipment under this subchapter.

11 SECTION 4.48. Section 32.106, Education Code, is amended to
12 read as follows:

13 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided
14 by Subsection (b), a student who receives data processing
15 equipment from a school district [~~or open-enrollment charter
16 school~~] under this subchapter shall return the equipment to the
17 district [~~or school~~] not later than the earliest of:

18 (1) five years after the date the student receives the
19 equipment;

20 (2) the date the student graduates;

21 (3) the date the student transfers to another school
22 district [~~or open-enrollment charter school~~]; or

23 (4) the date the student withdraws from school.

1 (b) Subsection (a) does not apply if, at the time the
2 student is required to return the data processing equipment
3 under that subsection, the district [~~or school~~] determines that
4 the equipment has no marketable value.

5 SECTION 4.49. Section 33.007, Education Code, is amended to
6 read as follows:

7 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION. (a)
8 Each counselor at an elementary, middle, or junior high school,
9 including a public charter district [~~an open-enrollment charter~~
10 ~~school~~] offering those grades, shall advise students and their
11 parents or guardians regarding the importance of higher
12 education, coursework designed to prepare students for higher
13 education, and financial aid availability and requirements.

14 (b) During the first school year a student is enrolled in a
15 high school or at the high school level in a public charter
16 district [~~an open-enrollment charter school~~], and again during a
17 student's senior year, a counselor shall provide information
18 about higher education to the student and the student's parent
19 or guardian. The information must include information
20 regarding:

21 (1) the importance of higher education;

22 (2) the advantages of completing the recommended or
23 advanced high school program adopted under Section 28.025(a);

1 (3) the disadvantages of taking courses to prepare for
2 a high school equivalency examination relative to the benefits
3 of taking courses leading to a high school diploma;

4 (4) financial aid eligibility;

5 (5) instruction on how to apply for federal financial
6 aid;

7 (6) the center for financial aid information
8 established under Section 61.0776;

9 (7) the automatic admission of certain students to
10 general academic teaching institutions as provided by Section
11 51.803; and

12 (8) the eligibility and academic performance
13 requirements for the TEXAS Grant as provided by Subchapter M,
14 Chapter 56[, ~~as added by Chapter 1590, Acts of the 76th~~
15 ~~Legislature, Regular Session, 1999~~].

16 SECTION 4.50. Section 33.901, Education Code, is amended to
17 read as follows:

18 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of
19 the students enrolled in one or more schools in a school
20 district or enrolled in a public charter district campus [~~an~~
21 ~~open-enrollment charter school~~] are eligible for free or
22 reduced-price breakfasts under the national school breakfast
23 program provided for by the Child Nutrition Act of 1966 (42

1 U.S.C. Section 1773), the governing body of the district or the
2 public charter district [~~open-enrollment charter school~~] shall
3 participate in the program and make the benefits of the program
4 available to all eligible students in the schools or campus
5 [~~school~~].

6 SECTION 4.51. Section 37.007(e), Education Code, is amended
7 to read as follows:

8 (e) In accordance with 20 U.S.C. Section 7151, a local
9 educational agency, including a school district, home-rule
10 school district, or public charter district [~~open-enrollment~~
11 ~~charter school~~], shall expel a student who brings a firearm, as
12 defined by 18 U.S.C. Section 921, to school. The student must
13 be expelled from the student's regular campus for a period of at
14 least one year, except that:

15 (1) the superintendent or other chief administrative
16 officer of the school district or of the other local educational
17 agency, as defined by 20 U.S.C. Section 7801, may modify the
18 length of the expulsion in the case of an individual student;

19 (2) the district or other local educational agency
20 shall provide educational services to an expelled student in a
21 disciplinary alternative education program as provided by
22 Section 37.008 if the student is younger than 10 years of age on
23 the date of expulsion; and

1 (3) the district or other local educational agency may
2 provide educational services to an expelled student who is 10
3 years of age or older in a disciplinary alternative education
4 program as provided in Section 37.008.

5 SECTION 4.52. Section 37.008(j), Education Code, is amended
6 to read as follows:

7 (j) If a student placed in a disciplinary alternative
8 education program enrolls in another school district before the
9 expiration of the period of placement, the board of trustees of
10 the district requiring the placement shall provide to the
11 district in which the student enrolls, at the same time other
12 records of the student are provided, a copy of the placement
13 order. The district in which the student enrolls may continue
14 the disciplinary alternative education program placement under
15 the terms of the order or may allow the student to attend
16 regular classes without completing the period of placement. A
17 school district may take any action permitted by this subsection
18 if:

19 (1) the student was placed in a disciplinary
20 alternative education program by a public charter district [~~an~~
21 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~]
22 and the public charter district [~~school~~] provides to the school
23 district a copy of the placement order; or

1 (2) the student was placed in a disciplinary
2 alternative education program by a school district in another
3 state and:

4 (A) the out-of-state district provides to the
5 school district a copy of the placement order; and

6 (B) the grounds for the placement by the out-of-
7 state district are grounds for placement in the school district
8 in which the student is enrolling.

9 SECTION 4.53. Section 37.021(a)(2), Education Code, as
10 added by Chapter 631, Acts of the 78th Legislature, Regular
11 Session, 2003, is amended to read as follows:

12 (2) "District or school" includes an independent
13 school district, a home-rule school district, a campus or campus
14 program charter holder, or a public charter district [~~an open-~~
15 ~~enrollment charter school~~].

16 SECTION 4.54. Section 39.131(a), Education Code, is amended
17 to read as follows:

18 (a) If a district does not satisfy the accreditation
19 criteria, the commissioner shall take any of the following
20 actions, listed in order of severity, to the extent the
21 commissioner determines necessary:

22 (1) issue public notice of the deficiency to the board
23 of trustees;

1 (2) order a hearing conducted by the board of trustees
2 of the district for the purpose of notifying the public of the
3 unacceptable performance, the improvements in performance
4 expected by the agency, and the sanctions that may be imposed
5 under this section if the performance does not improve;

6 (3) order the preparation of a student achievement
7 improvement plan that addresses each academic excellence
8 indicator for which the district's performance is unacceptable,
9 the submission of the plan to the commissioner for approval, and
10 implementation of the plan;

11 (4) order a hearing to be held before the commissioner
12 or the commissioner's designee at which the president of the
13 board of trustees of the district and the superintendent shall
14 appear and explain the district's low performance, lack of
15 improvement, and plans for improvement;

16 (5) arrange an on-site investigation of the district;

17 (6) appoint an agency monitor to participate in and
18 report to the agency on the activities of the board of trustees
19 or the superintendent;

20 (7) appoint a conservator to oversee the operations of
21 the district;

22 (8) appoint a management team to direct the operations
23 of the district in areas of unacceptable performance or require

1 the district to obtain certain services under a contract with
2 another person;

3 (9) if a district has been rated as academically
4 unacceptable for a period of one year or more, appoint a board
5 of managers to exercise the powers and duties of the board of
6 trustees;

7 (10) if a district has been rated as academically
8 unacceptable for a period of two years or more:

9 (A) annex the district to one or more adjoining
10 districts under Section 13.054; or

11 (B) in the case of a home-rule school district or
12 public charter district [~~open-enrollment charter school~~], order
13 closure of all programs operated under the district's [~~ex~~
14 ~~school's~~] charter; or

15 (11) if a district has been rated as academically
16 unacceptable for a period of two years or more due to the
17 district's dropout rates, impose sanctions designed to improve
18 high school completion rates, including:

19 (A) ordering the development of a dropout
20 prevention plan for approval by the commissioner;

21 (B) restructuring the district or appropriate
22 school campuses to improve identification of and service to
23 students who are at risk of dropping out of school, as defined

1 by Section 29.081;

2 (C) ordering lower student-to-counselor ratios on
3 school campuses with high dropout rates; and

4 (D) ordering the use of any other intervention
5 strategy effective in reducing dropout rates, including mentor
6 programs and flexible class scheduling.

7 SECTION 4.55. Section 39.182(a), Education Code, is amended
8 to read as follows:

9 (a) Not later than December 1 of each year, the agency
10 shall prepare and deliver to the governor, the lieutenant
11 governor, the speaker of the house of representatives, each
12 member of the legislature, the Legislative Budget Board, and the
13 clerks of the standing committees of the senate and house of
14 representatives with primary jurisdiction over the public school
15 system a comprehensive report covering the preceding school year
16 and containing:

17 (1) an evaluation of the achievements of the state
18 educational program in relation to the statutory goals for the
19 public education system under Section 4.002;

20 (2) an evaluation of the status of education in the
21 state as reflected by the academic excellence indicators adopted
22 under Section 39.051;

23 (3) a summary compilation of overall student

1 performance on academic skills assessment instruments required
2 by Section 39.023 with the number and percentage of students
3 exempted from the administration of those instruments and the
4 basis of the exemptions, aggregated by grade level, subject
5 area, campus, and district, with appropriate interpretations and
6 analysis, and disaggregated by race, ethnicity, gender, and
7 socioeconomic status;

8 (4) a summary compilation of overall performance of
9 students placed in an alternative education program established
10 under Section 37.008 on academic skills assessment instruments
11 required by Section 39.023 with the number of those students
12 exempted from the administration of those instruments and the
13 basis of the exemptions, aggregated by district, grade level,
14 and subject area, with appropriate interpretations and analysis,
15 and disaggregated by race, ethnicity, gender, and socioeconomic
16 status;

17 (5) a summary compilation of overall performance of
18 students at risk of dropping out of school, as defined by
19 Section 29.081(d), on academic skills assessment instruments
20 required by Section 39.023 with the number of those students
21 exempted from the administration of those instruments and the
22 basis of the exemptions, aggregated by district, grade level,
23 and subject area, with appropriate interpretations and analysis,

1 and disaggregated by race, ethnicity, gender, and socioeconomic
2 status;

3 (6) an evaluation of the correlation between student
4 grades and student performance on academic skills assessment
5 instruments required by Section 39.023;

6 (7) a statement of the dropout rate of students in
7 grade levels 7 through 12, expressed in the aggregate and by
8 grade level, and a statement of the completion rates of students
9 for grade levels 9 through 12;

10 (8) a statement of:

11 (A) the completion rate of students who enter
12 grade level 9 and graduate not more than four years later;

13 (B) the completion rate of students who enter
14 grade level 9 and graduate, including students who require more
15 than four years to graduate;

16 (C) the completion rate of students who enter
17 grade level 9 and not more than four years later receive a high
18 school equivalency certificate;

19 (D) the completion rate of students who enter
20 grade level 9 and receive a high school equivalency certificate,
21 including students who require more than four years to receive a
22 certificate; and

23 (E) the number and percentage of all students who

1 have not been accounted for under Paragraph (A), (B), (C), or
2 (D);

3 (9) a statement of the projected cross-sectional and
4 longitudinal dropout rates for grade levels 9 through 12 for the
5 next five years, assuming no state action is taken to reduce the
6 dropout rate;

7 (10) a description of a systematic, measurable plan
8 for reducing the projected cross-sectional and longitudinal
9 dropout rates to five percent or less for the 1997-1998 school
10 year;

11 (11) a summary of the information required by Section
12 29.083 regarding grade level retention of students and
13 information concerning:

14 (A) the number and percentage of students
15 retained; and

16 (B) the performance of retained students on
17 assessment instruments required under Section 39.023(a);

18 (12) information, aggregated by district type and
19 disaggregated by race, ethnicity, gender, and socioeconomic
20 status, on:

21 (A) the number of students placed in a
22 disciplinary [an] alternative education program established
23 under Section 37.008;

1 (B) the average length of a student's placement
2 in a disciplinary [~~an~~] alternative education program established
3 under Section 37.008;

4 (C) the academic performance of students on
5 assessment instruments required under Section 39.023(a) during
6 the year preceding and during the year following placement in a
7 disciplinary [~~an~~] alternative education program; and

8 (D) the dropout rates of students who have been
9 placed in a disciplinary [~~an~~] alternative education program
10 established under Section 37.008;

11 (13) a list of each school district or campus that
12 does not satisfy performance standards, with an explanation of
13 the actions taken by the commissioner to improve student
14 performance in the district or campus and an evaluation of the
15 results of those actions;

16 (14) an evaluation of the status of the curriculum
17 taught in public schools, with recommendations for legislative
18 changes necessary to improve or modify the curriculum required
19 by Section 28.002;

20 (15) a description of all funds received by and each
21 activity and expenditure of the agency;

22 (16) a summary and analysis of the instructional
23 expenditures ratios and instructional employees ratios of school

1 districts computed under Section 44.0071;

2 (17) a summary of the effect of deregulation,
3 including exemptions and waivers granted under Section 7.056 or
4 39.112;

5 (18) a statement of the total number and length of
6 reports that school districts and school district employees must
7 submit to the agency, identifying which reports are required by
8 federal statute or rule, state statute, or agency rule, and a
9 summary of the agency's efforts to reduce overall reporting
10 requirements;

11 (19) a list of each school district that is not in
12 compliance with state special education requirements, including:

13 (A) the period for which the district has not
14 been in compliance;

15 (B) the manner in which the agency considered the
16 district's failure to comply in determining the district's
17 accreditation status; and

18 (C) an explanation of the actions taken by the
19 commissioner to ensure compliance and an evaluation of the
20 results of those actions;

21 (20) a comparison of the performance of public charter
22 districts [~~open-enrollment charter schools~~] and school districts
23 on the academic excellence indicators specified in Section

1 39.051(b) and accountability measures adopted under Section
2 39.051(g), with a separately aggregated comparison of the
3 performance of public charter districts [~~open-enrollment charter~~
4 ~~schools~~] predominantly serving students at risk of dropping out
5 of school, as defined by Section 29.081(d), with the performance
6 of school districts; and

7 (21) any additional information considered important
8 by the commissioner or the State Board of Education.

9 SECTION 4.56. Section 42.005(f), Education Code, is amended
10 to read as follows:

11 (f) A public charter district [~~An open-enrollment charter~~
12 ~~school~~] is not entitled to funding based on an adjustment under
13 Subsection (b)(2).

14 SECTION 4.57. Section 42.152(c), Education Code, is amended
15 to read as follows:

16 (c) Funds allocated under this section shall be used to
17 fund supplemental programs and services designed to eliminate
18 any disparity in performance on assessment instruments
19 administered under Subchapter B, Chapter 39, or disparity in the
20 rates of high school completion between students at risk of
21 dropping out of school, as defined by Section 29.081, and all
22 other students. Specifically, the funds, other than an indirect
23 cost allotment established under State Board of Education rule,

1 which may not exceed 15 percent, may be used to meet the costs
2 of providing a compensatory, intensive, or accelerated
3 instruction program under Section 29.081 or an alternative
4 education program established under Section 37.008 or to support
5 a program eligible under Title I of the Elementary and Secondary
6 Education Act of 1965, as provided by Pub. L. No. 103-382 and
7 its subsequent amendments, and by federal regulations
8 implementing that Act, at a campus at which at least 40 percent
9 of the students are educationally disadvantaged. In meeting the
10 costs of providing a compensatory, intensive, or accelerated
11 instruction program under Section 29.081, a district's
12 compensatory education allotment shall be used for costs
13 supplementary to the regular education program, such as costs
14 for program and student evaluation, instructional materials and
15 equipment and other supplies required for quality instruction,
16 supplemental staff expenses, salary for teachers of at-risk
17 students, smaller class size, and individualized instruction. A
18 home-rule school district or a public charter district [~~an open-~~
19 ~~enrollment charter school~~] must use funds allocated under
20 Subsection (a) for a purpose authorized in this subsection but
21 is not otherwise subject to Subchapter C, Chapter 29.
22 Notwithstanding any other provisions of this section:

23 (1) to ensure that a sufficient amount of the funds

1 allotted under this section are available to supplement
2 instructional programs and services, no more than 18 percent of
3 the funds allotted under this section may be used to fund
4 disciplinary alternative education programs established under
5 Section 37.008;

6 (2) the commissioner may waive the limitations of
7 Subdivision (1) upon an annual petition, by a district's board
8 and a district's site-based decision making committee,
9 presenting the reason for the need to spend supplemental
10 compensatory education funds on disciplinary alternative
11 education programs under Section 37.008, provided that:

12 (A) the district in its petition reports the
13 number of students in each grade level, by demographic subgroup,
14 not making satisfactory progress under the state's assessment
15 system; and

16 (B) the commissioner makes the waiver request
17 information available annually to the public on the agency's
18 website; and

19 (3) for purposes of this subsection, a program
20 specifically designed to serve students at risk of dropping out
21 of school, as defined by Section 29.081, is considered to be a
22 program supplemental to the regular education program, and a
23 district may use its compensatory education allotment for such a

1 program.

2 SECTION 4.58. Section 44.008(a), Education Code, is amended
3 to read as follows:

4 (a) The board of school trustees of each school district
5 shall have its school district fiscal accounts audited annually
6 at district expense by a certified or public accountant holding
7 a permit from the Texas State Board of Public Accountancy.
8 Except as determined impracticable by the commissioner, the
9 accountant must have completed at least one peer-reviewed audit
10 of a school district, governmental entity, quasi-governmental
11 entity, or nonprofit corporation and received an unqualified
12 opinion from the peer review. The audit must be completed
13 following the close of each fiscal year.

14 SECTION 4.59. Section 46.012, Education Code, is amended to
15 read as follows:

16 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
17 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district
18 [~~An open enrollment charter school~~] is not entitled to an
19 allotment under this subchapter.

20 SECTION 4.60. Section 46.036, Education Code, is amended to
21 read as follows:

22 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
23 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district

1 ~~[An open-enrollment charter school]~~ is not entitled to an
2 allotment under this subchapter.

3 SECTION 4.61. Section 53.02(13), Education Code, is amended
4 to read as follows:

5 (13) "Authorized charter school" means a public
6 charter district ~~[an open-enrollment charter school]~~ that holds
7 a charter granted under Chapter 11A ~~[Subchapter D, Chapter 12]~~.

8 SECTION 4.62. The heading to Section 53.351, Education
9 Code, is amended to read as follows:

10 Sec. 53.351. BONDS FOR AUTHORIZED ~~[OPEN ENROLLMENT]~~ CHARTER
11 SCHOOL FACILITIES.

12 SECTION 4.63. Sections 53.351(a), (c), (d), (f), and (g),
13 Education Code, are amended to read as follows:

14 (a) The Texas Public Finance Authority shall establish a
15 nonprofit corporation to issue revenue bonds on behalf of
16 authorized ~~[open-enrollment]~~ charter schools for the
17 acquisition, construction, repair, or renovation of educational
18 facilities of those schools.

19 (c) The corporation has all powers granted under the Texas
20 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
21 Texas Civil Statutes) for the purpose of aiding authorized
22 ~~[open-enrollment]~~ charter schools in providing educational
23 facilities. The corporation may make expenditures from the fund

1 described by Subsection (e) and may solicit and accept grants
2 for deposit into the fund. In addition, Sections 53.131, 53.15,
3 53.31, 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42
4 apply to and govern the corporation and its procedures and
5 bonds.

6 (d) The corporation shall adopt rules governing the
7 issuance of bonds on behalf of an authorized [~~open-enrollment~~]
8 charter school.

9 (f) A revenue bond issued under this section is not a debt
10 of the state or any state agency, political corporation, or
11 political subdivision of the state and is not a pledge of the
12 faith and credit of any of these entities. A revenue bond is
13 payable solely from the revenue of the authorized [~~open-~~
14 ~~enrollment~~] charter school on whose behalf the bond is issued.
15 A revenue bond issued under this section must contain on its
16 face a statement to the effect that:

17 (1) neither the state nor a state agency, political
18 corporation, or political subdivision of the state is obligated
19 to pay the principal of or interest on the bond; and

20 (2) neither the faith and credit nor the taxing power
21 of the state or any state agency, political corporation, or
22 political subdivision of the state is pledged to the payment of
23 the principal of or interest on the bond.

1 (g) An educational facility financed in whole or in part
2 under this section is exempt from taxation if the facility:

3 (1) is owned by an authorized [~~open-enrollment~~]
4 charter school;

5 (2) is held for the exclusive benefit of the school;
6 and

7 (3) is held for the exclusive use of the students,
8 faculty, and staff members of the school.

9 SECTION 4.64. Section 411.097(c), Government Code, is
10 amended to read as follows:

11 (c) A public charter district [~~An open-enrollment charter~~
12 ~~school~~] is entitled to obtain from the department criminal
13 history record information maintained by the department that
14 relates to a person who:

15 (1) is a member of the governing body of the public
16 charter district [~~school~~], as defined by Section 11A.001
17 [~~12.1012~~], Education Code; or

18 (2) has agreed to serve as a member of the governing
19 body of the public charter district [~~school~~].

20 SECTION 4.65. Sections 2175.128(a) and (b), Government
21 Code, are amended to read as follows:

22 (a) If a disposition of a state agency's surplus or salvage
23 data processing equipment is not made under Section 2175.125 or

1 2175.184, the state agency shall transfer the equipment to:

2 (1) a school district or public charter district
3 [~~open-enrollment charter school~~] in this state under Subchapter
4 C, Chapter 32, Education Code;

5 (2) an assistance organization specified by the school
6 district or public charter district; or

7 (3) the Texas Department of Criminal Justice.

8 (b) If a disposition of the surplus or salvage data
9 processing equipment of a state eleemosynary institution or an
10 institution or agency of higher education is not made under
11 other law, the institution or agency shall transfer the
12 equipment to:

13 (1) a school district or public charter district
14 [~~open-enrollment charter school~~] in this state under Subchapter
15 C, Chapter 32, Education Code;

16 (2) an assistance organization specified by the school
17 district or public charter district; or

18 (3) the Texas Department of Criminal Justice.

19 SECTION 4.66. Section 2306.630(a), Government Code, is
20 amended to read as follows:

21 (a) Subject to Subsection (b), the following entities may
22 apply to receive a grant for an eligible project under this
23 subchapter:

1 (1) a private, nonprofit, tax-exempt organization
2 listed in Section 501(c)(3), Internal Revenue Code of 1986 (26
3 U.S.C. Section 501(c)(3));

4 (2) a public agency that operates a community-based
5 youth employment training program;

6 (3) a community housing development organization
7 certified by the state;

8 (4) an educational facility approved by the Texas
9 Youth Commission;

10 (5) a corps-based community service organization;

11 (6) a public charter district [~~an open-enrollment~~
12 ~~charter school~~] approved by the State Board of Education [~~Texas~~
13 ~~Education Agency~~]; or

14 (7) another entity authorized by board rule.

15 SECTION 4.67. Section 1575.002(6), Insurance Code, is
16 amended to read as follows:

17 (6) "Public school" means:

18 (A) a school district;

19 (B) another educational district whose employees
20 are members of the Teacher Retirement System of Texas;

21 (C) a regional education service center
22 established under Chapter 8, Education Code; or

23 (D) a public charter district [~~an open-enrollment~~

1 ~~charter school~~] established under Chapter 11A [~~Subchapter D,~~
2 ~~Chapter 12~~], Education Code.

3 SECTION 4.68. Section 1579.002(3), Insurance Code, is
4 amended to read as follows:

5 (3) "Charter school" means a public charter district
6 [~~an open-enrollment charter school~~] established under Chapter
7 11A [~~Subchapter D, Chapter 12~~], Education Code.

8 SECTION 4.69. Section 140.005, Local Government Code, is
9 amended to read as follows:

10 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,
11 OR OTHER DISTRICT. The governing body of a school district,
12 public charter district [~~open-enrollment charter school~~], junior
13 college district, or a district or authority organized under
14 Article III, Section 52, or Article XVI, Section 59, of the
15 Texas Constitution, shall prepare an annual financial statement
16 showing for each fund subject to the authority of the governing
17 body during the fiscal year:

18 (1) the total receipts of the fund, itemized by source
19 of revenue, including taxes, assessments, service charges,
20 grants of state money, gifts, or other general sources from
21 which funds are derived;

22 (2) the total disbursements of the fund, itemized by
23 the nature of the expenditure; and

1 (3) the balance in the fund at the close of the fiscal
2 year.

3 SECTION 4.70. Section 140.006(c), Local Government Code, is
4 amended to read as follows:

5 (c) The presiding officer of a school district shall submit
6 a financial statement prepared under Section 140.005 to a daily,
7 weekly, or biweekly newspaper published within the boundaries of
8 the district. If a daily, weekly, or biweekly newspaper is not
9 published within the boundaries of the school district, the
10 financial statement shall be published in the manner provided by
11 Subsections (a) and (b). The financial statement of a public
12 charter district [~~an open-enrollment charter school~~] shall be
13 made available in the manner provided by Chapter 552, Government
14 Code.

15 SECTION 4.71. Section 375.303(2), Local Government Code, is
16 amended to read as follows:

17 (2) "Eligible project" means a program authorized by
18 Section 379A.051 and a project as defined by Sections 2(11) and
19 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
20 Vernon's Texas Civil Statutes). Notwithstanding this definition,
21 seeking a charter for or operating a public charter district [~~an~~
22 ~~open-enrollment charter school~~] authorized by Chapter 11A
23 [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~]

1 an eligible project.

2 SECTION 4.72. Sections 375.308(b) and (c), Local Government
3 Code, are amended to read as follows:

4 (b) An authority may not:

5 (1) issue bonds or notes without the prior approval of
6 the governing body of the municipality that created the
7 authority;

8 (2) seek a charter for or operate, within the
9 boundaries of the authority, a public charter district [~~an open-~~
10 ~~enrollment charter school~~] authorized by Chapter 11A [~~Subchapter~~
11 ~~D, Chapter 12~~], Education Code; or

12 (3) levy ad valorem property taxes.

13 (c) A municipality may not seek a charter for or operate a
14 public charter district [~~an open-enrollment charter school~~]
15 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education
16 Code, within the boundaries of the authority.

17 SECTION 4.73. Section 541.201(15), Transportation Code, is
18 amended to read as follows:

19 (15) "School activity bus" means a bus designed to
20 accommodate more than 15 passengers, including the operator,
21 that is owned, operated, rented, or leased by a school district,
22 county school, public charter district [~~open-enrollment charter~~
23 ~~school~~], regional education service center, or shared services

1 arrangement and that is used to transport public school students
2 on a school-related activity trip, other than on routes to and
3 from school. The term does not include a chartered bus, a bus
4 operated by a mass transit authority, or a school bus.

5 SECTION 4.74. Section 57.042(9), Utilities Code, is amended
6 to read as follows:

7 (9) "Public school" means a public elementary or
8 secondary school, including a public charter district [~~an open-~~
9 ~~enrollment charter school~~], a home-rule school district school,
10 and a school with a campus or campus program charter.

11 SECTION 4.75. Section 4(2), Chapter 22, Acts of the 57th
12 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
13 Texas Civil Statutes), is amended to read as follows:

14 (2) "Educational institution" means a school district
15 or a public charter district [~~an open-enrollment charter~~
16 ~~school~~].

17 SECTION 4.76. The following laws are repealed:

18 (1) Section 12.106, Education Code; and

19 (2) Section 40, Chapter 1504, Acts of the 77th
20 Legislature, Regular Session, 2001.

21 SECTION 4.77. Notwithstanding the repeal of Sections 12.107
22 and 12.128, Education Code, by this Act, those sections continue
23 to apply to state funds and property received or purchased by an

1 open-enrollment charter school before September 1, 2006.

2 SECTION 4.78. The changes in law made by Sections 4.04-4.78
3 of this article apply beginning August 1, 2006, except that
4 Sections 4.11, 4.12, 4.59, and 4.77 apply beginning September 1,
5 2005.

6 ARTICLE 5. CONFORMING AMENDMENTS

7 PART A. CONFORMING AMENDMENTS EFFECTIVE

8 SEPTEMBER 1, 2005

9 SECTION 5A.01. Section 22.004(c), Education Code, is
10 amended to read as follows:

11 (c) The cost of the coverage provided under the program
12 described by Subsection (a) shall be paid by the state, the
13 district, and the employees in the manner provided by Chapter
14 1579 [~~Article 3.50-7~~], Insurance Code. The cost of coverage
15 provided under a plan adopted under Subsection (b) shall be
16 shared by the employees and the district using the contributions
17 by the state described by Subchapter F, Chapter 1579 [~~Section 9,~~
18 ~~Article 3.50-7~~], Insurance Code, or by Chapter 1580 [~~Article~~
19 ~~3.50-8~~], Insurance Code.

20 SECTION 5A.02. Section 822.201(c), Government Code, is
21 amended to read as follows:

22 (c) Excluded from salary and wages are:

23 (1) expense payments;

- 1 (2) allowances;
- 2 (3) payments for unused vacation or sick leave;
- 3 (4) maintenance or other nonmonetary compensation;
- 4 (5) fringe benefits;
- 5 (6) deferred compensation other than as provided by
- 6 Subsection (b)(3);
- 7 (7) compensation that is not made pursuant to a valid
- 8 employment agreement;
- 9 (8) payments received by an employee in a school year
- 10 that exceed \$5,000 for teaching a driver education and traffic
- 11 safety course that is conducted outside regular classroom hours;
- 12 (9) the benefit replacement pay a person earns as a
- 13 result of a payment made under Subchapter B or C, Chapter 661;
- 14 (10) compensation designated [~~contributions to a~~
- 15 ~~health reimbursement arrangement account received~~] by an
- 16 employee as health care supplementation under Chapter 1580
- 17 [~~Article 3.50-8~~], Insurance Code, subject to the following
- 18 limits:
- 19 (A) \$1,000, for an employee entitled to the
- 20 minimum salary under Section 21.402, Education Code;
- 21 (B) \$1,000, for a full-time support staff
- 22 employee entitled to a wage increase under Section 22.007(a),
- 23 Education Code; and

1 (C) \$500, for a part-time support staff employee
2 entitled to a wage increase under Section 22.007(b), Education
3 Code; and

4 (11) any compensation not described by Subsection (b).

5 SECTION 5A.03. This part applies beginning with the 2005-
6 2006 school year.

7 PART B. CONFORMING AMENDMENTS

8 RELATED TO EDUCATION FUNDING AND EQUALIZATION

9 SECTION 5B.01. Section 7.055(b)(34), Education Code, is
10 amended to read as follows:

11 (34) The commissioner shall perform duties in
12 connection with equalization actions [~~the equalized wealth~~
13 ~~level~~] under Chapter 41.

14 SECTION 5B.02. Section 12.013(b), Education Code, is
15 amended to read as follows:

16 (b) A home-rule school district is subject to:

17 (1) a provision of this title establishing a criminal
18 offense;

19 (2) a provision of this title relating to limitations
20 on liability; and

21 (3) a prohibition, restriction, or requirement, as
22 applicable, imposed by this title or a rule adopted under this
23 title, relating to:

1 (A) the Public Education Information Management
2 System (PEIMS) to the extent necessary to monitor compliance
3 with this subchapter as determined by the commissioner;

4 (B) educator certification under Chapter 21 and
5 educator rights under Sections 21.407, 21.408, and 22.001;

6 (C) criminal history records under Subchapter C,
7 Chapter 22;

8 (D) student admissions under Section 25.001;

9 (E) school attendance under Sections 25.085,
10 25.086, and 25.087;

11 (F) inter-district or inter-county transfers of
12 students under Subchapter B, Chapter 25;

13 (G) elementary class size limits under Section
14 25.112, in the case of any campus in the district that is
15 considered academically unacceptable [~~low-performing~~] under
16 Section 39.132;

17 (H) high school graduation under Section 28.025;

18 (I) special education programs under Subchapter
19 A, Chapter 29;

20 (J) bilingual education under Subchapter B,
21 Chapter 29;

22 (K) prekindergarten programs under Subchapter E,
23 Chapter 29;

1 (L) safety provisions relating to the
2 transportation of students under Sections 34.002, 34.003,
3 34.004, and 34.008;

4 (M) computation and distribution of state aid
5 under Chapters 31, 42, and 43;

6 (N) extracurricular activities under Section
7 33.081;

8 (O) health and safety under Chapter 38;

9 (P) public school accountability under
10 Subchapters B, C, D, and G, Chapter 39;

11 (Q) equalization [~~equalized wealth~~] under Section
12 42.401 [~~Chapter 41~~];

13 (R) a bond or other obligation or tax rate under
14 Chapters 42, 43, and 45; and

15 (S) purchasing under Chapter 44.

16 SECTION 5B.03. Section 21.410(h), Education Code, is
17 amended to read as follows:

18 (h) A grant a school district receives under this section
19 is in addition to any funding the district receives under
20 Chapter 42. The commissioner shall distribute funds under this
21 section with the Foundation School Program payment to which the
22 district is entitled as soon as practicable after the end of the
23 school year as determined by the commissioner. A district to

1 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
2 grants paid under this section. The commissioner shall
3 determine the timing of the distribution of grants to a district
4 that does not receive Foundation School Program payments.

5 SECTION 5B.04. Section 21.411(h), Education Code, is
6 amended to read as follows:

7 (h) A grant a school district receives under this section
8 is in addition to any funding the district receives under
9 Chapter 42. The commissioner shall distribute funds under this
10 section with the Foundation School Program payment to which the
11 district is entitled as soon as practicable after the end of the
12 school year as determined by the commissioner. A district to
13 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
14 grants paid under this section. The commissioner shall
15 determine the timing of the distribution of grants to a district
16 that does not receive Foundation School Program payments.

17 SECTION 5B.05. Section 21.412(h), Education Code, is
18 amended to read as follows:

19 (h) A grant a school district receives under this section
20 is in addition to any funding the district receives under
21 Chapter 42. The commissioner shall distribute funds under this
22 section with the Foundation School Program payment to which the
23 district is entitled as soon as practicable after the end of the

1 school year as determined by the commissioner. A district to
2 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
3 grants paid under this section. The commissioner shall
4 determine the timing of the distribution of grants to a district
5 that does not receive Foundation School Program payments.

6 SECTION 5B.06. Section 21.413(h), Education Code, as added
7 by Section 2, Chapter 430, Acts of the 78th Legislature, Regular
8 Session, 2003, is amended to read as follows:

9 (h) A grant a school district receives under this section
10 is in addition to any funding the district receives under
11 Chapter 42. The commissioner shall distribute funds under this
12 section with the Foundation School Program payment to which the
13 district is entitled as soon as practicable after the end of the
14 school year as determined by the commissioner. A district to
15 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
16 grants paid under this section. The commissioner shall
17 determine the timing of the distribution of grants to a district
18 that does not receive Foundation School Program payments.

19 SECTION 5B.07. Section 21.453(b), Education Code, is
20 amended to read as follows:

21 (b) The commissioner may allocate funds from the account to
22 regional education service centers to provide staff development
23 resources to school districts that:

- 1 (1) are rated academically unacceptable;
- 2 (2) have one or more campuses rated academically
- 3 unacceptable [~~as low performing~~]; or
- 4 (3) are otherwise in need of assistance as indicated
- 5 by the academic performance of students, as determined by the
- 6 commissioner.

7 SECTION 5B.08. Section 29.014(d), Education Code, is

8 amended to read as follows:

9 (d) The accreditation [~~basic~~] allotment for a student

10 enrolled in a district to which this section applies is adjusted

11 by:

- 12 (1) the cost of education adjustment under Section
- 13 42.102 for the school district in which the district is
- 14 geographically located; and
- 15 (2) the weight for a homebound student under Section
- 16 42.151(a).

17 SECTION 5B.09. Section 29.087(j), Education Code, is

18 amended to read as follows:

19 (j) For purposes of funding under Chapters [~~41-7~~] 42[~~7~~] and

20 46, a student attending a program authorized by this section may

21 be counted in attendance only for the actual number of hours

22 each school day the student attends the program, in accordance

23 with Sections 25.081 and 25.082.

1 SECTION 5B.10. Section 29.202(a), Education Code, is
2 amended to read as follows:

3 (a) A student is eligible to receive a public education
4 grant or to attend another public school in the district in
5 which the student resides under this subchapter if the student
6 is assigned to attend a public school campus:

7 (1) at which 50 percent or more of the students did
8 not perform satisfactorily on an assessment instrument
9 administered under Section 39.023(a) or (c) in any two of the
10 preceding three years; or

11 (2) that was, at any time in the preceding three
12 years, considered academically unacceptable [~~low-performing~~]
13 under Section 39.132.

14 SECTION 5B.11. Section 29.203(b), Education Code, is
15 amended to read as follows:

16 (b) A school district is entitled to the allotment provided
17 by Section 42.157 for each eligible student using a public
18 education grant. [~~If the district has a wealth per student
19 greater than the guaranteed wealth level but less than the
20 equalized wealth level, a school district is entitled under
21 rules adopted by the commissioner to additional state aid in an
22 amount equal to the difference between the cost to the district
23 of providing services to a student using a public education~~]

1 ~~grant and the sum of the state aid received because of the~~
2 ~~allotment under Section 42.157 and money from the available~~
3 ~~school fund attributable to the student.]~~

4 SECTION 5B.12. Section 30.003, Education Code, is amended
5 by adding Subsection (f-1) to read as follows:

6 (f-1) The commissioner shall determine the total amount
7 that the Texas School for the Blind and Visually Impaired and
8 the Texas School for the Deaf would have received from school
9 districts pursuant to this section if H.B. No. 2, Acts of the
10 79th Legislature, Regular Session, 2005, had not reduced the
11 districts' share of the cost of providing education services.
12 That amount, minus any amount the schools do receive from school
13 districts, shall be set apart as a separate account in the
14 foundation school fund and appropriated to those schools for
15 educational purposes.

16 SECTION 5B.13. Section 37.0061, Education Code, is amended
17 to read as follows:

18 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
19 JUVENILE RESIDENTIAL FACILITIES. A school district that
20 provides education services to pre-adjudicated and post-
21 adjudicated students who are confined by court order in a
22 juvenile residential facility operated by a juvenile board is
23 entitled to count such students in the district's average daily

1 attendance for purposes of receipt of state funds under the
2 Foundation School Program. [~~If the district has a wealth per
3 student greater than the guaranteed wealth level but less than
4 the equalized wealth level, the district in which the student is
5 enrolled on the date a court orders the student to be confined
6 to a juvenile residential facility shall transfer to the
7 district providing education services an amount equal to the
8 difference between the average Foundation School Program costs
9 per student of the district providing education services and the
10 sum of the state aid and the money from the available school
11 fund received by the district that is attributable to the
12 student for the portion of the school year for which the
13 district provides education services to the student.~~]

14 SECTION 5B.14. Section 87.208, Education Code, is amended
15 to read as follows:

16 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
17 regents of The Texas A&M University System administers a program
18 that is substantially similar to the Seaborne Conservation Corps
19 as it was administered by the board during the 1998-1999 school
20 year, the program is entitled, for each student enrolled, to
21 allotments from the Foundation School Program under Chapter 42
22 as if the program were a school district, except that:

23 (1) the program has a local share applied that is

1 equivalent to the local fund assignment of the school district
2 in which the principal facilities of the program are located;
3 and

4 (2) the district enrichment tax rate under Section
5 42.302 is the average district enrichment tax rate for the
6 state.

7 SECTION 5B.15. Section 96.707(k), Education Code, is
8 amended to read as follows:

9 (k) For each student enrolled in the academy, the academy
10 is entitled to allotments from the Foundation School Program
11 under Chapter 42 as if the academy were a school district,
12 except that:

13 (1) the academy has a local share applied that is
14 equivalent to the local fund assignment of the Beaumont
15 Independent School District; and

16 (2) the district enrichment tax rate under Section
17 42.302 is the average district enrichment tax rate for the
18 state.

19 SECTION 5B.16. Section 105.301(e), Education Code, is
20 amended to read as follows:

21 (e) The academy is not subject to the provisions of this
22 code, or to the rules of the Texas Education Agency, regulating
23 public schools, except that:

1 (1) professional employees of the academy are entitled
2 to the limited liability of an employee under Section 22.0511,
3 22.0512, or 22.052;

4 (2) a student's attendance at the academy satisfies
5 compulsory school attendance requirements; ~~and~~

6 (3) for each student enrolled, the academy is entitled
7 to allotments from the foundation school program under Chapter
8 42 as if the academy were a school district without a basic
9 program [~~tier one~~] local share for purposes of Section 42.253;
10 and

11 (4) in determining funding for the academy:

12 (A) the adjustment under Section 42.102 is the
13 adjustment of the school district in which the principal
14 facilities of the academy are located; and

15 (B) the district enrichment tax rate under
16 Section 42.302 is the average district enrichment tax rate for
17 the state.

18 SECTION 5B.17. Section 317.005(f), Government Code, is
19 amended to read as follows:

20 (f) The governor or board may adopt an order under this
21 section withholding or transferring any portion of the total
22 amount appropriated to finance the foundation school program for
23 a fiscal year. The governor or board may not adopt such an

1 order if it would result in an allocation of money between
2 particular programs or statutory allotments under the foundation
3 school program contrary to the statutory proration formula
4 provided by Section 42.253(h), Education Code. The governor or
5 board may transfer an amount to the total amount appropriated to
6 finance the foundation school program for a fiscal year and may
7 increase the accreditation [~~basic~~] allotment. The governor or
8 board may adjust allocations of amounts between particular
9 programs or statutory allotments under the foundation school
10 program only for the purpose of conforming the allocations to
11 actual pupil enrollments or attendance.

12 SECTION 5B.18. Section 2175.304(c), Government Code, is
13 amended to read as follows:

14 (c) The procedures established under Subsection (b) must
15 give preference to transferring the property directly to a
16 public school or school district or to an assistance
17 organization designated by the school district before disposing
18 of the property in another manner. If more than one public
19 school or school district or assistance organization seeks to
20 acquire the same property on substantially the same terms, the
21 system, institution, or agency shall give preference to a public
22 school that is considered academically unacceptable under
23 Section 39.132, Education Code, [~~low performing by the~~

1 ~~commissioner of education~~] or to a school district that has a
2 relatively low [taxable] wealth per student, as determined by
3 the commissioner of education [that entitles the district to an
4 allotment of state funds under Subchapter F, Chapter 42,
5 Education Code], or to the assistance organization designated by
6 such a school district.

7 SECTION 5B.19. Section 1579.251(a), Insurance Code, is
8 amended to read as follows:

9 (a) The state shall assist employees of participating
10 school districts and charter schools in the purchase of group
11 health coverage under this chapter by providing for each covered
12 employee the amount of \$900 each state fiscal year or a greater
13 amount as provided by the General Appropriations Act. The state
14 contribution shall be distributed through the school finance
15 formulas under Chapter [Chapters 41 and] 42, Education Code, in
16 a manner the commissioner of education determines appropriate
17 [and used by school districts and charter schools as provided by
18 Sections 42.2514 and 42.260, Education Code].

19 SECTION 5B.20. Section 302.006(c), Labor Code, is amended
20 to read as follows:

21 (c) To be eligible to receive a scholarship awarded under
22 this section, a person must:

23 (1) be employed in a child-care facility, as defined

1 by Section 42.002, Human Resources Code;

2 (2) intend to obtain a credential, certificate, or
3 degree specified in Subsection (b);

4 (3) agree to work for at least 18 additional months in
5 a child-care facility, as defined by Section 42.002, Human
6 Resources Code, that accepts federal Child Care Development Fund
7 subsidies and that, at the time the person begins to fulfill the
8 work requirement imposed by this subdivision, is located:

9 (A) within the attendance zone of a public school
10 campus considered academically unacceptable [~~low-performing~~]
11 under Section 39.132, Education Code; or

12 (B) in an economically disadvantaged community,
13 as determined by the commission; and

14 (4) satisfy any other requirements adopted by the
15 commission.

16 SECTION 5B.21. Section 6.02(b), Tax Code, is amended to
17 read as follows:

18 (b) A taxing unit that has boundaries extending into two or
19 more counties may choose to participate in only one of the
20 appraisal districts. In that event, the boundaries of the
21 district chosen extend outside the county to the extent of the
22 unit's boundaries. To be effective, the choice must be approved
23 by resolution of the board of directors of the district chosen.

1 ~~[The choice of a school district to participate in a single~~
2 ~~appraisal district does not apply to property annexed to the~~
3 ~~school district under Subchapter C or G, Chapter 41, Education~~
4 ~~Code, unless:~~

5 ~~[(1) the school district taxes property other than~~
6 ~~property annexed to the district under Subchapter C or G,~~
7 ~~Chapter 41, Education Code, in the same county as the annexed~~
8 ~~property; or~~

9 ~~[(2) the annexed property is contiguous to property in~~
10 ~~the school district other than property annexed to the district~~
11 ~~under Subchapter C or G, Chapter 41, Education Code.]~~

12 SECTION 5B.22. Section 21.02(a), Tax Code, is amended to
13 read as follows:

14 (a) Except as provided by ~~[Subsection (b) and]~~ Sections
15 21.021, 21.04, and 21.05, tangible personal property is taxable
16 by a taxing unit if:

17 (1) it is located in the unit on January 1 for more
18 than a temporary period;

19 (2) it normally is located in the unit, even though it
20 is outside the unit on January 1, if it is outside the unit only
21 temporarily;

22 (3) it normally is returned to the unit between uses
23 elsewhere and is not located in any one place for more than a

1 temporary period; or

2 (4) the owner resides (for property not used for
3 business purposes) or maintains the owner's [~~his~~] principal
4 place of business in this state (for property used for business
5 purposes) in the unit and the property is taxable in this state
6 but does not have a taxable situs pursuant to Subdivisions (1)
7 through (3) [~~of this section~~].

8 SECTION 5B.23. Section 39.901(d), Utilities Code, is
9 amended to read as follows:

10 (d) Not later than May 1 of each year, subject to Section
11 39.903(b), the commission shall transfer from the system benefit
12 fund to the foundation school fund the amount determined by the
13 Texas Education Agency under Subsection (b) to the extent that
14 funds are available. Amounts transferred from the system benefit
15 fund under this section may be appropriated only for the support
16 of the Foundation School Program and are available, in addition
17 to any amounts allocated by the General Appropriations Act, to
18 finance actions under Section [~~41.002(b) or~~] 42.2521, Education
19 Code.

20 SECTION 5B.24. This part applies beginning with the 2006-
21 2007 school year.

22 ARTICLE 6. PROPERTY TAX COLLECTIONS

23 SECTION 6.01. Section 31.05(a), Tax Code, is amended to

1 read as follows:

2 (a) The governing body of a taxing unit [~~that collects its~~
3 ~~own taxes~~] may adopt the discounts provided by Subsection (b) or
4 Subsection (c) [~~of this section~~], or both, in the manner
5 required by law for official action by the body. The discounts,
6 if adopted, apply only to that taxing unit's taxes [~~for a taxing~~
7 ~~unit for which the adopting taxing unit collects taxes if the~~
8 ~~governing body of the other unit, in the manner required by law~~
9 ~~for official action by the body, adopts the discounts or~~
10 ~~approves of their application to its taxes by the collecting~~
11 ~~unit~~]. If a taxing unit adopts both discounts under Subsections
12 (b) and (c) [~~of this section~~], the discounts adopted under
13 Subsection (b) apply unless the [~~unit mails its~~] tax bills for
14 the unit are mailed after September 30, in which case only the
15 discounts under Subsection (c) apply. A taxing unit that
16 collects taxes for another taxing unit that adopts the discounts
17 may prepare and mail separate tax bills on behalf of the
18 adopting taxing unit and may charge an additional fee for
19 preparing and mailing the separate tax bills and for collecting
20 the taxes imposed by the adopting taxing unit. If under an
21 intergovernmental contract a county assessor-collector collects
22 taxes for a taxing unit that adopts the discounts, the county
23 assessor-collector may terminate the contract if the county has

1 adopted a discount policy that is different from the discount
2 policy adopted by the adopting taxing unit.

3 SECTION 6.02. (a) Section 31.05, Tax Code, as amended by
4 this article, applies to the adoption of a discount by a taxing
5 unit beginning with the 2005 tax year, except as provided by
6 Subsection (b) of this section.

7 (b) If a taxing unit's tax bills for the 2005 tax year are
8 mailed before the effective date of this article, Section 31.05,
9 Tax Code, as amended by this article, applies to the adoption of
10 a discount by the taxing unit beginning with the 2006 tax year,
11 and the law in effect when the tax bills were mailed applies to
12 the 2005 tax year with respect to that taxing unit.

13 ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR

14 CERTIFICATION; TRANSFER OF POWERS AND DUTIES

15 SECTION 7.01. Section 21.0031(a), Education Code, is
16 amended to read as follows:

17 (a) An employee's probationary, continuing, or term
18 contract under this chapter is void if the employee:

19 (1) does not hold a certificate or permit issued under
20 Subchapter B [~~by the State Board for Educator Certification~~]; or

21 (2) fails to fulfill the requirements necessary to
22 extend the employee's temporary or emergency certificate or
23 permit.

1 SECTION 7.02. Sections 21.004(a)-(e), Education Code, are
2 amended to read as follows:

3 (a) To the extent that funds are available, the agency[~~7~~
4 ~~the State Board for Educator Certification,~~] and the Texas
5 Higher Education Coordinating Board shall develop and implement
6 programs to identify talented students and recruit those
7 students and persons, including high school and undergraduate
8 students, mid-career and retired professionals, honorably
9 discharged and retired military personnel, and members of
10 underrepresented gender and ethnic groups, into the teaching
11 profession.

12 (b) From available funds, the agency[~~7~~, ~~the State Board for~~
13 ~~Educator Certification,~~] and the Texas Higher Education
14 Coordinating Board shall develop and distribute materials that
15 emphasize the importance of the teaching profession and inform
16 individuals about state-funded loan forgiveness and tuition
17 assistance programs.

18 (c) The commissioner, in cooperation with the commissioner
19 of higher education [~~and the executive director of the State~~
20 ~~Board for Educator Certification~~], shall annually identify the
21 need for teachers in specific subject areas and geographic
22 regions and among underrepresented groups. The commissioner
23 shall give priority to developing and implementing recruitment

1 programs to address those needs from the agency's discretionary
2 funds.

3 (d) The agency [~~, the State Board for Educator~~
4 ~~Certification,~~] and the Texas Higher Education Coordinating
5 Board shall encourage the business community to cooperate with
6 local schools to develop recruiting programs designed to attract
7 and retain capable teachers, including programs to provide
8 summer employment opportunities for teachers.

9 (e) The agency [~~, the State Board for Educator~~
10 ~~Certification,~~] and the Texas Higher Education Coordinating
11 Board shall encourage major education associations to cooperate
12 in developing a long-range program promoting teaching as a
13 career and to assist in identifying local activities and
14 resources that may be used to promote the teaching profession.

15 SECTION 7.03. Section 21.006, Education Code, is amended by
16 amending Subsections (a)-(c) and (e)-(g) and adding Subsection
17 (h) to read as follows:

18 (a) In this section:

19 (1) "Abuse" [~~"abuse"~~] has the meaning assigned by
20 Section 261.001, Family Code, and includes any sexual conduct
21 involving an educator and a student or minor.

22 (2) "Board" means the Educators' Professional
23 Practices Board.

1 (b) In addition to the reporting requirement under Section
2 261.101, Family Code, the superintendent or director of a school
3 district, regional education service center, or shared services
4 arrangement shall notify the commissioner [~~State Board for~~
5 ~~Educator Certification~~] if the superintendent or director has
6 reasonable cause to believe that:

7 (1) an educator employed by or seeking employment by
8 the district, service center, or shared services arrangement has
9 a criminal record;

10 (2) an educator's employment at the district, service
11 center, or shared services arrangement was terminated based on a
12 determination that the educator:

13 (A) abused or otherwise committed an unlawful act
14 with a student or minor;

15 (B) possessed, transferred, sold, or distributed
16 a controlled substance, as defined by Chapter 481, Health and
17 Safety Code, or by 21 U.S.C. Section 801 et seq. [~~and its~~
18 ~~subsequent amendments~~];

19 (C) illegally transferred, appropriated, or
20 expended funds or other property of the district, service
21 center, or shared services arrangement;

22 (D) attempted by fraudulent or unauthorized means
23 to obtain or alter a professional certificate or license for the

1 purpose of promotion or additional compensation; or

2 (E) committed a criminal offense or any part of a
3 criminal offense on school property or at a school-sponsored
4 event; or

5 (3) the educator resigned and reasonable evidence
6 supports a recommendation by the superintendent or director to
7 terminate the educator based on a determination that the
8 educator engaged in misconduct described by Subdivision (2).

9 (c) The superintendent or director must notify the
10 commissioner [~~State Board for Educator Certification~~] by filing
11 a report with the commissioner [~~board~~] not later than the
12 seventh day after the date the superintendent or director first
13 learns about an alleged incident of misconduct described by
14 Subsection (b). The report must be:

15 (1) in writing; and

16 (2) in a form prescribed by the board.

17 (e) A superintendent or director who in good faith and
18 while acting in an official capacity files a report with the
19 commissioner [~~State Board for Educator Certification~~] under this
20 section is immune from civil or criminal liability that might
21 otherwise be incurred or imposed.

22 (f) The board, acting on a recommendation of the
23 commissioner, [~~State Board for Educator Certification~~] shall

1 determine whether to impose sanctions against a superintendent
2 or director who fails to file a report in violation of
3 Subsection (c).

4 (g) The commissioner [~~State Board for Educator~~
5 ~~Certification~~] shall propose rules as necessary to implement
6 this section.

7 (h) The commissioner shall forward a report received under
8 this section to the board for use as the commissioner determines
9 appropriate in the execution of the board's duties.

10 SECTION 7.035. Subchapter A, Chapter 21, Education Code, is
11 amended by adding Section 21.007 to read as follows:

12 Sec. 21.007. RECOMMENDATION TO SANCTION. The commissioner
13 shall determine whether to recommend a sanction against an
14 educator to the board under this chapter. The board shall make
15 a final determination regarding the imposition of a sanction
16 under this chapter.

17 SECTION 7.04. Sections 21.031 and 21.032, Education Code,
18 are amended to read as follows:

19 Sec. 21.031. PURPOSE. (a) The Educators' Professional
20 Practices [~~State~~] Board [~~for Educator Certification~~] is
21 established in the agency to [~~recognize public school educators~~
22 ~~as professionals and to grant educators the authority to govern~~
23 ~~the standards of their profession. The board shall~~] regulate

1 and oversee ~~[all aspects of]~~ the ~~[certification, continuing~~
2 ~~education, and]~~ standards of conduct of public school educators.

3 (b) The commissioner shall adopt rules governing the
4 certification of educators and continuing education for
5 educators. In adopting ~~[In proposing]~~ rules under this
6 subchapter, the commissioner ~~[board]~~ shall ensure that all
7 candidates for certification or renewal of certification
8 demonstrate the knowledge and skills necessary to improve the
9 performance of the diverse student population of this state.

10 Sec. 21.032. DEFINITION. In this subchapter, "board" means
11 the Educators' Professional Practices ~~[State] Board~~ ~~[for~~
12 ~~Educator Certification]~~.

13 SECTION 7.05. The heading to Section 21.033, Education
14 Code, is amended to read as follows:

15 Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES ~~[STATE]~~
16 ~~BOARD~~ ~~[FOR EDUCATOR CERTIFICATION]~~.

17 SECTION 7.06. Section 21.033, Education Code, is amended by
18 amending Subsection (a) and adding Subsections (a-1), (d), (e),
19 and (f) to read as follows:

20 (a) The board ~~[State Board for Educator Certification]~~ is
21 composed of 11 ~~[14]~~ members~~[- The commissioner of education~~
22 ~~shall appoint an employee of the agency to represent the~~
23 ~~commissioner as a nonvoting member. The commissioner of higher~~

1 ~~education shall appoint an employee of the Texas Higher~~
2 ~~Education Coordinating Board to represent the commissioner as a~~
3 ~~nonvoting member. The governor shall appoint a dean of a~~
4 ~~college of education in this state as a nonvoting member. The~~
5 ~~remaining 11 members are] appointed by the commissioner~~
6 ~~[governor with the advice and consent of the senate,] as~~
7 follows:

8 (1) six [~~four~~] members must be classroom teachers,
9 appointed as provided by Subsection (a-1) [~~employed in public~~
10 ~~schools~~];

11 (2) not more than two members of the board may [~~must~~]
12 be [~~public~~] school administrators; and

13 (3) a number of other members consistent with this
14 subsection who the commissioner determines are qualified [~~one~~
15 ~~member must be a public school counselor; and~~

16 [~~(4) four members must be citizens, three of whom are~~
17 ~~not and have not, in the five years preceding appointment, been~~
18 ~~employed by a public school district or by an educator~~
19 ~~preparation program in an institution of higher education and~~
20 ~~one of whom is not and has not been employed by a public school~~
21 ~~district or by an educator preparation program in an institution~~
22 ~~of higher education].~~

23 (a-1) In appointing a board member under Subsection (a)(1),

1 the commissioner shall request a list of qualified candidates
2 from each of the four statewide professional educator
3 associations in this state with the largest membership of
4 classroom teachers and shall make appointments from the
5 candidates listed. Not later than the 30th day after the date
6 on which the association receives notice of the commissioner's
7 request for candidate nominations, the association shall submit
8 a list of six candidates for membership on the board. If the
9 commissioner does not receive nominations for at least 12
10 candidates the commissioner may appoint classroom teachers not
11 nominated by an association.

12 (d) The commissioner shall designate a member of the board
13 as the presiding officer of the board to serve in that capacity
14 at the pleasure of the commissioner.

15 (e) The agency shall provide administrative services for
16 the board as necessary.

17 (f) A reference in law to the State Board for Educator
18 Certification means the Educators' Professional Practices Board.

19 SECTION 7.07. Section 21.034, Education Code, is amended to
20 read as follows:

21 Sec. 21.034. TERMS; VACANCY. (a) The board members
22 [~~appointed by the governor~~] hold office for staggered terms of
23 six years with the terms of one-third, or as near to one-third

1 as possible, of the members expiring on February 1 of each odd-
2 numbered year. [~~A member appointed by the commissioner of~~
3 ~~education or the commissioner of higher education serves at the~~
4 ~~will of the appointing commissioner.]~~

5 (b) In the event of a vacancy during a term of a member
6 [~~appointed by the governor~~], the commissioner [~~governor~~] shall
7 appoint a replacement who meets the qualifications of the
8 vacated office to fill the unexpired portion of the term.

9 (c) A vacancy arises if a member [~~appointed by the~~
10 ~~governor~~] no longer qualifies for the office to which the member
11 was appointed, as determined by the commissioner.

12 SECTION 7.075. Section 21.035(a), Education Code, is
13 amended to read as follows:

14 [~~(a)~~] The board is subject to Chapter 325, Government Code
15 (Texas Sunset Act). Unless continued in existence as provided
16 by that chapter, the board is abolished and this subchapter
17 expires on the date prescribed by Section 7.004 for abolishment
18 of the agency [~~September 1, 2005~~].

19 SECTION 7.08. Subchapter B, Chapter 21, Education Code, is
20 amended by adding Section 21.0391 to read as follows:

21 Sec. 21.0391. ADVISORY COMMITTEE. (a) The commissioner
22 shall appoint an advisory committee composed of holders of each
23 class of educator certificate and stakeholders as required under

1 Chapter 2008, Government Code.

2 (b) The advisory committee shall recommend educator
3 certification standards and educator preparation program
4 standards under Sections 21.044 and 21.045, and propose related
5 rules to the commissioner through negotiated rulemaking under
6 Chapter 2008, Government Code. For purposes of that chapter,
7 the advisory committee is considered to be the negotiated
8 rulemaking committee described by Section 2008.054.

9 (c) The commissioner may not finally adopt or amend a rule
10 subject to this section unless the State Board of Education has
11 failed to reject the rule or amendment by an affirmative vote of
12 two-thirds of its members. A vote under this subsection may be
13 conducted by mail ballot, provided that the State Board of
14 Education has at least 30 days' written notice of the proposed
15 final rule adoption.

16 (d) Members of the advisory committee serve at the will of
17 the commissioner.

18 SECTION 7.09. Sections 21.041, 21.044, and 21.045,
19 Education Code, are amended to read as follows:

20 Sec. 21.041. RULES; FEES. (a) The board may adopt rules
21 as necessary for its own procedures.

22 (a-1) The board shall adopt rules that provide for the
23 adoption and amendment of an educator's code of ethics.

1 (b) The commissioner [~~board~~] shall adopt [~~propose~~] rules
2 that:

3 (1) provide for the issuance and renewal of educator
4 certificates [~~regulation of educators and the general~~
5 ~~administration of this subchapter~~] in a manner consistent with
6 this subchapter;

7 (2) specify the classes of educator certificates to be
8 issued, including emergency certificates;

9 (3) specify the period for which each class of
10 educator certificate is valid;

11 (4) specify the requirements for the issuance and
12 renewal of an educator certificate;

13 (5) provide for the issuance of an educator
14 certificate to a person who holds a similar certificate issued
15 by another state or foreign country, subject to Section 21.052;

16 (6) provide for special or restricted certification of
17 educators, including certification of instructors of American
18 Sign Language;

19 (7) provide for disciplinary proceedings, including
20 the suspension or revocation of an educator certificate, as
21 provided by Chapter 2001, Government Code;

22 (8) [~~provide for the adoption, amendment, and~~
23 ~~enforcement of an educator's code of ethics;~~

1 [~~9~~] provide for continuing education requirements;

2 [and]

3 (9) [~~10~~] provide for certification of persons
4 performing appraisals under Subchapter H; and

5 (10) provide for the regulation of educators in a
6 manner consistent with this subchapter.

7 (c) The commissioner by rule [~~board~~] shall set [~~propose a~~
8 ~~rule adopting~~] a fee for the issuance and maintenance of an
9 educator certificate that is adequate to cover the cost of
10 administration of this subchapter, including costs related to
11 the operation of the board.

12 Sec. 21.044. EDUCATOR PREPARATION. The commissioner
13 [~~board~~] shall adopt [~~propose~~] rules establishing the training
14 requirements a person must accomplish to obtain a certificate,
15 enter an internship, or enter an induction-year program. The
16 commissioner [~~board~~] shall specify the minimum academic
17 qualifications required for a certificate.

18 Sec. 21.045. ACCOUNTABILITY SYSTEM FOR EDUCATOR PREPARATION
19 PROGRAMS. (a) The commissioner [~~board~~] shall adopt [~~propose~~]
20 rules establishing standards to govern the approval and
21 continuing accountability of all educator preparation programs
22 based on information that is disaggregated with respect to sex
23 and ethnicity and that includes:

1 (1) results of the certification examinations
2 prescribed under Section 21.048(a); and

3 (2) performance based on the appraisal system for
4 beginning teachers adopted by the commissioner [~~board~~].

5 (b) Each educator preparation program shall submit data
6 elements as required by the commissioner [~~board~~] for an annual
7 performance report to ensure access and equity. At a minimum,
8 the annual report must contain the performance data from
9 Subsection (a) and the following information, disaggregated by
10 sex and ethnicity:

11 (1) the number of candidates who apply;

12 (2) the number of candidates admitted;

13 (3) the number of candidates retained;

14 (4) the number of candidates completing the program;

15 (5) the number of candidates employed in the
16 profession after completing the program; and

17 (6) the number of candidates retained in the
18 profession.

19 (c) The commissioner [~~board~~] shall adopt [~~propose~~] rules
20 establishing performance standards for the Accountability System
21 for Educator Preparation for accrediting educator preparation
22 programs. At a minimum, performance standards must be based on
23 Subsection (a). The commissioner [~~board~~] shall adopt [~~propose~~]

1 rules for the sanction of educator preparation programs and
2 shall annually review the accreditation status of each educator
3 preparation program.

4 (d) The commissioner [~~executive director of the board~~]
5 shall appoint an oversight team of educators to make
6 recommendations and provide assistance to educator preparation
7 programs that do not meet accreditation standards. If, after
8 one year, an educator preparation program has not fulfilled the
9 recommendations of the oversight team, the commissioner
10 [~~executive director~~] shall appoint a person to administer and
11 manage the operations of the program. If the program does not
12 improve after two years, the commissioner [~~board~~] shall revoke
13 the approval of the program to prepare educators for state
14 certification.

15 SECTION 7.10. Sections 21.046(c) and (d), Education Code,
16 are amended to read as follows:

17 (c) Because an effective principal is essential to school
18 improvement, the commissioner [~~board~~] shall ensure that:

19 (1) each candidate for certification as a principal is
20 of the highest caliber; and

21 (2) multi-level screening processes, validated
22 comprehensive assessment programs, and flexible internships with
23 successful mentors exist to determine whether a candidate for

1 certification as a principal possesses the essential knowledge,
2 skills, and leadership capabilities necessary for success.

3 (d) In creating the qualifications for certification as a
4 principal, the commissioner [~~board~~] shall consider the
5 knowledge, skills, and proficiencies for principals as developed
6 by relevant national organizations and the State Board of
7 Education.

8 SECTION 7.11. Section 21.048(a), Education Code, is amended
9 to read as follows:

10 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
11 prescribing comprehensive examinations for each class of
12 certificate issued by the board.

13 SECTION 7.12. Sections 21.0481, 21.0482, 21.0483, 21.0484,
14 and 21.049, Education Code, are amended to read as follows:

15 Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. (a)
16 To ensure that there are teachers with special training to work
17 with other teachers and with students in order to improve
18 student reading performance, the commissioner [~~board~~] shall
19 establish a master reading teacher certificate.

20 (b) The board shall issue a master reading teacher
21 certificate to each eligible person.

22 (c) To be eligible for a master reading teacher
23 certificate, a person must:

1 (1) hold a reading specialist certificate issued under
2 this subchapter and satisfactorily complete a course of
3 instruction as prescribed under Subdivision (2)(B); or

4 (2) hold a teaching certificate issued under this
5 subchapter and:

6 (A) have at least three years of teaching
7 experience;

8 (B) satisfactorily complete a knowledge-based and
9 skills-based course of instruction on the science of teaching
10 children to read that includes training in:

11 (i) effective reading instruction
12 techniques, including effective techniques for students whose
13 primary language is a language other than English;

14 (ii) identification of dyslexia and related
15 reading disorders and effective reading instruction techniques
16 for students with those disorders; and

17 (iii) effective professional peer mentoring
18 techniques;

19 (C) perform satisfactorily on the master reading
20 teacher certification examination prescribed by the commissioner
21 [~~board~~]; and

22 (D) satisfy any other requirements prescribed by
23 the commissioner [~~board~~].

1 Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION.

2 (a) To ensure that there are teachers with special training to
3 work with other teachers and with students in order to improve
4 student mathematics performance, the commissioner [~~board~~] shall
5 establish:

6 (1) a master mathematics teacher certificate to teach
7 mathematics at elementary school grade levels;

8 (2) a master mathematics teacher certificate to teach
9 mathematics at middle school grade levels; and

10 (3) a master mathematics teacher certificate to teach
11 mathematics at high school grade levels.

12 (b) The board shall issue the appropriate master
13 mathematics teacher certificate to each eligible person.

14 (c) To be eligible for a master mathematics teacher
15 certificate, a person must:

16 (1) hold a teaching certificate issued under this
17 subchapter;

18 (2) have at least three years of teaching experience;

19 (3) satisfactorily complete a knowledge-based course
20 of instruction on the science of teaching children mathematics
21 that includes training in mathematics instruction and
22 professional peer mentoring techniques that, through scientific
23 testing, have been proven effective;

1 (4) perform satisfactorily on the appropriate master
2 mathematics teacher certification examination prescribed by the
3 commissioner [~~board~~]; and

4 (5) satisfy any other requirements prescribed by the
5 commissioner [~~board~~].

6 (d) The course of instruction prescribed under Subsection
7 (c)(3) shall be developed by the commissioner [~~board~~] in
8 consultation with mathematics and science faculty members at
9 institutions of higher education.

10 Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION. (a)

11 To ensure that there are teachers with special training to work
12 with other teachers and with students in order to increase the
13 use of technology in each classroom, the commissioner [~~board~~]
14 shall establish a master technology teacher certificate.

15 (b) The board shall issue a master technology teacher
16 certificate to each eligible person.

17 (c) To be eligible for a master technology teacher
18 certificate, a person must:

19 (1) hold a technology applications or Technology
20 Education certificate issued under this subchapter,
21 satisfactorily complete the course of instruction prescribed
22 under Subdivision (2)(B), and satisfactorily perform on the
23 examination prescribed under Subdivision (2)(C); or

1 (2) hold a teaching certificate issued under this
2 subchapter and:

3 (A) have at least three years of teaching
4 experience;

5 (B) satisfactorily complete a knowledge-based and
6 skills-based course of instruction on interdisciplinary
7 technology applications and the science of teaching technology
8 that includes training in:

9 (i) effective technology instruction
10 techniques, including applications designed to meet the
11 educational needs of students with disabilities;

12 (ii) classroom teaching methodology that
13 engages student learning through the integration of technology;

14 (iii) digital learning competencies,
15 including Internet research, graphics, animation, website
16 mastering, and video technologies;

17 (iv) curriculum models designed to prepare
18 teachers to facilitate an active student learning environment;
19 and

20 (v) effective professional peer mentoring
21 techniques;

22 (C) satisfactorily perform on an examination
23 developed in cooperation with the Telecommunications

1 Infrastructure Fund Board and administered at the conclusion of
2 the course of instruction prescribed under Paragraph (B); and
3 (D) satisfy any other requirements prescribed by
4 the commissioner [~~board~~].

5 (d) The commissioner [~~board~~] may provide technology
6 applications training courses under Subsection (c)(2)(B) in
7 cooperation with:

8 (1) regional education service centers; and

9 (2) other public or private entities, including any
10 state council on technology.

11 Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION. (a)
12 To ensure that there are teachers with special training to work
13 with other teachers and with students in order to improve
14 student science performance, the commissioner [~~board~~] shall
15 establish:

16 (1) a master science teacher certificate to teach
17 science at elementary school grade levels;

18 (2) a master science teacher certificate to teach
19 science at middle school grade levels; and

20 (3) a master science teacher certificate to teach
21 science at high school grade levels.

22 (b) The board shall issue the appropriate master science
23 teacher certificate to each eligible person.

1 (c) To be eligible for a master science teacher
2 certificate, a person must:

3 (1) hold a teaching certificate issued under this
4 subchapter;

5 (2) have at least three years of teaching experience;

6 (3) satisfactorily complete a knowledge-based course
7 of instruction on the science of teaching children science that
8 includes training in science instruction and professional peer
9 mentoring techniques that, through scientific testing, have been
10 proven effective;

11 (4) perform satisfactorily on the appropriate master
12 science teacher certification examination prescribed by the
13 commissioner [~~board~~]; and

14 (5) satisfy any other requirements prescribed by the
15 commissioner [~~board~~].

16 (d) The course of instruction prescribed under Subsection
17 (c)(3) shall be developed by the commissioner [~~board~~] in
18 consultation with science faculty members at institutions of
19 higher education.

20 Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a
21 continuing additional source of qualified educators, the
22 commissioner [~~board~~] shall adopt [~~propose~~] rules providing for
23 educator certification programs as an alternative to traditional

1 educator preparation programs. The rules may not provide that a
2 person may be certified under this section only if there is a
3 demonstrated shortage of educators in a school district or
4 subject area.

5 (b) The commissioner [~~board~~] may not require a person
6 employed as a teacher in a disciplinary [~~an~~] alternative
7 education program under Section 37.008 or a juvenile justice
8 alternative education program under Section 37.011 for at least
9 three years to complete an alternative educator certification
10 program adopted under this section before taking the appropriate
11 certification examination.

12 SECTION 7.13. Sections 21.050(a) and (b), Education Code,
13 are amended to read as follows:

14 (a) A person who applies for a teaching certificate for
15 which commissioner [~~board~~] rules require a bachelor's degree
16 must possess a bachelor's degree received with an academic major
17 or interdisciplinary academic major, including reading, other
18 than education, that is related to the curriculum as prescribed
19 under Subchapter A, Chapter 28.

20 (b) The commissioner [~~board~~] may not require more than 18
21 semester credit hours of education courses at the baccalaureate
22 level for the granting of a teaching certificate. The
23 commissioner [~~board~~] shall provide for a minimum number of

1 semester credit hours of internship to be included in the hours
2 needed for certification. The commissioner [~~board~~] may adopt
3 [~~propose~~] rules requiring additional credit hours for
4 certification in bilingual education, English as a second
5 language, early childhood education, or special education.

6 SECTION 7.14. Section 21.051, Education Code, is amended to
7 read as follows:

8 Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS.

9 The commissioner [~~board~~] shall adopt [~~propose~~] rules providing
10 flexible options for persons for any field experience or
11 internship required for certification.

12 SECTION 7.15. Section 21.054(a), Education Code, is amended
13 to read as follows:

14 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
15 establishing a process for identifying continuing education
16 courses and programs that fulfill educators' continuing
17 education requirements.

18 SECTION 7.16. Section 21.056, Education Code, is amended to
19 read as follows:

20 Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner
21 [~~board~~] by rule shall provide for a certified educator to
22 qualify for additional certification to teach at a grade level
23 or in a subject area not covered by the educator's certificate

1 upon satisfactory completion of an examination or other
2 assessment of the educator's qualification.

3 SECTION 7.17. Section 21.057(d), Education Code, is amended
4 to read as follows:

5 (d) For purposes of this section, "inappropriately
6 certified or uncertified teacher":

7 (1) includes:

8 (A) an individual serving on an emergency
9 certificate issued under Section 21.041(b)(2); or

10 (B) an individual who does not hold any
11 certificate or permit issued under this chapter and is not
12 employed as specified by Subdivision (2)(E); and

13 (2) does not include an individual:

14 (A) who is a certified teacher assigned to teach
15 a class or classes outside his or her area of certification, as
16 determined by rules adopted [~~proposed~~] by the commissioner
17 [~~board~~] in specifying the certificate required for each
18 assignment;

19 (B) serving on a certificate issued due to a
20 hearing impairment under Section 21.048;

21 (C) serving on a certificate issued pursuant to
22 enrollment in an approved alternative certification program
23 under Section 21.049;

1 (D) certified by another state or country and
2 serving on a certificate issued under Section 21.052;

3 (E) serving on a school district teaching permit
4 issued under Section 21.055; or

5 (F) employed under a waiver granted by the
6 commissioner pursuant to Section 7.056.

7 SECTION 7.18. Section 21.058(d), Education Code, is amended
8 to read as follows:

9 (d) A person whose certificate is revoked under Subsection
10 (b) may reapply for a certificate in accordance with
11 commissioner [~~board~~] rules.

12 SECTION 7.19. Section 21.105(c), Education Code, is amended
13 to read as follows:

14 (c) On written complaint by the employing district and
15 recommendation by the commissioner, the Educators' Professional
16 Practices [State] Board [~~for Educator Certification~~] may impose
17 sanctions against a teacher employed under a probationary
18 contract who:

19 (1) resigns;

20 (2) fails without good cause to comply with Subsection
21 (a) or (b); and

22 (3) fails to perform the contract.

23 SECTION 7.20. Section 21.160(c), Education Code, is amended

1 to read as follows:

2 (c) On written complaint by the employing district and
3 recommendation by the commissioner, the Educators' Professional
4 Practices [State] Board [~~for Educator Certification~~] may impose
5 sanctions against a teacher who is employed under a continuing
6 contract that obligates the district to employ the person for
7 the following school year and who:

8 (1) resigns;

9 (2) fails without good cause to comply with Subsection
10 (a) or (b); and

11 (3) fails to perform the contract.

12 SECTION 7.21. Section 21.210(c), Education Code, is amended
13 to read as follows:

14 (c) On written complaint by the employing district and
15 recommendation by the commissioner, the Educators' Professional
16 Practices [State] Board [~~for Educator Certification~~] may impose
17 sanctions against a teacher who is employed under a term
18 contract that obligates the district to employ the person for
19 the following school year and who:

20 (1) resigns;

21 (2) fails without good cause to comply with Subsection
22 (a) or (b); and

23 (3) fails to perform the contract.

1 SECTION 7.22. Section 21.503, Education Code, is amended to
2 read as follows:

3 Sec. 21.503. ELIGIBILITY. A person is eligible for the
4 program if the person:

5 (1) has served in the armed forces of the United
6 States;

7 (2) is honorably discharged, retired, or released from
8 active duty on or after October 1, 1990, after at least six
9 years of continuous active duty service immediately before the
10 discharge, retirement, or release;

11 (3) has received a baccalaureate or advanced degree
12 from a public or private institution of higher education
13 accredited by a regional accrediting agency or group that is
14 recognized by a nationally recognized accreditation board; and

15 (4) satisfies any other criteria for selection
16 [~~jointly~~] prescribed by the agency [~~and the State Board for~~
17 ~~Educator Certification~~].

18 SECTION 7.23. Section 21.504(b), Education Code, is amended
19 to read as follows:

20 (b) The agency [~~and the State Board for Educator~~
21 ~~Certification~~] shall distribute the applications and information
22 regarding the program.

23 SECTION 7.24. Section 21.510(c), Education Code, is amended

1 to read as follows:

2 (c) For purposes of this section, a participant in the
3 program is not considered to be in violation of an agreement
4 under Section 21.508 during any period in which the participant:

5 (1) is pursuing a full-time course of study related to
6 the field of teaching at a public or private institution of
7 higher education approved by the agency [~~State Board for~~
8 ~~Educator Certification~~];

9 (2) is serving on active duty as a member of the armed
10 forces of the United States;

11 (3) is temporarily totally disabled for a period not
12 to exceed three years as established by sworn affidavit of a
13 qualified physician;

14 (4) is unable to secure employment for a period not to
15 exceed one year because of care required by a disabled spouse;

16 (5) is seeking and unable to find full-time employment
17 as a teacher in a public elementary or secondary school for a
18 single period not to exceed 27 months; or

19 (6) satisfies the provisions of any additional
20 reimbursement exception adopted by the agency.

21 SECTION 7.25. Sections 21.551, 21.552, and 21.553,
22 Education Code, are amended to read as follows:

23 Sec. 21.551. PURPOSES. The purposes of the alternative

1 certification Teach for Texas Pilot Program are to:

2 (1) attract to the teaching profession persons who
3 have expressed interest in teaching and to support the
4 certification of those persons as teachers;

5 (2) recognize the importance of the certification
6 process governed by the commissioner [~~State Board for Educator~~
7 ~~Certification~~] under Subchapter B, which requires verification
8 of competence in subject area and professional knowledge and
9 skills;

10 (3) encourage the creation and expansion of educator
11 preparation programs that recognize the knowledge and skills
12 gained through previous educational and work-related experiences
13 and that are delivered in a manner that recognizes individual
14 circumstances, including the need to remain employed full-time
15 while enrolled in the Teach for Texas Pilot Program; and

16 (4) provide annual stipends to postbaccalaureate
17 teacher certification candidates.

18 Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [~~State~~
19 ~~Board for Educator Certification~~] by rule shall establish the
20 Teach for Texas Pilot Program consistent with the purposes
21 provided by Section 21.551.

22 Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program
23 must offer to participants financial incentives, including

1 tuition assistance and loan forgiveness. In offering a
2 financial incentive, the commissioner [~~State Board for Educator~~
3 ~~Certification~~] shall:

4 (1) require a contract between each participant who
5 accepts a financial incentive and the agency [~~State Board for~~
6 ~~Educator Certification~~] under which the participant is obligated
7 to teach in a public school in this state for a stated period
8 after certification;

9 (2) provide financial incentives in proportion to the
10 length of the period the participant is obligated by contract to
11 teach after certification; and

12 (3) give special financial incentives to a participant
13 who agrees in the contract to teach in an underserved area.

14 (b) Financial incentives may be paid only from funds
15 appropriated specifically for that purpose and from gifts,
16 grants, and donations solicited or accepted by the commissioner
17 [~~State Board for Educator Certification~~] for that purpose.

18 (c) The commissioner [~~State Board for Educator~~
19 ~~Certification~~] shall adopt [~~propose~~] rules establishing criteria
20 for awarding financial incentives under this section, including
21 criteria for awarding financial incentives if there are more
22 participants than funds available to provide the financial
23 incentives.

1 SECTION 7.26. Section 21.604(b), Education Code, is amended
2 to read as follows:

3 (b) The agency [~~and the State Board for Educator~~
4 ~~Certification~~] shall distribute the applications and information
5 regarding the program.

6 SECTION 7.27. Section 21.609(c), Education Code, is amended
7 to read as follows:

8 (c) For purposes of this section, a participant in the
9 program is not considered to be in violation of an agreement
10 under Section 21.607 during any period in which the participant:

11 (1) is pursuing a full-time course of study related to
12 the field of teaching at an institution of higher education
13 approved by the agency [~~State Board for Educator Certification~~];

14 (2) is serving on active duty as a member of the armed
15 forces of the United States;

16 (3) is temporarily totally disabled for a period not
17 to exceed three years as established by affidavit of a qualified
18 physician;

19 (4) is unable to secure employment for a period not to
20 exceed one year because of care required by a disabled spouse;

21 (5) is seeking and unable to find full-time employment
22 as a teacher in a public elementary or secondary school for a
23 single period not to exceed 27 months; or

1 (6) satisfies the provisions of any additional
2 reimbursement exception adopted by the agency.

3 SECTION 7.28. Section 22.0512(b), Education Code, is
4 amended to read as follows:

5 (b) In this section, "disciplinary proceeding" means:

6 (1) an action brought by the school district employing
7 a professional employee of a school district to discharge or
8 suspend the employee or terminate or not renew the employee's
9 term contract; or

10 (2) an action brought by the Educators' Professional
11 Practices [State] Board [~~for Educator Certification~~] to enforce
12 the educator's code of ethics adopted under Section 21.041(a-1)
13 [~~21.041(b)(8)~~].

14 SECTION 7.29. Section 22.082, Education Code, is amended to
15 read as follows:

16 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
17 EDUCATION AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~]. (a)
18 The agency [~~State Board for Educator Certification~~] shall obtain
19 from any law enforcement or criminal justice agency all criminal
20 history record information that relates to an applicant for or
21 holder of a certificate issued under Subchapter B, Chapter 21.

22 (b) The Educators' Professional Practices Board may obtain
23 from any law enforcement or criminal justice agency all criminal

1 history record information that relates to a holder of a
2 certificate issued under Subchapter B, Chapter 21.

3 SECTION 7.30. Section 22.083(d), Education Code, is amended
4 to read as follows:

5 (d) The superintendent of a district or the director of an
6 open-enrollment charter school, private school, regional
7 education service center, or shared services arrangement shall
8 promptly notify the Educators' Professional Practices [State]
9 Board [~~for Educator Certification~~] in writing if the person
10 obtains or has knowledge of information showing that an
11 applicant for or holder of a certificate issued under Subchapter
12 B, Chapter 21, has a reported criminal history. The board shall
13 notify the commissioner of the reported criminal history.

14 SECTION 7.31. Sections 22.085 and 22.086, Education Code,
15 are amended to read as follows:

16 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.
17 A school district, open-enrollment charter school, private
18 school, regional education service center, or shared services
19 arrangement may discharge an employee if the district or school
20 obtains information of the employee's conviction of a felony or
21 of a misdemeanor involving moral turpitude that the employee did
22 not disclose to the agency [~~State Board for Educator~~
23 ~~Certification~~] or the district, school, service center, or

1 shared services arrangement. An employee discharged under this
2 section is considered to have been discharged for misconduct for
3 purposes of Section 207.044, Labor Code.

4 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency,
5 the Educators' Professional Practices [~~State~~] Board [~~for~~
6 ~~Educator Certification~~], a school district, an open-enrollment
7 charter school, a private school, a regional education service
8 center, a shared services arrangement, or an employee of the
9 agency, board, district, school, service center, or shared
10 services arrangement is not civilly or criminally liable for
11 making a report required under this subchapter.

12 SECTION 7.32. Sections 29.061(a)-(c) and (e), Education
13 Code, are amended to read as follows:

14 (a) The commissioner [~~State Board for Educator~~
15 ~~Certification~~] shall provide for the issuance of teaching
16 certificates appropriate for bilingual education instruction to
17 teachers who possess a speaking, reading, and writing ability in
18 a language other than English in which bilingual education
19 programs are offered and who meet the general requirements of
20 Chapter 21. The commissioner [~~board~~] shall also provide for the
21 issuance of teaching certificates appropriate for teaching
22 English as a second language. The commissioner [~~board~~] may
23 issue emergency endorsements in bilingual education and in

1 teaching English as a second language.

2 (b) A teacher assigned to a bilingual education program
3 must be appropriately certified under Subchapter B, Chapter 21,
4 for bilingual education [~~by the board~~].

5 (c) A teacher assigned to an English as a second language
6 or other special language program must be appropriately
7 certified under Subchapter B, Chapter 21, for English as a
8 second language [~~by the board~~].

9 (e) The agency [~~State Board for Educator Certification~~] and
10 the Texas Higher Education Coordinating Board shall develop a
11 comprehensive plan for meeting the teacher supply needs created
12 by the programs outlined in this subchapter.

13 SECTION 7.33. Sections 33.002(b) and (c), Education Code,
14 are amended to read as follows:

15 (b) A school district with 500 or more students enrolled in
16 elementary school grades shall employ a counselor certified
17 under the rules of the commissioner [~~State Board for Educator~~
18 ~~Certification~~] for each elementary school in the district. A
19 school district shall employ at least one counselor for every
20 500 elementary school students in the district.

21 (c) A school district with fewer than 500 students enrolled
22 in elementary school grades shall provide guidance and
23 counseling services to elementary school students by:

1 (1) employing a part-time counselor certified under
2 the rules of the commissioner [~~State Board for Educator~~
3 ~~Certification~~];

4 (2) employing a part-time teacher certified as a
5 counselor under the rules of the commissioner [~~State Board for~~
6 ~~Educator Certification~~]; or

7 (3) entering into a shared services arrangement
8 agreement with one or more school districts to share a counselor
9 certified under the rules of the commissioner [~~State Board for~~
10 ~~Educator Certification~~].

11 SECTION 7.34. Section 37.007(g), Education Code, is amended
12 to read as follows:

13 (g) A school district shall inform each teacher who has
14 regular contact with a student through a classroom assignment of
15 the conduct of a student who has engaged in any violation listed
16 in this section. A teacher shall keep the information received
17 in this subsection confidential. The Educators' Professional
18 Practices [~~State~~] Board on recommendation of the commissioner
19 [~~for Educator Certification~~] may revoke or suspend the
20 certification of a teacher who intentionally violates this
21 subsection.

22 SECTION 7.35. Section 61.0514, Education Code, is amended
23 to read as follows:

1 Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the
2 cooperation and advice of the commissioner of education [~~State~~
3 ~~Board for Educator Certification~~], shall adopt educator
4 preparation coursework guidelines that promote, to the greatest
5 extent practicable, the integration of subject matter knowledge
6 with classroom teaching strategies and techniques in order to
7 maximize the effectiveness and efficiency of coursework required
8 for certification under Subchapter B, Chapter 21.

9 SECTION 7.36. Section 61.077, Education Code, as amended by
10 Chapters 61, 818, and 820, Acts of the 78th Legislature, Regular
11 Session, 2003, is reenacted and amended to read as follows:

12 Sec. 61.077. P-16 COUNCIL. (a) The P-16 Council shall
13 advise the Texas Higher Education Coordinating Board and the
14 State Board of Education in coordinating postsecondary career
15 and technology activities, career and technology teacher
16 education programs offered or proposed to be offered in the
17 colleges and universities of this state, and other relevant
18 matters, including those listed in Section 61.076.

19 (b) The council is composed of the commissioner of
20 education, the commissioner of higher education, and the
21 executive director of the Texas Workforce Commission[~~, and the~~
22 ~~executive director of the State Board for Educator~~
23 ~~Certification~~]. Existing members of the council may appoint

1 additional members as the members consider necessary. The
2 position of presiding officer rotates among the members of the
3 council in the order the members are listed in this subsection,
4 with each member serving as the presiding officer for one two-
5 year term.

6 (c) The council shall meet at least once each calendar
7 quarter and may hold other meetings as necessary at the call of
8 the presiding officer. Each member of the council or the
9 member's designee shall make a report of the council's
10 activities at least twice annually to the governing body of the
11 member's agency or, in the case of the commissioner of
12 education, to the State Board of Education.

13 (d) The purposes of this council shall include the
14 following:

15 (1) to advise the two boards on the coordination of
16 postsecondary career and technology education and the
17 articulation between postsecondary career and technology
18 education and secondary career and technology education;

19 (2) to facilitate the transfer of responsibilities for
20 the administration of postsecondary career and technology
21 education from the State Board of Education to the board in
22 accordance with Section 111(a)(I) of the Carl D. Perkins
23 Vocational Education Act, Public Law 98-524;

1 (3) to cooperate with the commissioner of higher
2 education and the State Board of Education, when it acts as the
3 State Board for Career and Technology Education, on the
4 following:

5 (A) the transfer of federal funds to the board
6 for allotment to eligible public postsecondary institutions of
7 higher education;

8 (B) the career and technology education funding
9 for projects and institutions as determined by the board when
10 the State Board for Career and Technology Education is required
11 by federal law to endorse such determinations;

12 (C) the development and updating of the state
13 plan for career and technology education and the evaluation of
14 programs, services, and activities of postsecondary career and
15 technology education and such amendments to the state plan for
16 career and technology education as may relate to postsecondary
17 education;

18 (D) other matters related to postsecondary career
19 and technology education; and

20 (E) the coordination of curricula, instructional
21 programs, research, and other functions as appropriate,
22 including areas listed in Section 61.076, school-to-work and
23 school-to-college transition programs, and professional

1 development activities;

2 (4) to advise the Texas Workforce Investment Council
3 on educational policy issues related to workforce preparation;
4 and

5 (5) to examine and make recommendations regarding the
6 alignment of secondary and postsecondary education:

7 (A) curricula; and

8 (B) testing and assessment.

9 (e) Subsection (d)(5) does not require the council to
10 establish curriculum or testing or assessment standards.

11 SECTION 7.37. Section 1001.254(a), Education Code, is
12 amended to read as follows:

13 (a) A temporary driver education instructor license may be
14 issued authorizing a person to teach or provide classroom driver
15 education training if the person:

16 (1) has completed the educational requirements
17 prescribed by Section 1001.253(d)(1);

18 (2) holds a Texas teaching certificate with an
19 effective date before February 1, 1986;

20 (3) meets all license requirements, other than
21 successful completion of the examination required under rules
22 adopted by the commissioner [~~State Board for Educator~~
23 ~~Certification~~] to revalidate the teaching certificate; and

1 (4) demonstrates, in a manner prescribed by the
2 commissioner, the intention to comply with the examination
3 requirement at the first available opportunity.

4 SECTION 7.38. Article 15.27(a), Code of Criminal Procedure,
5 is amended to read as follows:

6 (a) A law enforcement agency that arrests any person or
7 refers a child to the office or official designated by the
8 juvenile board who the agency believes is enrolled as a student
9 in a public primary or secondary school, for an offense listed
10 in Subsection (h), shall attempt to ascertain whether the person
11 is so enrolled. If the law enforcement agency ascertains that
12 the individual is enrolled as a student in a public primary or
13 secondary school, the agency shall orally notify the
14 superintendent or a person designated by the superintendent in
15 the school district in which the student is enrolled of that
16 arrest or referral within 24 hours after the arrest or referral
17 is made, or on the next school day. If the law enforcement
18 agency cannot ascertain whether the individual is enrolled as a
19 student, the agency shall orally notify the superintendent or a
20 person designated by the superintendent in the school district
21 in which the student is believed to be enrolled of that arrest
22 or detention within 24 hours after the arrest or detention, or
23 on the next school day. If the individual is a student, the

1 superintendent shall promptly notify all instructional and
2 support personnel who have responsibility for supervision of the
3 student. All personnel shall keep the information received in
4 this subsection confidential. The Educators' Professional
5 Practices [State] Board [~~for Educator Certification~~] may revoke
6 or suspend the certification of personnel who intentionally
7 violate this subsection. Within seven days after the date the
8 oral notice is given, the law enforcement agency shall mail
9 written notification, marked "PERSONAL and CONFIDENTIAL" on the
10 mailing envelope, to the superintendent or the person designated
11 by the superintendent. Both the oral and written notice shall
12 contain sufficient details of the arrest or referral and the
13 acts allegedly committed by the student to enable the
14 superintendent or the superintendent's designee to determine
15 whether there is a reasonable belief that the student has
16 engaged in conduct defined as a felony offense by the Penal
17 Code. The information contained in the notice may be considered
18 by the superintendent or the superintendent's designee in making
19 such a determination.

20 SECTION 7.39. Article 42.018(b), Code of Criminal
21 Procedure, is amended to read as follows:

22 (b) Not later than the fifth day after the date a person
23 who holds a certificate issued under Subchapter B, Chapter 21,

1 Education Code, is convicted or granted deferred adjudication on
2 the basis of an offense, the clerk of the court in which the
3 conviction or deferred adjudication is entered shall provide to
4 the Texas Education Agency and the Educators' Professional
5 Practices [State] Board [~~for Educator Certification~~] written
6 notice of the person's conviction or deferred adjudication,
7 including the offense on which the conviction or deferred
8 adjudication was based.

9 SECTION 7.40. Section 411.090, Government Code, is amended
10 to read as follows:

11 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD
12 INFORMATION: STATE EDUCATIONAL AUTHORITIES [~~BOARD FOR EDUCATOR~~
13 ~~CERTIFICATION~~]. (a) The Texas Education Agency [~~State Board~~
14 ~~for Educator Certification~~] is entitled to obtain from the
15 department any criminal history record information maintained by
16 the department about a person who has applied to the
17 commissioner [~~board~~] for a certificate or holds a certificate
18 under Subchapter B, Chapter 21, Education Code.

19 (b) Criminal history record information obtained by the
20 agency [~~board~~] under Subsection (a):

21 (1) may be used for any purpose related to the
22 issuance or [,] denial[, ~~suspension, or cancellation~~] of a
23 certificate issued under Subchapter B, Chapter 21, Education

1 Code [by the board];

2 (2) may be provided to the Educators' Professional
3 Practices Board to be used for any purpose related to the
4 suspension or revocation of a certificate issued under
5 Subchapter B, Chapter 21, Education Code;

6 (3) may not be released to any other person except on
7 court order or with the consent of the applicant for a
8 certificate; and

9 (4) [~~3~~] shall be destroyed by the agency [board]
10 after the information is used for the authorized purposes.

11 (c) The Educators' Professional Practices Board is entitled
12 to obtain from the department any criminal history record
13 information maintained by the department about a person who
14 holds a certificate issued under Subchapter B, Chapter 21,
15 Education Code.

16 (d) Criminal history record information obtained by the
17 board under Subsection (c):

18 (1) may be used for any purpose related to the
19 suspension or revocation of a certificate issued under
20 Subchapter B, Chapter 21, Education Code;

21 (2) may be provided to the Texas Education Agency to
22 be used for any purpose related to the issuance or denial of a
23 certificate under Subchapter B, Chapter 21, Education Code;

1 (3) may not be released to any other person except on
2 court order or with the consent of the holder of the
3 certificate; and

4 (4) shall be destroyed by the board after the
5 information is used for the authorized purposes.

6 SECTION 7.41. Section 411.097(d), Government Code, is
7 amended to read as follows:

8 (d) Criminal history record information obtained by a
9 school district, charter school, private school, service center,
10 commercial transportation company, or shared services
11 arrangement under Subsection (a), (b), or (c) may not be
12 released or disclosed to any person, other than the individual
13 who is the subject of the information, the Texas Education
14 Agency, the Educators' Professional Practices [State] Board [~~for~~
15 ~~Educator Certification~~], or the chief personnel officer of the
16 transportation company, if the information is obtained under
17 Subsection (a)(2).

18 SECTION 7.42. Section 654.011(a), Government Code, is
19 amended to read as follows:

20 (a) The position classification plan and the salary rates
21 and provisions in the General Appropriations Act apply to all
22 hourly, part-time, temporary, and regular, full-time salaried
23 employments in the state departments, agencies, or judicial

1 entities specified in the articles of the General Appropriations
2 Act that appropriate money to:

3 (1) general government agencies;

4 (2) health and human services agencies;

5 (3) the judiciary, except for judges, district
6 attorneys, and assistant district attorneys;

7 (4) public safety and criminal justice agencies;

8 (5) natural resources agencies;

9 (6) business and economic development agencies;

10 (7) regulatory agencies; and

11 (8) agencies of public education, but only the Texas
12 Education Agency, the Texas School for the Blind and Visually
13 Impaired, [~~the State Board for Educator Certification,~~] the
14 Telecommunications Infrastructure Fund, and the Texas School for
15 the Deaf.

16 SECTION 7.43. Section 821.001(7), Government Code, is
17 amended to read as follows:

18 (7) "Employer" means any agents or agencies in the
19 state responsible for public education, including the governing
20 board of any school district created under the laws of this
21 state, any county school board, the board of trustees, the board
22 of regents of any college or university, or any other legally
23 constituted board or agency of any public school, but excluding

1 the State Board of Education and[7] the Texas Education Agency[7
2 ~~and the State Board for Educator Certification~~].

3 SECTION 7.44. Section 821.103, Government Code, is amended
4 to read as follows:

5 Sec. 821.103. CANCELLATION OF TEACHER CERTIFICATE. (a)
6 After receiving notice from the board of trustees of an offense
7 under Section 821.101 and after complying with Chapter 2001 and
8 rules adopted by the Educators' Professional Practices [State]
9 Board [~~for Educator Certification~~], the board [~~State Board for~~
10 ~~Educator Certification~~] may cancel the teacher certificate of a
11 person if the board [~~State Board for Educator Certification~~]
12 determines that the person committed the offense.

13 (b) The Educators' Professional Practices [~~executive~~
14 ~~director of the State~~] Board [~~for Educator Certification~~] may
15 enter into an agreed sanction.

16 (c) A criminal prosecution of an offender under Section
17 821.101 is not a prerequisite to action by the Educators'
18 Professional Practices [State] Board [~~for Educator Certification~~
19 ~~or its executive director~~].

20 SECTION 7.45. Section 2054.352(a), Government Code, is
21 reenacted and amended to conform to Chapters 553, 1216, and
22 1275, Acts of the 78th Legislature, Regular Session, 2003, and
23 further amended to read as follows:

1 (a) The following licensing entities shall participate in
2 the system established under Section 2054.353[, ~~as added by~~
3 ~~Chapter 353, Acts of the 77th Legislature, Regular Session,~~
4 ~~2001~~]:

- 5 (1) State Board of Barber Examiners;
- 6 (2) Texas Board of Chiropractic Examiners;
- 7 (3) Texas Cosmetology Commission;
- 8 (4) Court Reporters Certification Board;
- 9 (5) State Board of Dental Examiners;
- 10 (6) Texas Funeral Service Commission;
- 11 (7) Texas Board of Professional Land Surveying;
- 12 (8) Texas State Board of Medical Examiners;
- 13 (9) Board of Nurse Examiners;
- 14 (10) Texas Optometry Board;
- 15 (11) Texas Structural Pest Control Board;
- 16 (12) Texas State Board of Pharmacy;
- 17 (13) Executive Council of Physical Therapy and
18 Occupational Therapy Examiners;
- 19 (14) Texas State Board of Plumbing Examiners;
- 20 (15) Texas State Board of Podiatric Medical Examiners;
- 21 (16) Board of Tax Professional Examiners;
- 22 (17) Polygraph Examiners Board;
- 23 (18) Texas State Board of Examiners of Psychologists;

- 1 (19) State Board of Veterinary Medical Examiners;
- 2 (20) Texas Real Estate Commission;
- 3 (21) Texas Appraiser Licensing and Certification
- 4 Board;
- 5 (22) Texas Department of Licensing and Regulation;
- 6 (23) [~~24~~] Texas State Board of Public Accountancy;
- 7 (24) Texas Education Agency;
- 8 (25) Educators' Professional Practices [State] Board
- 9 [~~for Educator Certification~~];
- 10 (26) Texas Board of Professional Engineers;
- 11 (27) Texas Department of Health;
- 12 (28) Texas Board of Architectural Examiners;
- 13 (29) Texas Racing Commission;
- 14 (30) Commission on Law Enforcement Officer Standards
- 15 and Education; and
- 16 (31) Texas Commission on Private Security.

17 SECTION 7.46. Section 2165.104(c), Government Code, is

18 amended to read as follows:

19 (c) To the extent possible without sacrificing critical

20 public or client services, the commission may not allocate

21 usable office space, as defined by the commission, to a state

22 agency under Article I, II, V, VI, VII, or VIII of the General

23 Appropriations Act or to the Texas Higher Education Coordinating

1 Board, the Texas Education Agency, the Educators' Professional
2 Practices [State] Board [~~for Educator Certification~~], the
3 Telecommunications Infrastructure Fund Board, or the Office of
4 Court Administration of the Texas Judicial System in an amount
5 that exceeds an average of 135 square feet per agency employee
6 for each agency site. To the extent that any of those agencies
7 allocates its own usable office space, as defined by the
8 commission, the agency shall allocate the space to achieve the
9 required ratio. This subsection does not apply to:

10 (1) an agency site at which there are so few employees
11 that it is not practical to apply this subsection to that site,
12 as determined by the commission; and

13 (2) an agency site at which it is not practical to
14 apply this subsection because of the site's type of space or use
15 of space, as determined by the commission.

16 SECTION 7.47. Section 504.002(b), Occupations Code, is
17 amended to read as follows:

18 (b) This chapter does not apply to an activity or service
19 of a person who:

20 (1) is employed as a counselor by a federal
21 institution and is providing chemical dependency counseling
22 within the scope of the person's employment;

23 (2) except as provided by Section 504.057, is a

1 student, intern, or trainee pursuing a supervised course of
2 study in counseling at a regionally accredited institution of
3 higher education or training institution, if the person:

4 (A) is designated as a "counselor intern"; and

5 (B) is engaging in the activity or providing the
6 service as part of the course of study;

7 (3) is not a resident of this state, if the person:

8 (A) engages in the activity or provides the
9 service in this state for not more than 30 days during any year;

10 and

11 (B) is authorized to engage in the activity or
12 provide the service under the law of the state of the person's
13 residence;

14 (4) is a licensed physician, psychologist,
15 professional counselor, or social worker;

16 (5) is a religious leader of a congregation providing
17 pastoral chemical dependency counseling within the scope of the
18 person's duties;

19 (6) is working for or providing counseling with a
20 program exempt under Subchapter C, Chapter 464, Health and
21 Safety Code; or

22 (7) is a school counselor certified under Subchapter
23 B, Chapter 21, Education Code [~~by the State Board for Educator~~

1 ~~Certification]~~.

2 SECTION 7.48. Sections 21.035(b) and (c), 21.039, 21.040,
3 and 21.042, Education Code, are repealed.

4 SECTION 7.49. (a) The State Board for Educator
5 Certification is abolished, and all powers, duties, personnel,
6 property, assets, and obligations of the board are transferred
7 to the Educators' Professional Practices Board and the Texas
8 Education Agency, as determined appropriate by the commissioner
9 of education. The validity of a prior action of the State Board
10 for Educator Certification is not affected by the abolishment
11 and any pending activities of the State Board for Educator
12 Certification shall be deemed to have continued without
13 interruption or material change.

14 (b) The powers and duties of the Educators' Professional
15 Practices Board, as created by this Act, shall continue to be
16 exercised by the State Board for Educator Certification until
17 the initial appointees of the Educators' Professional Practices
18 Board assume their offices, which may not be later than January
19 1, 2006.

20 (c) All rules of the State Board for Educator Certification
21 relating to a transferred power or duty remain in effect as
22 rules of the Educators' Professional Practices Board or
23 commissioner of education, as appropriate, until amended or

1 repealed by the board or commissioner.

2 (d) A contested case, rulemaking procedure, program, test,
3 fee, contract, review, evaluation, sanction, act, or decision of
4 the State Board for Educator Certification that is pending,
5 completed, or in effect on the effective date of this Act shall
6 be deemed that of the commissioner of education or the
7 Educators' Professional Practices Board to the extent authorized
8 by Subchapter B, Chapter 21, Education Code, as amended by this
9 Act, or other law, until and unless a change is expressly made
10 by the commissioner or the board, as appropriate.

11 (e) As soon as practicable after the effective date of this
12 article and not later than November 1, 2005, the commissioner
13 shall make initial appointments to the Educators' Professional
14 Practices Board. In making the initial appointments, the
15 commissioner shall designate four members to serve terms
16 expiring February 1, 2007, four members to serve terms expiring
17 February 1, 2009, and three members to serve terms expiring
18 February 1, 2011.

19 (f) A person who holds a certificate issued under
20 Subchapter B, Chapter 21, Education Code, as it existed on
21 January 1, 2005, may continue to practice under that certificate
22 until the certificate is renewed or replaced under Subchapter B,
23 Chapter 21, Education Code, as amended by this article.

1 (g) The code of ethics adopted under Subchapter B, Chapter
2 21, Education Code, by the State Board for Educator
3 Certification and in effect on the effective date of this
4 article remains in effect until superseded by rules of the
5 Educators' Professional Practices Board.

6 ARTICLE 8. REPEALER; TRANSITION; EFFECTIVE DATE

7 SECTION 8.01. (a) Effective September 1, 2005, the
8 following laws are repealed:

9 (1) Sections 1-3 and 57, Chapter 201, Acts of the 78th
10 Legislature, Regular Session, 2003;

11 (2) Chapter 313, Acts of the 78th Legislature, Regular
12 Session, 2003;

13 (3) Section 1.01, Chapter 366, Acts of the 78th
14 Legislature, Regular Session, 2003; and

15 (4) Sections 7.006, 8.010, 29.056(h), 37.004(g),
16 39.027(b), (c), and (f), 39.051(d), 39.073, 39.074, and
17 42.253(e-1), Education Code.

18 (b) Effective September 1, 2006, Sections 25.0811(b) and
19 (c), Education Code, are repealed.

20 SECTION 8.02. Effective September 1, 2006, the following
21 laws are repealed:

22 (1) the following provisions of the Education Code:

23 (A) Subchapters B, C, E, F, and G, Chapter 41;

1 (B) Subchapter F, Chapter 42, as it existed on
2 November 1, 2005;

3 (C) Sections 21.402(b), 29.203(c) and (g),
4 31.025, 31.1031, 41.001, 41.002, 41.003, 41.0031, 41.007,
5 41.009(b), 41.011, 41.092, 41.099, 41.252(b), 42.103(b) and (e),
6 42.2514, 42.2517, 42.259, 42.260, 42.4101; and

7 (D) Sections 42.2512(a-1) and 42.2541, as added
8 by Part A, Article 1, of this Act;

9 (2) the following provisions of the Insurance Code:

10 (A) Section 1581.053(b); and

11 (B) Subchapter C, Chapter 1581; and

12 (3) Sections 6.02(g), 6.03(m), 21.02(b), and 25.25(k),
13 Tax Code.

14 SECTION 8.03. A school district maintenance tax rate
15 imposed under Sections 45.002 and 45.003, Education Code, before
16 September 1, 2005, is void.

17 SECTION 8.04. (a) Except as provided by Subsection (b) of
18 this section, if two or more sections of this Act amend the same
19 provision of law, the sections of the Act should be harmonized,
20 if possible, so that effect may be given to each section.

21 (b) If a section of this Act repeals a provision of Chapter
22 12, Education Code, that section prevails over a section of this
23 Act that amends the same provision.

1 SECTION 8.05. A change in law made by this Act relating to
2 a school district maintenance tax or enrichment tax under
3 Chapter 41 or Chapter 42, Education Code, prevails over any
4 similar provision of H.B. No. 3, Acts of the 79th Legislature,
5 Regular Session, 2005.

6 SECTION 8.06. Except as otherwise specifically provided by
7 this Act, this Act applies beginning with the 2005-2006 school
8 year.

9 SECTION 8.07. Except as otherwise specifically provided by
10 this Act, this Act takes effect September 1, 2005, but only if
11 H.B. No. 3, Acts of the 79th Legislature, Regular Session, 2005,
12 becomes law. If H.B. No. 3 does not become law, this Act has no
13 effect.