

H.B. No. 2

SPECIAL PRINTING

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

79th Legislature, 1st Called Session

A BILL TO BE ENTITLED

1 AN ACT

2 relating to public education and public school finance matters;
3 imposing criminal penalties.

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

5 ARTICLE 1. PUBLIC SCHOOL FINANCE

6 PART A. EDUCATION FUNDING AND SCHOOL PROPERTY TAX RELIEF

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

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

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

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

7 SECTION 1A.02. Section 41.157(d), Education Code, is amended
8 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 maximum
12 maintenance tax rate permitted under Section 45.003 [~~\$1.50 per \$100~~
13 ~~valuation of taxable property~~] to the extent necessary to pay
14 contracted obligations on the lease purchase of permanent
15 improvements to real property entered into on or before May 12, 1993.

16 The proposition to impose taxes at the necessary rate must be
17 submitted to the voters in the manner provided by Section 45.003.

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

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

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

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

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

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

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

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

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

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

22 SECTION 1A.05. Section 42.2512, Education Code, is amended by

1 adding Subsection (a-1) to read as follows:

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

11 (1) \$1,500; or

12 (2) \$2,000, if H.B. No. 3, Acts of the 79th Legislature,
13 Regular Session, 2005, takes effect immediately.

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

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

18
$$\text{LFA} = \text{TR} \times \text{DPV}$$

19 where:

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

21 "TR" is a tax rate which for each hundred dollars of valuation
22 is an effective tax rate of \$0.76 [~~\$0.86~~]; and

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

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

6 (e-2) For the 2005-2006 school year, the limit authorized by
7 Subsection (e) is reduced by \$0.20. This subsection expires
8 September 1, 2006.

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

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

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

17 (1) the amount of state and local revenue per student in
18 weighted average daily attendance for maintenance and operation of
19 the district that would have been available to the district if the
20 funding elements under Chapters 41 and 42, including any amounts the
21 district would have received under Rider 82, page III-23, Chapter
22 1330, Acts of the 78th Legislature, Regular Session, 2003 (the

1 General Appropriations Act), in effect during the 2004-2005 school
2 year, were in effect for the current school year; and

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

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

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

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

22 (b) The commissioner shall determine the amount of state funds

1 required to be withheld under this section. The commissioner's
2 determination is final and may not be appealed.

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

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

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

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

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

17 (a) Each school district is guaranteed a specified amount per
18 weighted student in state and local funds for each cent of tax effort
19 over that required for the district's local fund assignment up to the
20 maximum level specified in this subchapter. The amount of state
21 support, subject only to the maximum amount under Section 42.303, is
22 determined by the formula:

1 GYA = (GL X WADA X DTR X 100) - LR

2 where:

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

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

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

17 "DTR" is the district [~~enrichment~~] tax rate of the school
18 district, which is determined by subtracting the amounts specified
19 by Subsection (b) from the total amount of maintenance and operations
20 taxes collected by the school district for the applicable school year
21 and dividing the difference by the quotient of the district's taxable
22 value of property as determined under Subchapter M, Chapter 403,

1 Government Code, or, if applicable, under Section 42.2521, divided
2 by 100; and

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

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

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

13 Sec. 42.303. LIMITATION ON [ENRICHMENT] TAX RATE. The district
14 [~~enrichment~~] tax rate ("DTR") under Section 42.302 may not exceed
15 \$0.54 [~~\$0.64~~] per \$100 of valuation, or a greater amount for any year
16 provided by appropriation.

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

20 (d) A proposition submitted to authorize the levy of
21 maintenance taxes must include the question of whether the governing
22 board or commissioners court may levy, assess, and collect annual ad

1 valorem taxes for the further maintenance of public schools, at a
2 rate not to exceed the rate, which may be not more than \$1.30 [~~\$1.50~~]
3 on the \$100 valuation of taxable property in the district, stated in
4 the proposition.

5 (e) An election held before January 1, 2005, authorizing a
6 maintenance tax at a rate of at least \$1.30 on the \$100 valuation of
7 taxable property in the district is sufficient to authorize a rate
8 of \$1.30 or less for the 2005 tax year. If the statewide referendum
9 proposed by H.B. No. 3, Acts of the 79th Legislature, 1st Called
10 Session, 2005, is approved by the voters, an election held before
11 January 1, 2006, authorizing a maintenance tax at a rate of at least
12 \$1.10 on the \$100 valuation of taxable property in the district is
13 sufficient to authorize a rate of \$1.10 or less for the 2006, 2007,
14 or 2008 tax year. If the statewide referendum proposed by H.B. No.
15 3, Acts of the 79th Legislature, 1st Called Session, 2005, is
16 approved by the voters, an election held before January 1, 2009,
17 authorizing a maintenance tax at a rate of at least \$1.05 on the \$100
18 valuation of taxable property in the district is sufficient to
19 authorize a rate of \$1.05 or less for the 2009 tax year or a
20 subsequent tax year.

21 (f) Notwithstanding Subsections (d) and (e) if a school
22 district's maintenance and operations tax rate for the 2004 tax year

1 exceeded a rate of \$1.50 for each \$100 of taxable value of property,
2 the district is entitled to impose an ad valorem tax under this
3 section:

4 (1) without authorization at an election held for that
5 purpose; and

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

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

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

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

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

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

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

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

22 (C) decreases a property owner's ad valorem tax

1 liability;

2 (D) requires the district to refund to the property
3 owner the difference between the amount of taxes paid by the property
4 owner and the amount of taxes for which the property owner is liable;
5 and

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

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

10 (f) The governing body of a school district that adopts a tax
11 rate that exceeds the maximum maintenance tax rate permitted under
12 Section 45.003 [~~\$1.50 per \$100 valuation of taxable property~~] may set
13 the amount of the exemption from taxation authorized by Section
14 11.13(n), Tax Code, at any time before the date the governing body
15 adopts the district's tax rate for the tax year in which the election
16 approving the additional taxes is held.

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

19 (c-1) This subsection applies only to a school district whose
20 central administrative office is located in a county with a
21 population of 9,000 or less and a total area of more than 6,000
22 square miles. If after conducting the annual study for a tax year

1 the comptroller determines that the local value for a school district
2 is not valid, the comptroller shall adjust the taxable value
3 determined under Subsections (a) and (b) as follows:

4 (1) for each category of property sampled and tested by
5 the comptroller in the school district, the comptroller shall use the
6 weighted mean appraisal ratio determined by the study, unless the
7 ratio is more than four percentage points lower than the weighted
8 mean appraisal ratio determined by the comptroller for that category
9 of property in the immediately preceding study, in which case the
10 comptroller shall use the weighted mean appraisal ratio determined
11 in the immediately preceding study minus four percentage points;

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

16 (3) the value estimates established under Subdivision
17 (2), together with the local tax roll value for any categories not
18 sampled and tested by the comptroller, less total deductions
19 determined by the comptroller, determines the taxable value for the
20 school district.

21 PART B. EDUCATION FUNDING AND EQUALIZATION

22 SECTION 1B.01. Section 42.002(b), Education Code, is amended

1 to read as follows:

2 (b) The Foundation School Program consists of:

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

5 [~~(A)~~] sufficient financing for all school districts
6 to provide a basic program of education that is rated academically
7 acceptable or higher under Section 39.072 and meets other applicable
8 legal standards; [~~and~~]

9 (2) an enrichment program, as provided by Subchapter F,
10 that includes a guaranteed yield component to provide [~~(B)~~]
11 substantially equal access to funds to provide an enriched program;
12 and

13 (3) [~~(2)~~] a facilities component as provided by Chapter
14 46.

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

17 (c) The funding elements must include:

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

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

4 (3) appropriate program cost differentials and other
5 funding elements for the programs authorized under Subchapter C, with
6 the program funding level expressed as dollar amounts and as weights
7 applied to the adjusted accreditation [~~basic~~] allotment for the
8 appropriate year;

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

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

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

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

18 (e) Notwithstanding Subsection (d), the board shall contract
19 for a comprehensive study of the funding elements. The board shall
20 report the results of the study to the commissioner and the
21 legislature not later than December 1, 2006. This subsection expires
22 January 1, 2007.

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

3 SUBCHAPTER B. BASIC PROGRAM [ENTITLEMENT]

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

6 Sec. 42.101. ACCREDITATION [BASIC] ALLOTMENT. For each student
7 in average daily attendance, not including the time students spend
8 each day in special education programs in an instructional
9 arrangement other than mainstream or career and technology education
10 programs, for which an additional allotment is made under Subchapter
11 C, a district is entitled to an accreditation allotment of \$4,300
12 [~~\$2,537~~]. A greater amount for any school year may be provided by
13 appropriation.

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

16 Sec. 42.102. COST OF EDUCATION ADJUSTMENT. (a) The
17 accreditation [basic] allotment for each district is adjusted to
18 reflect the geographic variation in known resource costs and costs
19 of education due to factors beyond the control of the school
20 district. The amount of the adjustment is 71 percent of the total
21 amount that would result from application of the cost of education
22 index adopted under this section, or a greater amount for any year

1 provided by appropriation.

2 (a-1) Notwithstanding any other provision of this section, the
3 initial amount of the cost of education index adjustment is a percent
4 determined by the Legislative Budget Board that would result in a
5 total amount of funds delivered under this section that does not
6 exceed the total amount of funds delivered using the application of
7 the cost of education index as it existed on January 1, 2005.

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

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

14 (2) does not exceed 71 percent.

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

22 (b-1) Except as provided by Subsection (c), the cost of

1 education index to be used in determining the cost of education
2 adjustment for the following school years is determined by the
3 following formulas:

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

5
$$\text{CEI} = (\text{TFE} + (7 \times \text{PCEI})) / 8$$

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

7
$$\text{CEI} = ((2 \times \text{TFE}) + (6 \times \text{PCEI})) / 8$$

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

9
$$\text{CEI} = ((2 \times \text{TFE}) + (5 \times \text{PCEI}) + \text{LBBA}) / 8$$

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

11
$$\text{CEI} = ((2 \times \text{TFE}) + (4 \times \text{PCEI}) + (2 \times \text{LBBA})) / 8$$

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

13
$$\text{CEI} = ((2 \times \text{TFE}) + (3 \times \text{PCEI}) + (3 \times \text{LBBA})) / 8;$$

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

15
$$\text{CEI} = ((2 \times \text{TFE}) + (2 \times \text{PCEI}) + (4 \times \text{LBBA})) / 8;$$

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

17
$$\text{CEI} = ((2 \times \text{TFE}) + \text{PCEI} + (5 \times \text{LBBA})) / 8; \text{ and}$$

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

19
$$\text{CEI} = ((2 \times \text{TFE}) + (6 \times \text{LBBA})) / 8$$

20 where:

21 "CEI" is the index to be used;

22 "TFE" is the teacher fixed effects index in the 2004 report

1 commissioned by the Joint Select Committee on Public School Finance
2 of the 78th Legislature;

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

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

7 "LBBC" is the index adopted by the Legislative Budget Board in
8 accordance with Subsection (d) for the state fiscal biennium
9 beginning September 1, 2009; and

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

13 (c) If the adjustment provided by this section for a school
14 year is less than the adjustment to which a school district would
15 have been entitled using the index applied during the 2005-2006
16 school year, the district's adjustment shall be computed using the
17 index applied during the 2005-2006 school year.

18 (c-1) The application of the cost of education index under this
19 section may not result in a greater difference between the highest
20 adjustment and the lowest adjustment than the difference that existed
21 between the highest and lowest adjustments under Chapter 203, Title
22 19, Texas Administrative Code, as that chapter existed on January 1,

1 2005. The Legislative Budget Board shall increase the amount of the
2 lowest adjustment to satisfy this subsection.

3 (d) The Legislative Budget Board shall:

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

6 (2) adopt adjustments as the board determines are
7 necessary to ensure that the cost of education index reflects current
8 variations in known resource costs and costs of education, including
9 costs related to social security, due to factors beyond the control
10 of a school district.

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

15 (e) A school district may appeal a determination of the
16 Legislative Budget Board under Subsection (d) and request a contested
17 case hearing before an administrative law judge of the State Office
18 of Administrative Hearings. A district must pay the cost of an
19 appeal under this section. An appeal must be limited to the
20 computation and application of data under this section and may not
21 include an appeal of the methodology used to compute the teacher
22 fixed effects index.

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

4 (g) Beginning with the 2007-2008 school year, the amount of
5 .062 (6.2 percent) is added to the adjustment provided for under
6 Subsections (b), (b-1), (c), and (d) for any school district that
7 pays taxes under 26 U.S.C. Section 3111(a), and its subsequent
8 amendments, for employees covered by the social security retirement
9 program, if the district covers all employees and did so prior to
10 January 1, 2005.

11 (h) Beginning with the 2007-2008 school year, the amount of
12 .031 (3.1 percent) is added to the adjustment provided for under
13 Subsections (b), (b-1), and (c) for any school district that pays
14 taxes under 26 U.S.C. Section 3111(a), and its subsequent amendments,
15 for employees covered by the social security retirement program, if
16 the district covers at least 25 percent of its employees and did so
17 prior to January 1, 2005.

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

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

1 (a) The accreditation [~~basic~~] allotment for certain small and
2 mid-sized districts is adjusted in accordance with this section. In
3 this section:

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

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

9 (3) "AA" ["ABA"] is the adjusted accreditation [~~basic~~]
10 allotment determined under Section 42.102.

11 (c) The accreditation [~~basic~~] allotment of a school district
12 that [~~contains less than 300 square miles and~~] has not more than
13 1,600 students in average daily attendance is adjusted by applying
14 the following formula, or the formula under Subsection (d) if that
15 results in a greater allotment:

16
$$SA = (1 + ((1,600 - ADA) \times .0004)) \times AA$$

17
$$[AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA]$$

18 (c-1) Notwithstanding Subsection (c), the accreditation
19 allotment of a school district that has not more than 1,600 students
20 in average daily attendance is adjusted for the following school
21 years by applying the following formulas, or the appropriate formula
22 under Subsection (d-1) if that results in a greater allotment:

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

2 SA = (1 + ((1,600 - ADA) X .00026)) X AA

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

4 SA = (1 + ((1,600 - ADA) X .00028)) X AA

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

6 SA = (1 + ((1,600 - ADA) X .0003)) X AA

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

8 SA = (1 + ((1,600 - ADA) X .00032)) X AA;

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

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

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

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

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

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

15 (c-2) Notwithstanding Subsection (c-1), for the 2006-2007,
16 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, or 2012-2013
17 school year, the accreditation allotment of a school district that
18 contains at least 300 square miles and has not more than 1,600
19 students in average daily attendance is adjusted by applying the
20 following formula, or the appropriate formula under Subsection (d-1)
21 if that results in a greater allotment:

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

1 (d) The accreditation [~~basic~~] allotment of a school district
2 that offers a kindergarten through grade 12 program and has less than
3 5,000 students in average daily attendance is adjusted by applying
4 the formula, of the following formulas, that results in the greatest
5 adjusted allotment:

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

8 (2) $SA = (1 + ((5,000 - ADA) \times .00004)) \times AA$

9 $[AA = (1 + ((5,000 - ADA) \times .000025)) \times ABA]$.

10 (d-1) Notwithstanding Subsection (d), the accreditation
11 allotment of a school district that offers a kindergarten through
12 grade 12 program and has less than 5,000 students in average daily
13 attendance is adjusted for the following school years by applying the
14 following formulas, or the formula under Subsection (c) if that
15 results in a greater allotment:

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

17 $SA = (1 + ((5,000 - ADA) \times .000026)) \times AA$

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

19 $SA = (1 + ((5,000 - ADA) \times .000028)) \times AA$

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

21 $SA = (1 + ((5,000 - ADA) \times .00003)) \times AA$

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

1 SA = (1 + ((5,000 - ADA) X .000032)) X AA;

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

3 SA = (1 + ((5,000 - ADA) X .000034)) X AA;

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

5 SA = (1 + ((5,000 - ADA) X .000036)) X AA; and

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

7 SA = (1 + ((5,000 - ADA) X .000038)) X AA

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

11 SECTION 1B.07. Sections 42.104, 42.105, and 42.106, Education
12 Code, are amended to read as follows:

13 Sec. 42.104. USE OF SMALL OR MID-SIZED DISTRICT ADJUSTMENT IN
14 CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a
15 special allotment under Subchapter C for a district to which Section
16 42.103 applies, a district's adjusted accreditation [~~base~~] allotment
17 is considered to be the district's adjusted accreditation allotment
18 determined under Section 42.103.

19 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding Sections
20 42.101, 42.102, and 42.103, a school district that has fewer than 130
21 students in average daily attendance shall be provided an adjusted
22 accreditation [~~base~~] allotment on the basis of 130 students in

1 average daily attendance if it offers a kindergarten through grade
2 12 program and has preceding or current year's average daily
3 attendance of at least 90 students or is 30 miles or more by bus
4 route from the nearest high school district. A district offering a
5 kindergarten through grade 8 program whose preceding or current
6 year's average daily attendance was at least 50 students or which is
7 30 miles or more by bus route from the nearest high school district
8 shall be provided an adjusted accreditation [~~basie~~] allotment on the
9 basis of 75 students in average daily attendance. An average daily
10 attendance of 60 students shall be the basis of providing the
11 adjusted accreditation [~~basie~~] allotment if a district offers a
12 kindergarten through grade 6 program and has preceding or current
13 year's average daily attendance of at least 40 students or is 30
14 miles or more by bus route from the nearest high school district.

15 Sec. 42.106. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT OFFERING
16 ALL GRADE LEVELS. For purposes of this chapter, the taxable value
17 of property of a school district that contracts for students residing
18 in the district to be educated in another district under Section
19 25.039(a) is adjusted by applying the formula:

20
$$\text{ADPV} = \text{DPV} - \frac{(\text{TN}/\text{MTR})}{[(-\text{TN}/.015)]}$$

21 where:

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

1 "DPV" is the taxable value of property in the district for the
2 preceding tax year determined under Subchapter M, Chapter 403,
3 Government Code; [~~and~~]

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

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

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

13 (a) For each student in average daily attendance in a special
14 education program under Subchapter A, Chapter 29, in a mainstream
15 instructional arrangement, a school district is entitled to an annual
16 allotment equal to the adjusted accreditation [~~basic~~] allotment
17 multiplied by 1.1. For each full-time equivalent student in average
18 daily attendance in a special education program under Subchapter A,
19 Chapter 29, in an instructional arrangement other than a mainstream
20 instructional arrangement, a district is entitled to an annual
21 allotment equal to the adjusted accreditation [~~basic~~] allotment
22 multiplied by a weight determined according to instructional

1 arrangement as follows:

2 Homebound 5.0
3 Hospital class 3.0
4 Speech therapy 5.0
5 Resource room 3.0
6 Self-contained, mild and moderate, regular campus 3.0
7 Self-contained, severe, regular campus 3.0
8 Off home campus 2.7
9 Nonpublic day school 1.7
10 Vocational adjustment class 2.3

11 (b) A special instructional arrangement for students with
12 disabilities residing in care and treatment facilities, other than
13 state schools, whose parents or guardians do not reside in the
14 district providing education services shall be established under the
15 rules of the commissioner [~~State Board of Education~~]. The funding
16 weight for this arrangement shall be 4.0 for those students who
17 receive their education service on a local school district campus.

18 A special instructional arrangement for students with disabilities
19 residing in state schools shall be established under the rules of the
20 commissioner [~~State Board of Education~~] with a funding weight of 2.8.

21 (e) The commissioner [~~State Board of Education~~] by rule shall
22 prescribe the qualifications an instructional arrangement must meet

1 in order to be funded as a particular instructional arrangement under
2 this section. In prescribing the qualifications that a mainstream
3 instructional arrangement must meet, the commissioner [~~board~~] shall
4 establish requirements that students with disabilities and their
5 teachers receive the direct, indirect, and support services that are
6 necessary to enrich the regular classroom and enable student success.

7 (g) The commissioner [~~State Board of Education~~] shall adopt
8 rules and procedures governing contracts for residential placement
9 of special education students. The legislature shall provide by
10 appropriation for the state's share of the costs of those placements.

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

1 providing an extended year program.

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

4 (a) For each student who is educationally disadvantaged or who
5 is a student who does not have a disability and resides in a
6 residential placement facility in a district in which the student's
7 parent or legal guardian does not reside, a district is entitled to
8 an annual allotment equal to the adjusted accreditation [~~basic~~]
9 allotment multiplied by 0.2, and by 2.41 for each full-time
10 equivalent student who is in a remedial and support program under
11 Section 29.081 because the student is pregnant.

12 (e) The commissioner may:

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

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

20 (h) After deducting the amount withheld under Subsection (f)
21 from the total amount appropriated for the allotment under Subsection
22 (a), the commissioner shall reduce each district's basic program

1 [~~tier one~~] allotments in the same manner described for a reduction
2 in allotments under Section 42.253 and shall allocate funds to each
3 district accordingly.

4 (k) After deducting the amount withheld under Subsection (i)
5 from the total amount appropriated for the allotment under Subsection
6 (a), the commissioner shall reduce each district's basic program
7 [~~tier one~~] allotments in the same manner described for a reduction
8 in allotments under Section 42.253.

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

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

17 (a-1) This subsection applies only to funding for students who
18 have been enrolled in a bilingual education or special language
19 program for less than three years. The commissioner by rule shall
20 determine a method for determining whether a student has been
21 enrolled in a program for less than three years. For each student
22 in average daily attendance in a bilingual education or special

1 language program under Subchapter B, Chapter 29, who has been
2 enrolled in the program for less than three years, a district is
3 entitled to an annual allotment equal to the adjusted accreditation
4 allotment multiplied by a weight according to the grade level to
5 which the student is assigned, as follows:

6 Prekindergarten-Grade 20.12

7 Grades 3-50.18

8 Grades 6-80.24

9 Grades 9-120.3

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

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

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

22 (e) Out of the total statewide allotment for career and

1 technology education under this section, the commissioner shall set
2 aside an amount specified in the General Appropriations Act, which
3 may not exceed an amount equal to one percent of the total amount
4 appropriated, to support regional career and technology education
5 planning. After deducting the amount set aside under this subsection
6 from the total amount appropriated for career and technology
7 education under this section, the commissioner shall reduce each
8 district's basic program [~~tier one~~] allotments in the same manner
9 described for a reduction in allotments under Section 42.253.

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

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

22 (c-1) The allotment per mile of approved route under Subsection

1 (c) is computed as follows:

2 Linear Density Grouping Allocation Per Mile of Approved Route

2.40 and above	\$ 1.42
1.65 to 2.40	1.28
1.15 to 1.65	1.11
.90 to 1.1597
.65 to .9088

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

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

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

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

1 42.253.

2 SECTION 1B.14. Section 42.157(a), Education Code, is amended
3 to read as follows:

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

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

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

22 (b-1) For the first school year in which students attend a new

1 instructional facility, a fast growth school district is entitled to
2 an allotment of \$500 for each student in average daily attendance at
3 the facility. For the second and third school years in which
4 students attend that instructional facility, the district is entitled
5 to an allotment of \$500 for each additional student in average daily
6 attendance at the facility.

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

14 (g) In this section:

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

18 (A) greater than 10 percent; or

19 (B) more than 3,500 students.

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

22 SECTION 1B.16. Section 42.251, Education Code, is amended to

1 read as follows:

2 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
3 accreditation [~~basic~~] allotment under Subchapter B and the special
4 allotments under Subchapter C, computed in accordance with this
5 chapter, constitute the basic program [~~tier one~~] allotments. The sum
6 of the basic program [~~tier one~~] allotments and the enrichment program
7 [~~guaranteed yield~~] allotments under Subchapter F, computed in
8 accordance with this chapter, constitute the total cost of the
9 Foundation School Program.

10 (b) The program shall be financed by:

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

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

17 (3) state available school funds distributed in
18 accordance with law; and

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

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

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

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

13 (1) \$3,000; or

14 (2) \$3,500, if H.B. No. 3, Acts of the 79th Legislature,
15 Regular Session, 2005, takes effect immediately [; 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, Regular~~
19 ~~Session, 1999, to:~~

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

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

1 for the preceding tax year determined under Subchapter M, Chapter
2 403, Government Code.

3 SECTION 1B.21. Effective September 1, 2009, Section 42.252(a),
4 Education Code, is amended to read as follows:

5 (a) Each school district's share of the basic program under the
6 Foundation School Program is determined by the following formula:

7
$$\text{LFA} = \text{TR} \times \text{DPV}$$

8 where:

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

10 "TR" is a tax rate which for each hundred dollars of valuation
11 is an adopted [effective] tax rate of \$1.05 [~~\$0.86~~]; and

12 "DPV" is the taxable value of property in the school district
13 for the preceding tax year determined under Subchapter M, Chapter
14 403, Government Code.

15 SECTION 1B.22. Section 42.2521(a), Education Code, is amended
16 to read as follows:

17 (a) For purposes of Chapter [~~Chapters 41 and~~] 46 and this
18 chapter, and to the extent money specifically authorized to be used
19 under this section is available, the commissioner shall adjust the
20 taxable value of property in a school district that, due to factors
21 beyond the control of the board of trustees, experiences a rapid
22 decline in the tax base used in calculating taxable values in excess

1 of four percent of the tax base used in the preceding year.

2 SECTION 1B.23. Section 42.253, Education Code, is amended by
3 amending Subsections (a) and (g)-(i) and adding Subsections (c-1),
4 (e-2), and (m) to read as follows:

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

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

8 (2) the amount of money to which a school district is
9 entitled under Subchapter F;

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

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

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

16 (c-1) Notwithstanding any other provision of this chapter, with
17 the approval of the commissioner, a school district in which the
18 number of students in average daily attendance increases as a result
19 of enrolling students pursuant to an agreement to provide education
20 services in cooperation with a public charter district is entitled
21 to receive state revenue for the additional students in an amount not
22 less than the district's total state and local revenue per student,

1 including revenue from accreditation allotments and an enrichment
2 program under Subchapter F, calculated on the basis of the district's
3 average daily attendance prior to the enrollment of the additional
4 students.

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

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

19 (h) If the total amount appropriated for a year for the
20 Foundation School Program is less than the amount of money to which
21 school districts are entitled for that year ~~[legislature fails during~~
22 ~~the regular session to enact the transfer and appropriation proposed~~

1 ~~under Subsection (f) and there are not funds available under~~
2 ~~Subsection (j)]~~, the commissioner shall reduce the total amount of
3 state funds allocated to each district from any source by an amount
4 determined by a method under which the application of the same number
5 of cents of increase in enrichment tax rate in all districts applied
6 to the taxable value of property of each district, as determined
7 under Subchapter M, Chapter 403, Government Code, together with any
8 state aid generated by those taxes, results in a total amount of levy
9 and aid equal to the total reduction. The following fiscal year, a
10 district's entitlement under this section is increased by an amount
11 equal to the reduction made under this subsection.

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

22 (m) Payments from the foundation school fund to each school

1 district shall be made as follows:

2 (1) 15 percent of the yearly entitlement of the district
3 shall be paid in an installment to be made on or before the 25th day
4 of September of a fiscal year;

5 (2) 80 percent of the yearly entitlement of the district
6 shall be paid in eight equal installments to be made on or before the
7 25th day of October, November, December, January, March, May, June,
8 and July; and

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

14 SECTION 1B.24. Sections 42.2531(a)-(c), Education Code, are
15 amended to read as follows:

16 (a) The commissioner may make adjustments to amounts due to a
17 school district under this chapter or Chapter 46, [~~or to amounts~~
18 ~~necessary for a district to comply with the requirements of Chapter~~
19 ~~41,~~] as provided by this section.

20 (b) A school district that has a major taxpayer, as determined
21 by the commissioner, that because of a protest of the valuation of
22 the taxpayer's property fails to pay all or a portion of the ad

1 valorem taxes due to the district may apply to the commissioner to
2 have the district's taxable value of property or ad valorem tax
3 collections adjusted for purposes of this chapter or Chapter [41-~~or~~]
4 46. The commissioner may make the adjustment only to the extent the
5 commissioner determines that making the adjustment will not:

6 (1) in the fiscal year in which the adjustment is made,
7 cause the amount to which school districts are entitled under this
8 chapter to exceed the amount appropriated for purposes of the
9 Foundation School Program for that year; and

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

15 (c) The commissioner shall recover the benefit of any
16 adjustment made under this section by making offsetting adjustments
17 in the school district's taxable value of property or ad valorem tax
18 collections for purposes of this chapter or Chapter [41-~~or~~] 46 on a
19 final determination of the taxable value of property that was the
20 basis of the original adjustment, or in the second school year
21 following the year in which the adjustment is made, whichever is
22 earlier.

1 SECTION 1B.25. Subchapter E, Chapter 42, Education Code, is
2 amended by adding Sections 42.2541 and 42.2542 to read as follows:

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

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

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

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

15 (c) The commissioner may increase the amount to which a school
16 district is entitled under Subsection (b) as the commissioner
17 determines necessary.

18 (d) The commissioner shall:

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

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

4 (e) The commissioner shall determine the amount of state funds
5 to which a school district is entitled under this section, including
6 the amount per student in weighted average daily attendance, and
7 shall make that determination available to the Legislative Budget
8 Board. The commissioner's determination is final and may not be
9 appealed.

10 Sec. 42.2542. TEMPORARY LIMITATIONS ON AID. (a)
11 Notwithstanding any other provision of this subtitle, the
12 commissioner shall withhold from a school district the amount of
13 state funds necessary to ensure that the district does not receive
14 an amount of state and local revenue per student in weighted average
15 daily attendance that is greater than the following percentage of the
16 amount to which the district is entitled under Section 42.2541(b)(1):

- 17 (1) 108 percent for the 2006-2007 school year;
18 (2) 116 percent for the 2007-2008 school year; and
19 (3) 124 percent for the 2008-2009 school year.

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

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

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

5 SECTION 1B.26. Chapter 42, Education Code, is amended by adding
6 Subchapter F to read as follows:

7 SUBCHAPTER F. ENRICHMENT PROGRAM

8 Sec. 42.301. PURPOSE. The purpose of the enrichment program
9 is to provide each school district with the opportunity to supplement
10 the basic program at a level of its own choice. An allotment under
11 this subchapter may be used for any legal purpose other than capital
12 outlay or debt service.

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

18 (b) Each school district is guaranteed a specified amount per
19 student in state and local funds for each cent of enrichment tax
20 effort up to the maximum level specified in this subchapter. The
21 amount of state support is determined by the formula:

22 EGYA = (EGL X WADA X DETR X 100) - LR

1 where:

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

4 "EGL" is the dollar amount guaranteed level of state and local
5 funds per student per cent of tax effort, which is the amount of
6 district enrichment tax revenue per cent of tax effort available to
7 a school district at the 98th percentile in wealth per student, as
8 determined by the commissioner;

9 "WADA" is the number of students in weighted average daily
10 attendance, which is computed by dividing the sum of the school
11 district's allotments under Subchapters B and C, less any allotment
12 to the district for transportation, any allotment to the district
13 under Section 42.158, and 50 percent of the adjustment under Section
14 42.102, by the accreditation allotment for the applicable year;

15 "DETR" is the district enrichment tax rate of the school
16 district, which is determined by dividing the total amount of
17 enrichment taxes collected by the school district for the applicable
18 school year by the district's taxable value of property for the
19 preceding year as determined under Subchapter M, Chapter 403,
20 Government Code, divided by 100; and

21 "LR" is the local revenue, which is determined by multiplying
22 "DETR" by the quotient of the district's taxable value of property

1 for the preceding year as determined under Subchapter M, Chapter 403,
2 Government Code.

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

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

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

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

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

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

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

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

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

3 (d) This subsection and Subsection (c) expire September 1,
4 2013.

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

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

12 (c) Notwithstanding Subsection (b) but subject to Sections
13 42.252(a-1) and 42.306:

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

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

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

21 Sec. 42.304. ENRICHMENT TAX ELECTION. (a) Except as provided
22 by Section 42.306, a school district may not impose an enrichment tax

1 under Section 42.303 unless authorized by a majority of the qualified
2 voters of the district voting at an election held for that purpose.

3 (b) A proposition submitted to authorize the imposition of an
4 enrichment tax must include the question of whether the board of
5 trustees may impose annual ad valorem taxes for the further
6 enrichment of public schools at a rate not to exceed the rate stated
7 in the proposition.

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

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

18 Sec. 42.306. ENRICHMENT TAX AVAILABLE TO CERTAIN DISTRICTS
19 WITHOUT ELECTION. (a) To the extent consistent with Subsection (b),
20 if a school district's maintenance and operations tax rate for the
21 2004 tax year exceeded a rate of \$1.50 for each \$100 of taxable value
22 of property, the district is entitled to impose an ad valorem tax

1 under Section 42.303 without holding an election under Section
2 42.304.

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

5 (1) \$0.15 for each \$100 of taxable value of property; or

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

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

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

16 SECTION 1B.27. Chapter 42, Education Code, is amended by adding
17 Subchapter I to read as follows:

18 SUBCHAPTER I. ADDITIONAL EQUALIZATION

19 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION. (a)
20 Except as provided by Subsection (b), a school district in which the
21 district's local share under Section 42.252 exceeds the district's
22 basic program allotments under Section 42.251 shall be consolidated

1 by the commissioner under Subchapter H, Chapter 41.

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

6 SECTION 1B.28. The heading to Chapter 41, Education Code, is
7 amended to read as follows:

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

9 SECTION 1B.29. Section 41.004, Education Code, is amended to
10 read as follows:

11 Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION [~~PROPERTY WEALTH~~].

12 (a) Not later than July 15 of each year, using the estimate of
13 enrollment under Section 42.254, the commissioner shall review the
14 local share and basic program allotments [~~wealth per student~~] of each
15 school district [~~districts~~] in the state and shall notify:

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

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

22 [~~3~~] each district to which the commissioner proposes to

1 consolidate a district notified under Subdivision (1), if necessary,
2 under Subchapter H.

3 (b) If, before the dates provided by this subsection, a
4 district notified under Subsection (a) (1) has not purchased average
5 daily attendance credit as provided by Subchapter D [~~successfully~~
6 ~~exercised one or more options under Section 41.003 that reduce the~~
7 ~~district's wealth per student to a level equal to or less than the~~
8 ~~equalized wealth level~~], the commissioner [~~shall order the detachment~~
9 ~~of property from that district as provided by Subchapter G. If that~~
10 ~~detachment will not reduce the district's wealth per student to a~~
11 ~~level equal to or less than the equalized wealth level, the~~
12 ~~commissioner may not detach property under Subchapter G but~~] shall
13 order the consolidation of the district with one or more other
14 districts as provided by Subchapter H. [~~An agreement under Section~~
15 ~~41.003(1) or (2) must be executed not later than September 1~~
16 ~~immediately following the notice under Subsection (a).~~] An election
17 to authorize the purchase of average daily attendance credit as
18 provided by Subchapter D [~~for an option under Section 41.003(3), (4),~~
19 ~~or (5)] must be ordered before September 1 immediately following the
20 notice under Subsection (a).~~

21 (c) A district notified under Subsection (a) may not adopt a
22 tax rate for the tax year in which the district receives the notice

1 until the commissioner certifies that the district has entered into
2 an agreement under Subchapter D to purchase average daily attendance
3 credit [~~achieved the equalized wealth level~~].

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

6 (1) is effective for Foundation School Program funding
7 purposes for the school year that begins in the calendar year in
8 which the [~~detachment and annexation or~~] consolidation is [~~agreed to~~
9 ~~or~~] ordered; and

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

13 SECTION 1B.30. Section 41.006(a), Education Code, is amended
14 to read as follows:

15 (a) The commissioner may adopt rules necessary for the
16 implementation of this chapter. The rules may provide for the
17 commissioner to make necessary adjustments to the provisions of
18 Chapter 42, including providing for the commissioner to make an
19 adjustment in the funding element established by Section 42.302, at
20 the earliest date practicable, to the amount the commissioner
21 believes, taking into consideration options exercised by school
22 districts under Section 42.401 [~~this chapter~~] and estimates of

1 student enrollments, will match appropriation levels.

2 SECTION 1B.31. Section 41.008(a), Education Code, is amended
3 to read as follows:

4 (a) The governing board of a school district that results from
5 consolidation under this chapter [~~, including a consolidated taxing~~
6 ~~district under Subchapter F,~~] for the tax year in which the
7 consolidation occurs may determine whether to adopt a homestead
8 exemption provided by Section 11.13, Tax Code, and may set the amount
9 of the exemption, if adopted, at any time before the school district
10 adopts a tax rate for that tax year. This section applies only to
11 an exemption that the governing board of a school district is
12 authorized to adopt or change in amount under Section 11.13, Tax
13 Code.

14 SECTION 1B.32. Section 41.009(a), Education Code, is amended
15 to read as follows:

16 (a) A tax abatement agreement executed by a school district
17 that is involved in consolidation [~~or in detachment and annexation~~
18 ~~of territory]~~ under this chapter is not affected and applies to the
19 taxation of the property covered by the agreement as if executed by
20 the district within which the property is included.

21 SECTION 1B.33. Section 41.010, Education Code, is amended to
22 read as follows:

1 Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax
2 increments under Chapter 311, Tax Code, is not affected by the
3 consolidation of territory [~~or tax bases or by annexation~~] under this
4 chapter. In each tax year a school district paying a tax increment
5 from taxes on property over which the district has assumed taxing
6 power is entitled to retain the same percentage of the tax increment
7 from that property that the district in which the property was
8 located before the consolidation [~~or annexation~~] could have retained
9 for the respective tax year.

10 SECTION 1B.34. Section 41.013(a), Education Code, is amended
11 to read as follows:

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

14 SECTION 1B.35. Section 41.091, Education Code, is amended to
15 read as follows:

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

1 ~~district's wealth per student to a level that is equal to or less~~
2 ~~than the equalized wealth level].~~

3 SECTION 1B.36. Section 41.093(a), Education Code, is amended
4 to read as follows:

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

7 (1) the amount of the district's maintenance and
8 operations tax revenue per student in [weighted] average daily
9 attendance for the school year for which the contract is executed;
10 or

11 (2) the amount of the statewide district average of
12 maintenance and operations tax revenue per student in [weighted]
13 average daily attendance for the school year preceding the school
14 year for which the contract is executed.

15 SECTION 1B.37. Section 41.251, Education Code, is amended to
16 read as follows:

17 Sec. 41.251. COMMISSIONER ORDER. If the commissioner is
18 required under Section 42.401 [41.004] to order the consolidation of
19 districts, the consolidation is governed by this subchapter. The
20 commissioner's order shall be effective on a date determined by the
21 commissioner, but not later than the earliest practicable date after
22 November 8.

1 SECTION 1B.38. Section 41.252, Education Code, is amended by
2 amending Subsections (a) and (c) and adding Subsection (d) to read
3 as follows:

4 (a) In selecting the districts to be consolidated with a
5 district subject to Section 42.401 [~~that has a property wealth~~
6 ~~greater than the equalized wealth level~~], the commissioner shall
7 select one or more districts with a local share under Section 42.252
8 [~~wealth per student~~] that, when consolidated, will result in a
9 consolidated district that is not subject to Section 42.401 [~~with a~~
10 ~~wealth per student equal to or less than the equalized wealth level~~].

11 In achieving that result, the commissioner shall give priority to
12 school districts in the following order:

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

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

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

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

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

8 (6) sixth, to a district that has a tax rate similar to
9 that of the district subject to Section 42.401 [~~that has a property~~
10 ~~wealth greater than the equalized wealth level~~].

11 (c) In applying the selection criteria specified by Subsection
12 (a), if more than two districts are to be consolidated, the
13 commissioner shall select the third and each subsequent district to
14 be consolidated by treating the district subject to Section 42.401
15 [~~that has a property wealth greater than the equalized wealth level~~]
16 and the district or districts previously selected for consolidation
17 as one district.

18 (d) In this section, "local share percentage" means a
19 percentage determined by dividing a school district's local share
20 under Section 42.252 by the district's tier one allotment under
21 Section 42.251.

22 SECTION 1B.39. This part applies beginning with the 2006-2007

1 school year, except that Section 42.253(h), Education Code, as
2 amended in this part, applies beginning with the 2005-2006 school
3 year.

4 SECTION 1B.40. Sections 1B.20 and 1B.21 take effect only if the
5 statewide referendum proposed by H.B. No. 3, Acts of the 79th
6 Legislature, 1st Called Session, 2005, is approved by the voters.

7 If the statewide referendum is not approved by the voters, Sections
8 1B.20 and 1B.21 have no effect.

9 PART C. SCHOOL FACILITIES

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

12 Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In determining
13 which bonds to approve for guarantee under this subchapter, the
14 commissioner shall give priority to a school district that has had
15 bonds refunded and defeased under Subchapter D, Chapter 46.

16 (b) The commissioner may adopt rules to administer this
17 section.

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

21 (c-1) A district's wealth per student is reduced by 25 percent
22 for purposes of this section if the district has had significant

1 student enrollment growth that, as determined by the commissioner,
2 is substantially related to the enrollment of children of military
3 personnel transferred to a military base near the district following
4 the closure or realignment of another military base under the Defense
5 Base Closure and Realignment Act of 1990 (10 U.S.C. Section 2687).
6 The reduction is in addition to any reduction under Subsection (a),
7 (b), or (c) and is computed before the district's wealth per student
8 is reduced under those subsections, if applicable.

9 (d) The commissioner shall adjust the rankings after making the
10 reductions in wealth per student required by Subsections (a), (b),
11 [~~and~~] (c), and (c-1).

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

14 Sec. 46.008. STANDARDS. (a) The commissioner shall establish
15 standards for adequacy of school facilities. The standards must
16 include requirements related to space, educational adequacy, and
17 construction quality. All new facilities constructed after September
18 1, 1998, must meet the standards to be eligible to be financed with
19 state or local tax funds.

20 (b) To be eligible to be financed with state or local tax
21 funds, any portable, modular building capable of being relocated that
22 is purchased or leased after September 1, 2005, for use as a school

1 facility, regardless of whether the building is an industrialized
2 building as defined by Section 1202.003, Occupations Code, must be
3 inspected as provided by Subchapter E, Chapter 1202, Occupations
4 Code, to ensure compliance with the mandatory building codes or
5 approved designs, plans, and specifications.

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

8 Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES. (a)

9 The comptroller in cooperation with the agency shall study:

10 (1) existing instructional facilities in this state; and

11 (2) the projected need for instructional facilities in
12 the next 10 to 20 years.

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

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

19 (A) the need for new instructional facilities;

20 (B) the need for repairs to existing instructional
21 facilities;

22 (C) the need for renovations of existing

1 instructional facilities; and

2 (D) other needs relating to instructional
3 facilities;

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

7 (3) a determination of the number of school districts and
8 campuses that have student populations that exceed the maximum
9 capacity of the districts' or campuses' classrooms, cafeterias, or
10 gymnasiums, including if appropriate a determination of:

11 (A) the number of portable buildings in use by each
12 school district and campus;

13 (B) the square footage of instructional facility
14 space per student; and

15 (C) the number of instructional facilities that are
16 servicing a number of students that exceeds the maximum capacity of the
17 facility; and

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

20 (c) In projecting the need for instructional facilities in the
21 next 10 to 20 years, the study must determine the facilities that
22 will need to be constructed, repaired, or renovated in this state.

1 The study may include:

2 (1) projections as to the date new instructional
3 facilities will be needed or the date existing instructional
4 facilities will need to be repaired or renovated;

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

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

9 (d) The comptroller and the agency shall determine the
10 appropriate methodology for use in conducting the study required by
11 this section.

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

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

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

20 (1) the district made payments on the bonds during the
21 2004-2005 [~~2002-2003~~] school year or taxes levied to pay the
22 principal of and interest on the bonds were included in the

1 district's audited debt service collections for that school year; and

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

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

6 (c) If the amount required to pay the principal of and interest
7 on eligible bonds in a school year is less than the amount of
8 payments made by the district on the bonds during the 2004-2005
9 [~~2002-2003~~] school year or the district's audited debt service
10 collections for that school year, the district may not receive aid
11 in excess of the amount that, when added to the district's local
12 revenue for the school year, equals the amount required to pay the
13 principal of and interest on the bonds.

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

16 SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND

17 CAPACITY

18 Sec. 46.091. DEFINITIONS. In this subchapter:

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

1 (2) "Authority" means the Texas Public Finance Authority.

2 (3) "Authority obligation" means any type of revenue
3 obligation, including a bond, note, certificate, or other instrument
4 issued under this subchapter. The term includes an obligation issued
5 to refund an obligation issued under this subchapter.

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

8 (5) "Obligation administrative expenses" means expenses
9 incurred in administering authority obligations, including:

10 (A) administrative expenses incurred by the
11 commissioner or the authority relating to the administration of this
12 subchapter; and

13 (B) fees for:

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

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

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

20 Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the
21 commissioner determines that it is feasible to refund eligible school
22 district bonds as provided by this subchapter, the commissioner may

1 request that the authority issue authority obligations necessary to
2 accomplish the refunding. On request of the commissioner, the
3 authority shall issue authority obligations, in accordance with Title
4 9, Government Code, in an amount sufficient to:

- 5 (1) refund eligible bonds;
- 6 (2) pay all obligation administrative expenses;
- 7 (3) pay the costs of issuing the authority obligations;
- 8 (4) pay the costs of any credit agreement; and
- 9 (5) provide any reserve funds.

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

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

- 14 (1) the maximum principal amount of bonds to be refunded
15 under this subchapter;
- 16 (2) the maximum term of bonds to be refunded; and
- 17 (3) the amount of state assistance under Subchapter A or
18 B to support the payment of the bonds to be refunded.

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

- 22 (1) the method of sale of authority obligations;

1 (2) the type and form of obligation;

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

4 (4) the need for related credit agreements.

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

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

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

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

14 (2) the principal and interest of the bonds are
15 guaranteed by the permanent school fund under Subchapter C, Chapter
16 45.

17 Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL
18 DISTRICTS. (a) If the commissioner determines that it is feasible
19 to refund eligible school district bonds as provided by this
20 subchapter, the commissioner shall periodically identify which
21 outstanding school bonds are eligible for refunding under this
22 subchapter. The commissioner shall notify the school districts

1 issuing the bonds that:

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

4 (2) a school district whose bonds are refunded under this
5 subchapter is entitled to priority in the allocation of resulting
6 increases in the capacity of the permanent school fund to guarantee
7 school district bonds under Subchapter C, Chapter 45, as provided by
8 Section 45.0561.

9 (b) The district may elect to direct the commissioner to
10 include any of the district's eligible bonds for consideration for
11 refunding under this subchapter. If the district does not elect to
12 direct the commissioner to include the district's bonds for
13 consideration for refunding within the time prescribed by this
14 subsection, the bonds may not be refunded under this subchapter.

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

16 (1) identify the bonds the commissioner proposes to
17 refund under this subchapter;

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

21 (3) advise the district of:

22 (A) the effect of electing to have the bonds

1 considered for refunding; and

2 (B) the effect of not electing to have the bonds
3 considered for refunding.

4 Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. (a)

5 To permit the authority to pledge allocated revenue to the payment
6 of authority obligations, the commissioner shall enter into an
7 agreement with the authority under which:

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

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

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

22 Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a)

1 The authority shall use the proceeds of authority obligations, less
2 the cost of issuing those obligations and the cost of administrative
3 expenses incurred by the commissioner or the authority relating to
4 the administration of this subchapter, to refund and defease eligible
5 bonds as requested by the commissioner. To accomplish the refunding
6 and defeasance:

7 (1) the commissioner, on behalf of the school districts
8 issuing the bonds, may:

9 (A) exercise any reserved right of optional
10 redemption; and

11 (B) issue any required notice of redemption and
12 defeasance; and

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

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

21 Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES.

22 After paying the current debt service on authority obligations, the

1 authority may use allocated revenue to pay obligation administrative
2 expenses.

3 Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF
4 DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the commissioner
5 allocates and distributes to the authority allocated revenue for a
6 school district's bonds refunded under this subchapter in an amount
7 in excess of the state assistance to which the district is entitled
8 in connection with all of the district's bonds, the district shall
9 reimburse the commissioner in the amount of the excess.

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

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

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

1 outstanding eligible bonds.

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

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

7 (2) a pledge of the faith and credit or taxing power of
8 the state, a state agency, or a political subdivision of the state.

9 (b) Authority obligations and any related credit agreements are
10 payable solely from allocated revenue pledged to the payment of those
11 obligations.

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

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

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

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

20 (1) consistent with the original authorization,
21 allocation, and application of state assistance under Subchapter A
22 or B;

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

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

7 ARTICLE 2. EDUCATION EXCELLENCE

8 PART A. EDUCATION EMPLOYEES

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

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

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

20 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR PRINCIPALS.

21 (a) The agency shall develop and operate a school leadership pilot
22 program for principals in accordance with this section.

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

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

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

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

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

22 (g) To implement and administer the program, the commissioner

1 may accept grants, gifts, and donations from public and private
2 entities.

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

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

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

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

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

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

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

22 (2) performance based on the appraisal system for

1 beginning teachers adopted by the board;

2 (3) performance of students taught by beginning teachers,
3 as determined on the basis of annual individual student growth in
4 achievement, as measured under Section 39.034, and any other factor
5 considered appropriate by the board; and

6 (4) retention rates of beginning teachers in the
7 profession.

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

14 (1) the number of candidates who apply;

15 (2) the number of candidates admitted;

16 (3) the number of candidates retained;

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

18 (5) the number of candidates employed in the profession
19 after completing the program; and

20 (6) the number of candidates retained in the profession.

21 (e) The agency shall annually submit student performance data
22 to the board for purposes of Subsection (a)(3). The agency shall

1 provide the data to the board in a manner that protects the names of
2 individual students and otherwise complies with the confidentiality
3 requirements prescribed by Section 39.030.

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

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

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

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

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

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

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

1 provide for a hearing to be held not later than the 15th day after
2 the date the board receives the request for a hearing unless the
3 parties agree in writing to a different date. The hearing must be
4 closed unless the teacher requests an open hearing. The hearing must
5 be conducted in accordance with rules adopted by the board. At the
6 hearing, the teacher may:

7 (1) be represented by a representative of the teacher's
8 choice;

9 (2) hear the evidence supporting the reason for the
10 discharge;

11 (3) cross-examine adverse witnesses; and

12 (4) present evidence.

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

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

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

19 (d) If the teacher does not request a hearing under Subsection
20 (b), the board of trustees shall take the appropriate action to
21 discharge the teacher and shall notify the teacher in writing of that
22 action not later than the 30th day after the date the notice of

1 proposed discharge for a financial exigency that requires a reduction
2 in personnel was sent to the teacher.

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

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

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

19 (1) be represented by a representative of the teacher's
20 choice;

21 (2) hear the evidence supporting the reason for the
22 discharge;

1 (3) cross-examine adverse witnesses; and

2 (4) present evidence.

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

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

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

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

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

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

19 (1) terminate the teacher's continuing contract at any
20 time;

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

1 contract period; or

2 (3) suspend the teacher without pay.

3 (b) This subchapter does not apply to:

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

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

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

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

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

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

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

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

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

19
$$MS = SF \times \underline{AA} [FS]$$

20 where:

21 "MS" is the minimum monthly salary;

22 "SF" is the applicable salary factor specified by Subsection

1 (c); and

2 "AA" is the accreditation allotment under Section 42.101 ["FS"
3 is the amount, as determined by the commissioner under Subsection
4 (b), of state and local funds per weighted student available to a
5 district eligible to receive state assistance under Section 42.302
6 with an enrichment tax rate, as defined by Section 42.302, equal to
7 the maximum rate authorized under Section 42.303, except that the
8 amount of state and local funds per weighted student does not include
9 the amount attributable to the increase in the guaranteed level made
10 by H.B. No. 3343, Acts of the 77th Legislature, Regular Session,
11 2001].

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

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

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

Years Experience	0	1	2
Salary Factor	<u>.6451</u>	<u>[.5656].6584</u>	<u>[.5790].6719</u> <u>[.5924]</u>
Years Experience	3	4	5
Salary Factor	<u>.6851</u>	<u>[.6058].7133</u>	<u>[.6340].7414</u> <u>[.6623]</u>
Years Experience	6	7	8
Salary Factor	<u>.7695</u>	<u>[.6906].7958</u>	<u>[.7168].8205</u> <u>[.7416]</u>

Years Experience	9	10	11
Salary Factor	<u>.8440</u> [-.7651]	<u>.8658</u> [-.7872]	<u>.8870</u> [-.8082]
Years Experience	12	13	14
Salary Factor	<u>.9067</u> [-.8281]	<u>.9251</u> [-.8467]	<u>.9430</u> [-.8645]
Years Experience	15	16	17
Salary Factor	<u>.9595</u> [-.8811]	<u>.9753</u> [-.8970]	<u>.9902</u> [-.9119]
Years Experience	18	19	20 and over
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 school
2 year, a classroom teacher, full-time librarian, full-time counselor
3 certified under Subchapter B, or full-time school nurse is entitled
4 to a monthly salary that is at least equal to the sum of:

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

9 (2) \$350.

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

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

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

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

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

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

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

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

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

21 (1) teaches in the same school;

22 (2) to the extent practicable, teaches the same subject

1 or grade level, as applicable; and

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

4 (b) The commissioner shall adopt rules necessary to administer
5 this section, including rules concerning the duties and
6 qualifications of a teacher who serves as a mentor. The rules
7 concerning qualifications must require that to serve as a mentor a
8 teacher must:

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

11 (2) complete a mentor training program provided by the
12 district; and

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

16 (c) The commissioner shall develop proposed rules under
17 Subsection (b) by negotiated rulemaking as provided by Chapter 2008,
18 Government Code.

19 (d) From the funds appropriated to the agency for purposes of
20 this section, the commissioner shall adopt rules and provide funding
21 to school districts that assign mentor teachers under this section.
22 Funding provided to districts under this subsection may be used only

1 for providing:

2 (1) mentor teacher stipends;

3 (2) scheduled time for mentor teachers to provide
4 mentoring to assigned classroom teachers; and

5 (3) mentoring support through providers of mentor
6 training.

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

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

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

14 (2) that has an unsatisfactory high school graduation
15 rate;

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

17 (4) in which a high percentage of district students
18 perform unsatisfactorily on assessment instruments administered under
19 Section 39.023.

20 (g) The commissioner shall annually evaluate the effectiveness
21 of school district mentor programs established under this section.

22 The evaluation must consider:

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

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

5 (3) the districts' teacher attrition rates.

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

8 SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

9 Sec. 21.651. EDUCATOR EXCELLENCE INCENTIVE PROGRAM. (a) The
10 commissioner shall establish an educator excellence incentive program
11 under which school districts, in accordance with locally developed
12 plans approved by the commissioner, provide incentive payments to
13 employees whose students demonstrate successful annual individual
14 student growth in achievement.

15 (b) From funds appropriated for the purpose of this subchapter,
16 the commissioner shall award incentive payments to each school
17 district with a local incentive plan approved by the commissioner.
18 The commissioner shall distribute the incentive payments each year
19 to a qualifying school district on the basis of the district's actual
20 average daily attendance for the preceding school year. The total
21 amount of incentive payments made to school districts from funds
22 appropriated for the incentive program under this subchapter may not

1 exceed \$100 million each fiscal year.

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

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

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

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

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

18 (2) teachers who serve as mentors in accordance with
19 Section 21.458;

20 (3) teachers who are assigned, during the first three
21 years of the assignment, to a campus that is difficult to staff,
22 according to standards established by the board of trustees of the

1 district, including a rural or academically unacceptable campus; and

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

5 (f) The commissioner shall adopt rules necessary to implement
6 this subchapter. In adopting rules, the commissioner shall:

7 (1) include criteria and guidelines for evaluating local
8 incentive plans; and

9 (2) encourage local flexibility in designing local
10 incentive plans that promote student achievement.

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

15 (1) the performance of students in districts and
16 participating campuses under this section on assessment instruments
17 administered under Section 39.023;

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

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

22 Sec. 21.652. MINIMUM CRITERIA FOR LOCAL INCENTIVE PLANS. (a)

1 A school district shall develop a local incentive plan for rewarding
2 successful annual individual student growth in achievement in the
3 district and submit the plan to the commissioner for approval.

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

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

14 (d) A local incentive plan must:

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

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

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

22 Sec. 21.653. EMPLOYMENT CONTRACTS. (a) A school district

1 shall provide in employment contracts that qualifying employees may
2 receive an incentive payment under the local incentive plan.

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

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

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

11 Sec. 22.007. WAGE INCREASE FOR SUPPORT STAFF. (a) A school
12 district each school year shall pay each full-time district employee,
13 other than an administrator or an employee subject to the minimum
14 salary schedule under Section 21.402, an amount at least equal to
15 \$1,000.

16 (b) A school district each school year shall pay each part-time
17 district employee, other than an administrator, an amount at least
18 equal to \$500.

19 (c) A school district employee entitled to a wage increase
20 under this section may elect to receive a portion of the person's
21 annual wages as health care supplementation as provided by Chapter
22 1580, Insurance Code.

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

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

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

6 This section applies to an assistant who:

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

10 (2) is supervised by a licensed speech-language
11 pathologist.

12 (b) An assistant described by Subsection (a) may attend, as
13 related services personnel, a student admission, review, and
14 dismissal committee meeting if the meeting involves a student for
15 whom the assistant provides services. If an assistant attends a
16 meeting as provided by this section, the supervising speech-language
17 pathologist is not required to attend the meeting, except as provided
18 by Subsection (c).

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

21 (1) if the purpose of the committee meeting is to develop
22 a student's initial individualized education program under Section

1 29.005; or

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

6 (d) This section:

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

10 (2) is not a waiver of a school district's sovereign
11 immunity.

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

15 Sec. 54.220. CHILDREN OF CLASSROOM TEACHERS. (a) In this
16 section:

17 (1) "Child" means a child of any age, including an adult
18 child. The term includes an adopted child.

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

21 (b) For purposes of this section, a person is another person's
22 child if the other person is the person's natural or adoptive parent,

1 managing or possessory conservator, or legal guardian.

2 (c) The governing board of an institution of higher education
3 shall exempt from the payment of tuition or from the payment of
4 required fees for an academic year an eligible undergraduate student
5 who is a child of an eligible classroom teacher and is designated by
6 the classroom teacher to receive the exemption.

7 (d) A classroom teacher is eligible to designate the teacher's
8 child to receive an exemption under this section for an academic year
9 if, at the beginning of the academic year, the teacher is employed
10 full-time as a classroom teacher by a school district in this state
11 and maintains that employment throughout the school year that
12 corresponds to the academic year.

13 (e) An undergraduate student is eligible for an exemption for
14 an academic year under this section only if the student is a resident
15 of this state for purposes of Subchapter B or is otherwise entitled
16 to pay tuition and fees at the rate provided for residents of this
17 state. A student who receives an exemption for an initial academic
18 period is eligible for an exemption for a subsequent academic period
19 only if the student has earned an overall grade point average of at
20 least 2.5 on a four-point scale or the equivalent on course work
21 previously attempted at institutions of higher education.

22 (f) On the completion of a classroom teacher's 15th year of

1 service, the teacher earns either an exemption from the payment of
2 tuition or an exemption from the payment of required fees for one
3 academic year for the benefit of one child. For each year of service
4 that exceeds 15 years, the classroom teacher earns an additional
5 tuition exemption or an additional fee exemption for one academic
6 year for the benefit of one child. The classroom teacher may elect
7 the type of exemption the child may receive under this section at the
8 time the teacher designates the child to receive the exemption. The
9 exemption earned by a classroom teacher for one year of service may
10 be used for the benefit of only one child. Years of service as a
11 classroom teacher are not required to be consecutive. A classroom
12 teacher may not designate a child to receive an exemption under this
13 section for an academic year unless the teacher's most recent five
14 years of service were in this state.

15 (g) A classroom teacher with at least 19 years of service may
16 elect to use any earned but unused exemptions toward the payment of
17 both the tuition and the required fees of one child during an
18 academic year or to use the unused exemptions toward the payment of
19 the tuition or the required fees, or both tuition and fees as
20 permitted by the number of unclaimed exemptions, of more than one
21 child during an academic year. Two classroom teachers may aggregate
22 years of service to earn one or more exemptions for the benefit of

1 one or more of their children in common, but each classroom teacher
2 must maintain eligibility under Subsection (d) during the academic
3 period for which the exemption is used.

4 (h) If an undergraduate student fails to meet any eligibility
5 requirement of Subsection (e) for an academic period, the student may
6 not receive an exemption under this section for that academic period.

7 An undergraduate student may become eligible to receive the
8 exemption in a subsequent academic period of the same academic year
9 if the student reestablishes eligibility before that period begins.

10 (i) If a classroom teacher whose child receives an exemption
11 earned by the teacher under this section does not remain employed as
12 required by Subsection (d), the student may not receive an exemption
13 for a subsequent academic period of the same academic year under this
14 section until the next academic period that begins after the
15 classroom teacher reestablishes eligibility under Subsection (d).

16 (j) An institution of higher education may require an
17 undergraduate student to pay prorated tuition or required fees, as
18 applicable, for an academic period if the student's eligibility for
19 the exemption under Subsection (e) or the teacher's eligibility for
20 the exemption under Subsection (d) is lost during that period.

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

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

4 (2) has received a baccalaureate degree.

5 (1) An undergraduate student who, for any reason other than a
6 loss of relevant eligibility of the student or the classroom teacher,
7 fails to use an exemption from the payment of tuition or an exemption
8 from the payment of required fees in one or more academic periods in
9 the academic year for which the student is designated to receive the
10 exemption may carry forward and use that exemption in an academic
11 period of substantially similar length in a subsequent academic year.

12 The student may use only one exemption for each academic period
13 under this subsection unless the use of more than one exemption is
14 permitted under Subsection (g).

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

16 (1) rules prescribing procedures by which a classroom
17 teacher may designate a child to receive an exemption under this
18 section, including rules relating to the determination of a student's
19 eligibility for an exemption or a classroom teacher's eligibility to
20 designate a child to receive an exemption;

21 (2) rules to allow an otherwise eligible student to
22 receive an exemption under this section if the student is unable to

1 satisfy the grade point average requirement of Subsection (e) solely
2 as a result of a hardship or other good cause; and

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

5 (n) The legislature shall account in the General Appropriations
6 Act for the exemptions authorized by this section in a manner that
7 provides a corresponding increase in the general revenue funds
8 appropriated to the institution granting an exemption.

9 (o) Notwithstanding any other provision of this section, only
10 the following undergraduate students who meet the eligibility
11 requirements of Subsection (e) are eligible to receive an exemption
12 under this section:

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

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

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

22 (p) This subsection and Subsection (o) expire September 1,

1 2009.

2 SECTION 2A.17. Section 11.201(e), Education Code, as added by
3 this Act, applies only to a contract between a superintendent of a
4 school district and a business entity that is entered into on or
5 after September 1, 2005. A contract between a superintendent of a
6 school district and a business entity that is entered into before
7 September 1, 2005, is governed by the law in effect on the date the
8 contract is entered into, and the former law is continued in effect
9 for that purpose.

10 SECTION 2A.18. (a) As soon as possible after September 1,
11 2005, the State Board for Educator Certification shall review the
12 rules adopted under Section 21.044, Education Code, relating to
13 educator training requirements and revise those rules as necessary
14 to ensure that the training requirements are sufficient to produce
15 educators capable of:

16 (1) satisfying the increased standards for highly
17 qualified educators prescribed by the No Child Left Behind Act of
18 2001 (Pub. L. No. 107-110);

19 (2) complying with certification standards in this state;
20 and

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

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

6 SECTION 2A.19. Sections 21.104, 21.251, 21.301, and 21.303,
7 Education Code, as amended by this Act, and Sections 21.1041 and
8 21.2111, Education Code, as added by this Act, apply only to a
9 discharge under a probationary or term contract for which written
10 notice of the proposed discharge is given to a teacher on or after
11 September 1, 2005. A discharge under a probationary or term contract
12 for which written notice of the proposed discharge is given to a
13 teacher before September 1, 2005, is governed by the law in effect
14 when the notice is given, and the former law is continued in effect
15 for that purpose.

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

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

22 SECTION 2A.22. The Texas Higher Education Coordinating Board

1 shall adopt rules and forms for the administration of Section 54.220,
2 Education Code, as added by this Act, not later than January 1, 2006.

3 PART B. ADMINISTRATIVE EFFICIENCY

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

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

9 (b) Each school district, open-enrollment charter school, and
10 institution of higher education shall participate in an electronic
11 student records system that satisfies standards approved by the
12 commissioner of education and the commissioner of higher education.

13 (c) The electronic student records system must permit an
14 authorized state, district, or school official or an authorized
15 representative of an institution of higher education to
16 electronically transfer and retrieve student information generally
17 found in student transcripts, including information concerning a
18 student's course or grade completion and assessment instrument
19 results, to and from an educational institution in which the student
20 is enrolled.

21 (d) The commissioner of education or the commissioner of higher
22 education may solicit and accept grant funds to maintain the

1 electronic student records system and to make the system available
2 to school districts, open-enrollment charter schools, and
3 institutions of higher education.

4 (e) A private or independent institution of higher education,
5 as defined by Section 61.003, may participate in the electronic
6 student records system under this section. If a private or
7 independent institution of higher education elects to participate,
8 the institution must provide the funding to participate in the
9 system.

10 (f) Any person involved in the transfer and retrieval of
11 student information under this section is subject to any state or
12 federal law governing the release of or providing access to any
13 confidential information to the same extent as the educational
14 institution from which the data is collected. A person may not
15 release or distribute the data to any other person in a form that
16 contains confidential information.

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

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

22 Sec. 7.011. STATEWIDE FUNDS MANAGEMENT INFORMATION SYSTEM FOR

1 AT-RISK STUDENT SERVICES. (a) In this section, "student at risk of
2 dropping out of school" has the meaning described by Section 29.081.

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

7 (c) The funds management information system must produce
8 complete, accurate, and timely reports for agency officials and
9 policy makers. The reports must provide information on funding for
10 services for students at risk of dropping out of school, statewide
11 and aggregated by school district, including the following
12 information:

13 (1) the amount of an award;

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

15 (3) expenditures related to an award; and

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

19 (d) The commissioner shall adopt rules as necessary to
20 administer this section. The rules adopted under this subsection
21 must ensure that:

22 (1) the funds management information system includes:

1 (A) the information described by Subsection (c) for
2 all funding sources for services described by Section 29.092 for
3 students at risk of dropping out of school, excluding funding
4 information relating to a compensatory, intensive, or accelerated
5 instruction program under Section 29.081, a disciplinary alternative
6 education program established under Section 37.008, or a program
7 eligible under Title I of the Elementary and Secondary Education Act
8 of 1965, as provided by Pub. L. No. 103-382; and

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

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

13 (3) aggregate funding information is readily available to
14 agency personnel and policy makers, including aggregate funding
15 information relating to a compensatory, intensive, or accelerated
16 instruction program under Section 29.081, a disciplinary alternative
17 education program established under Section 37.008, or a program
18 eligible under Title I of the Elementary and Secondary Education Act
19 of 1965, as provided by Pub. L. No. 103-382.

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

22 Sec. 7.033. QUALITY MANAGEMENT CERTIFICATION PROGRAM. (a) The

1 commissioner by rule shall adopt a quality management certification
2 program to encourage school districts and open-enrollment charter
3 schools to obtain International Organization for Standardization ISO
4 9000 quality management certification.

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

8 (1) compliance with federal law and regulations;

9 (2) financial accountability, including compliance with
10 grant requirements; and

11 (3) data integrity for purposes of:

12 (A) the Public Education Information Management
13 System (PEIMS); and

14 (B) accountability under Chapter 39.

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

20 (1) student performance;

21 (2) administrative efficiency;

22 (3) business processes; and

1 (4) integration and use of educational technology.

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

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

12 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later than
13 December 1, 2005, the commissioner shall evaluate the feasibility of
14 including a uniform indicator under Section 39.202(b) that measures
15 effective administrative management through the use of cooperative
16 shared service arrangements. If the commissioner determines that the
17 adoption of a uniform indicator described by this subsection is
18 feasible, the commissioner by rule shall include the indicator in the
19 financial accountability rating system under Subchapter I, Chapter
20 39, for school districts beginning with the 2006-2007 school year.
21 This subsection expires September 1, 2007.

22 (b) Each regional education service center shall:

1 (1) notify each school district served by the center
2 regarding the opportunities available through the center for
3 cooperative shared service arrangements within the center's service
4 area; and

5 (2) evaluate the need for cooperative shared service
6 arrangements within the center's service area and consider expanding
7 center-sponsored cooperative shared service arrangements.

8 (c) Each regional education service center shall assist a
9 school district board of trustees in entering into an agreement with
10 another district or political subdivision, a regional education
11 service center, or an institution of higher education as defined by
12 Section 61.003, for a cooperative shared service arrangement
13 regarding administrative services, including transportation, food
14 service, purchasing, and payroll functions.

15 (d) The commissioner may require a district or an open-
16 enrollment charter school to enter into an agreement for a
17 cooperative shared service arrangement if the commissioner determines
18 that the financial management performance of the district or school
19 is unsatisfactory.

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

22 Sec. 11.168. CERTIFICATION FOR QUALITY MANAGEMENT STANDARDS.

1 Each school district may apply for International Organization for
2 Standardization ISO 9000 certification for quality management
3 standards and apply for renewal of that certification, as applicable.

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

6 Sec. 28.0022. CURRICULUM MANAGEMENT ASSISTANCE. (a) The
7 commissioner shall identify available curriculum management materials
8 recommended by school districts that may be used to assist school
9 districts in:

10 (1) understanding the depth and complexity of the
11 essential knowledge and skills identified under Section 28.002(c) for
12 each subject in the foundation curriculum under Section 28.002(a)(1);
13 and

14 (2) based on learning standards:

15 (A) developing model instructional plans and
16 diagnostic tools;

17 (B) aligning curriculum objectives to district
18 instructional resources; and

19 (C) differentiating instruction in recognition of
20 the needs of individual students.

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

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

4 (1) the curriculum management materials identified under
5 Subsection (a);

6 (2) the costs associated with making the materials
7 available to school districts; and

8 (3) the manner in which technological applications may be
9 used to make the materials available and allow school districts to
10 use the materials.

11 (d) Subsection (c) and this subsection expire January 31, 2007.

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

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

19 (b) To enable school districts and open-enrollment charter
20 schools to provide supplemental programs and services for the benefit
21 of students at risk of dropping out of school, the commissioner each
22 school year shall award funds to a school district or open-enrollment

1 charter school in accordance with a streamlined and simplified grant
2 process developed by the commissioner. To the extent practicable,
3 the grant process developed by the commissioner under this subsection
4 must comply with Subchapter E, Chapter 7.

5 (c) The commissioner shall consolidate funding from the
6 following currently funded programs and types of services, excluding
7 early childhood care and education programs and accelerated reading
8 or mathematics initiatives under Section 28.006, 28.007, or 28.0211:

9 (1) an optional extended year program under Section
10 29.082;

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

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

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

17 (d) The commissioner may redistribute the funding of programs
18 described under Subsection (c) as necessary to accomplish the purpose
19 of improving the achievement of students at risk of dropping out of
20 school.

21 (e) A school district or open-enrollment charter school that
22 receives an award of funds under this section may use the funds to

1 provide academic and support services to students at risk of dropping
2 out of school, including:

3 (1) services designed to provide intensive academic
4 instruction to increase student success and high school completion;

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

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

9 (4) intensive instruction for preschool and school-age
10 students of limited English proficiency;

11 (5) any academic or support services for pregnant or
12 parenting students, including basic instruction and health and life
13 skills training and support for pregnant or parenting students;

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

16 (7) programs or services designed to promote the
17 involvement of parents of students at risk of dropping out of school;
18 and

19 (8) services or programs promoting school and community
20 collaboration to restructure schools for the successful achievement
21 of all students, especially students at risk of dropping out of
22 school.

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

6 (g) Not later than November 1 of each year, a school district
7 or open-enrollment charter school may submit an application for
8 funding for programs or services under this section. The school
9 district or open-enrollment charter school must include an assessment
10 of needs for students at risk of dropping out of school, a
11 comprehensive plan for providing services for those students based
12 on the agency's research-based implementation guidance provided under
13 Subsection (f), and a report of all sources of funding for providing
14 services for those students. The commissioner shall distribute an
15 award of funds in the form of a block grant not later than March 15
16 of each year.

17 Sec. 29.093. COST-OUTCOME ANALYSIS. (a) The agency and the
18 Legislative Budget Board shall jointly develop a request for
19 proposals for a qualified third party to conduct a comprehensive
20 cost-outcome analysis of federal and state funding for programs
21 targeting students at risk of dropping out of school, as described
22 by Section 29.081, and the impact of those programs on student

1 achievement outcomes. In order to be qualified under this section,
2 a party must at a minimum have experience in educational program
3 evaluation and statistical analysis of public education data.

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

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

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

15 (3) a methodology for evaluating best practices in
16 providing effective services for students at risk of dropping out of
17 school;

18 (4) a statistical methodology for:

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

22 (B) disaggregating data by peer groups;

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

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

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

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

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

14 (B) make recommendations for the potential use of
15 the data, including the best methods to disseminate the information
16 to parents and school districts and open-enrollment charter schools;
17 and

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

20 (2) during the 2006-2007 school year, develop a plan to
21 implement the cost-outcome methodology to assess the effectiveness
22 of school districts and open-enrollment charter schools in providing

1 services during the 2007-2008 school year to students at risk of
2 dropping out of school.

3 (d) During the state fiscal biennium beginning September 1,
4 2005, the commissioner shall retain an amount not to exceed \$500,000
5 from the total amount of funds allotted under the Foundation School
6 Program to finance the comprehensive cost-outcome analysis and shall
7 reduce the total amount of state funds allocated to each district
8 from any source in the same manner described for a reduction in
9 allotments under Section 42.253.

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

11 Sec. 29.094. TEMPORARY PROVISION: COMMISSIONER'S COST-OUTCOME
12 ANALYSIS. (a) The commissioner shall adopt a cost-outcome analysis
13 methodology for use in assessing the effectiveness of school
14 districts and open-enrollment charter schools in providing services
15 for students at risk of dropping out of school, as described by
16 Section 29.081. The commissioner shall use the adopted methodology
17 until the commissioner determines that an alternate methodology
18 approved by the agency and the Legislative Budget Board under Section
19 29.093(b) more accurately portrays the cost-effectiveness of the
20 analyzed services.

21 (b) The methodology adopted by the commissioner must include
22 the following components:

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

4 (2) a format for reporting all state, federal, local, and
5 private sources of funding and total expenditures for supplemental
6 services for students at risk of dropping out of school, reported by
7 school district, by open-enrollment charter school, and
8 statewide; and

9 (3) a system for scoring and ranking school districts and
10 open-enrollment charter schools, including criteria for establishing
11 school district and open-enrollment charter school peer groups for
12 comparison purposes.

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

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

20 (1) report the methodology and the results of the cost-
21 outcome analysis to the lieutenant governor, the speaker of the house
22 of representatives, and the presiding officer of the standing

1 committee of each house of the legislature with primary jurisdiction
2 over public education; and

3 (2) make the report under Subdivision (1) available to
4 the public.

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

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

10 Sec. 44.011. EXPENDITURES FOR DIRECT INSTRUCTIONAL ACTIVITIES.

11 (a) A school district shall allocate at least 65 percent of the
12 district's total revenue to fund direct instructional activities in
13 the district.

14 (a-1) Subsection (a) applies beginning with the 2009-2010
15 school year. For the 2006-2007, 2007-2008, and 2008-2009 school
16 years, a school district shall allocate the following percentages of
17 the district's total revenue to fund direct instructional activities
18 in the district:

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

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

21 and

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

1 Sec. 7.007. PUBLIC ACCESS TO PEIMS DATA. (a) The commissioner
2 by rule shall adopt procedures to make available, through the agency
3 Internet website, all financial information provided by school
4 districts and campuses through the Public Education Information
5 Management System (PEIMS), including campus-level expenditure
6 information.

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

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

12 (j) No more than 15 percent of the funds certified by the
13 commissioner under Subsection (i) may be spent on indirect costs.

14 The commissioner shall evaluate the programs that fail to meet the
15 standard of performance under Section 39.051(b)(10) [~~39.051(b)(7)~~]
16 and may implement sanctions under Subchapter G, Chapter 39. The
17 commissioner may audit the expenditures of funds appropriated for
18 purposes of this section. The use of the funds appropriated for
19 purposes of this section shall be verified as part of the district
20 audit under Section 44.008.

21 SECTION 2C.03. Effective September 1, 2006, Subchapter B,
22 Chapter 28, Education Code, is amended by adding Section 28.027 to

1 read as follows:

2 Sec. 28.027. FUNDING FOR COLLEGE ENTRANCE ASSESSMENTS. (a)

3 The agency shall pay for any student who chooses to take, on one
4 occasion, an assessment instrument that is currently accepted by
5 colleges and universities for use in determining admissions. The
6 agency shall reduce the amount the agency pays for a student to take
7 the assessment instrument by the amount of any discount or fee waiver
8 offered by the vendor of the assessment instrument to which the
9 student is entitled. The agency shall pay the fee for the
10 administration of the assessment instrument directly to the vendor
11 of the assessment instrument:

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

13 (2) if funds are not appropriated for the purpose, from
14 funds allotted under the Foundation School Program, and the
15 commissioner shall reduce the total amount of state funds allocated
16 to each district from any source in the same manner described for a
17 reduction in allotments under Section 42.253.

18 (b) The agency shall ensure that vendors are not paid under
19 Subsection (a) for the administration of an assessment instrument to
20 a student to whom the assessment instrument is not actually
21 administered. The agency may comply with this subsection by any
22 reasonable means, including by creating a refund system under which

1 a vendor returns any payment made for a student who registered for
2 the administration of an assessment instrument but did not appear for
3 the administration.

4 (c) The agency shall select and approve vendors of the specific
5 assessment instruments for which funding is provided under this
6 section.

7 (d) The agency shall compile the results of any assessment
8 instrument for which funding is provided under this section and make
9 the results available to the public in a manner that does not
10 identify individual students.

11 SECTION 2C.04. Sections 29.053(b) and (d), Education Code, are
12 amended to read as follows:

13 (b) Within the first five [~~four~~] weeks following the first day
14 of school, the language proficiency assessment committee established
15 under Section 29.063 shall determine and report to the board of
16 trustees of the district the number of students of limited English
17 proficiency on each campus and shall classify each student according
18 to the language in which the student possesses primary proficiency.

19 The board shall report that information to the agency before
20 November 1 each year.

21 (d) Each district that is required to offer bilingual education
22 and special language programs under this section shall offer the

1 following for students of limited English proficiency:

2 (1) bilingual education in prekindergarten at campuses
3 that offer prekindergarten classes;

4 (2) bilingual education in kindergarten through the
5 elementary grades;

6 (3) ~~[(2)]~~ bilingual education, instruction in English as
7 a second language, or other transitional language instruction
8 approved by the agency in post-elementary grades through grade 8; and

9 (4) ~~[(3)]~~ instruction in English as a second language in
10 grades 9 through 12.

11 SECTION 2C.05. Section 29.056, Education Code, is amended by
12 amending Subsections (a), (d), and (g) and adding Subsections (g-1)
13 and (i) to read as follows:

14 (a) The agency shall establish standardized criteria for the
15 identification, assessment, and classification of students of limited
16 English proficiency eligible for entry into the program or exit from
17 the program. The student's parent must approve a student's entry
18 into the program~~[, exit from the program,]~~ or placement in the
19 program. A school district must inform a student's parent of a
20 student's exit from the program. The school district or parent may
21 appeal the decision under Section 29.064. The criteria for
22 identification, assessment, and classification may include:

1 (1) results of a home language survey conducted within
2 four weeks of each student's enrollment to determine the language
3 normally used in the home and the language normally used by the
4 student, conducted in English and the home language, signed by the
5 student's parents if the student is in kindergarten through grade 8
6 or by the student if the student is in grades 9 through 12, and kept
7 in the student's permanent folder by the language proficiency
8 assessment committee;

9 (2) the results of an agency-approved English language
10 proficiency test administered to all students identified through the
11 home survey as normally speaking a language other than English to
12 determine the level of English language proficiency, with students
13 in kindergarten or grade 1 being administered an oral English
14 proficiency test and students in grades 2 through 12 being
15 administered an oral English proficiency test and, if the oral
16 English proficiency test demonstrates proficiency, a written English
17 proficiency test; and

18 (3) the results of an agency-approved proficiency test in
19 the primary language administered to all students identified under
20 Subdivision (2) as being of limited English proficiency to determine
21 the level of primary language proficiency, with students in
22 kindergarten or grade 1 being administered an oral primary language

1 proficiency test and students in grades 2 through 12 being
2 administered an oral and written primary language proficiency test.

3 (d) Not later than the 20th [~~10th~~] day after the date of the
4 student's classification as a student of limited English proficiency,
5 the language proficiency assessment committee shall give written
6 notice of the classification to the student's parent. The notice
7 must be in English and the parent's primary language. The parents
8 of students eligible to participate in the required bilingual
9 education program shall be informed of the benefits of the bilingual
10 education or special language program and that it is an integral part
11 of the school program.

12 (g) A district may transfer a student of limited English
13 proficiency out of a bilingual education or special language program
14 if the student is able to participate equally in a regular all-
15 English instructional program as determined by:

16 (1) agency-approved tests administered at the end of each
17 school year to determine the extent to which the student has
18 developed oral and written language proficiency and specific language
19 skills in [~~both the student's primary language and~~] English;

20 (2) an achievement score at or above the 40th percentile
21 in the reading and language arts sections of an English standardized
22 test approved by the agency; or [~~and~~]

1 (3) agency-approved [~~other indications of a student's~~
2 ~~overall progress, including]~~ criterion-referenced tests and the
3 results of a [~~test scores,~~] subjective teacher evaluation[~~, and~~
4 ~~parental evaluation~~].

5 (g-1) A school district may transfer a student of limited
6 English proficiency who is eligible for special education services
7 under Subchapter A out of a bilingual education or special language
8 program and into a special education program if the language
9 proficiency assessment committee and the student's admission, review,
10 and dismissal committee agree that the student has a learning
11 disability and would be better served in a special education program.
12 The student's admission, review, and dismissal committee must
13 document that the student has a learning disability that cannot be
14 addressed effectively in a bilingual education or special language
15 program and that the student's learning disability is not due to the
16 student's limited English proficiency. The commissioner by rule
17 shall adopt criteria for a school district to use in transferring a
18 student under this subsection.

19 (i) On approval of the student's parent, a school district may
20 allow a student of limited English proficiency who meets the criteria
21 for being transferred out of a bilingual education or special
22 language program to continue participating in the program.

1 SECTION 2C.06. Subchapter B, Chapter 29, Education Code, is
2 amended by adding Section 29.0561 to read as follows:

3 Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS; REENROLLMENT.

4 (a) The language proficiency assessment committee shall reevaluate
5 a student who is transferred out of a bilingual education or special
6 language program under Section 29.056(g) if the student earns a
7 failing grade in a subject in the foundation curriculum under Section
8 28.002(a)(1) during any grading period in the first two school years
9 after the student is transferred to determine whether the student
10 should be reenrolled in a bilingual education or special language
11 program.

12 (b) During the first two school years after a student is
13 transferred out of a bilingual education or special language program
14 under Section 29.056(g), the language proficiency assessment
15 committee shall review the student's performance and consider:

16 (1) the total amount of time the student was enrolled in
17 a bilingual education or special language program;

18 (2) the student's grades each grading period in each
19 subject in the foundation curriculum under Section 28.002(a)(1);

20 (3) the student's performance on each assessment
21 instrument administered under Section 39.023(a) or (c);

22 (4) the number of credits the student has earned toward

1 high school graduation, if applicable; and

2 (5) any disciplinary actions taken against the student
3 under Subchapter A, Chapter 37.

4 (c) After an evaluation under this section, the language
5 proficiency assessment committee may require intensive instruction
6 for the student or reenroll the student in a bilingual education or
7 special language program.

8 SECTION 2C.07. Subchapter C, Chapter 29, Education Code, is
9 amended by adding Section 29.0822 to read as follows:

10 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)
11 Notwithstanding Section 25.081 or 25.082, a school district may
12 provide a flexible school day program for students in grades 9
13 through 12 who have dropped out of school or who are at risk of
14 dropping out of school.

15 (b) To enable a school district to provide a program under this
16 section that meets the needs of students described by Subsection (a),
17 a school district may:

18 (1) provide flexibility in the number of hours each day
19 a student attends;

20 (2) provide flexibility in the number of days each week
21 a student attends; or

22 (3) allow a student to enroll in less or more than a full

1 course load.

2 (c) A course offered in a program under this section must
3 provide for at least the same number of instructional hours as
4 required for a course offered in a program that meets the required
5 minimum number of instructional days under Section 25.081 and the
6 required length of school day under Section 25.082.

7 (d) The commissioner shall compute average daily attendance for
8 students served under this section for purposes of determining state
9 funding. In computing average daily attendance for purposes of this
10 section, a student may accumulate hours of instruction. Funding
11 under this subsection is determined based on the number of
12 instructional days provided in the district calendar and a seven-hour
13 school day. Hours of attendance under this subsection may be
14 accumulated over the school year, including any summer or vacation
15 sessions, to determine average daily attendance. The attendance of
16 a student who accumulates less than the number of attendance hours
17 required under this subsection shall be proportionately reduced for
18 funding purposes. The commissioner may set a maximum funding amount
19 for an individual course under this section.

20 (e) The commissioner may adopt rules for the administration of
21 this section.

22 SECTION 2C.08. Effective September 1, 2006, Subchapter D,

1 Chapter 29, Education Code, is amended by adding Section 29.124 to
2 read as follows:

3 Sec. 29.124. PERFORMANCE STANDARDS; STATE FUNDING. (a) The
4 commissioner shall adopt the performance standards developed by the
5 agency under the pilot project required by Rider 52, page III-17,
6 Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003
7 (the General Appropriations Act), for assessing the performance in
8 English language arts, mathematics, science, and social studies of
9 students in a program for gifted and talented students. The
10 commissioner may adopt performance standards for assessing the
11 performance in other subjects or at other grade levels of students
12 in a program for gifted and talented students. The commissioner
13 shall establish the minimum level of student performance necessary
14 to comply with the performance standards and may periodically raise
15 the minimum level as the commissioner determines necessary.

16 (b) A school district is not required to use the performance
17 standards adopted under Subsection (a).

18 (c) From funds appropriated for that purpose, for each student
19 who meets the minimum level of performance on the performance
20 standards adopted under Subsection (a), a school district is entitled
21 to \$100. A school district must use funds received under this
22 subsection in providing a program for gifted and talented students

1 under this subchapter. The amount appropriated for any fiscal year
2 for purposes of this subsection may not exceed \$6 million.

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

5 (e) From the funds appropriated under this section, the
6 commissioner may designate an amount necessary to fund the agency's
7 administrative costs of implementing this section.

8 SECTION 2C.09. Subchapter Z, Chapter 29, Education Code, is
9 amended by adding Section 29.913 to read as follows:

10 Sec. 29.913. "EDUCATION. GO GET IT" WEEK. (a) To educate
11 middle school, junior high school, and high school students about the
12 importance of higher education, each school district and each open-
13 enrollment charter school offering those grades shall designate one
14 week during the school year as "Education. Go Get It" Week.

15 (b) During the designated week, each middle school, junior high
16 school, and high school shall provide students with comprehensive
17 grade-appropriate information regarding the pursuit of higher
18 education. The information provided must include information
19 regarding:

20 (1) higher education options available to students;

21 (2) standard admission requirements for institutions of
22 higher education, including:

1 (A) overall high school grade point average;
2 (B) required curriculum; and
3 (C) scores necessary on generally recognized tests
4 or assessments used in admissions determinations, including the
5 Scholastic Assessment Test and the American College Test;

6 (3) automatic admission of certain students to general
7 academic teaching institutions as provided by Section 51.803; and

8 (4) financial aid availability and requirements,
9 including the financial aid information provided by counselors under
10 Section 33.007(b).

11 (c) In addition to the information provided under Subsection
12 (b), each middle school, junior high school, and high school shall
13 provide to the students during the designated week at least one
14 public speaker to promote the importance of higher education.

15 SECTION 2C.10. Section 37.008, Education Code, is amended by
16 adding Subsection (n) to read as follows:

17 (n) For purposes of accountability under Chapter 39, a student
18 placed in a disciplinary alternative education program is reported
19 as if the student were enrolled at the student's assigned campus in
20 the student's regularly assigned education program, including a
21 special education program.

22 SECTION 2C.11. Section 39.022, Education Code, is amended to

1 read as follows:

2 Sec. 39.022. ASSESSMENT PROGRAM. (a) The State Board of
3 Education by rule shall create and implement a statewide assessment
4 program that is knowledge- and skills-based to ensure school
5 accountability for student achievement that achieves the goals
6 provided under Section 4.002. After adopting rules under this
7 section, the State Board of Education shall consider the importance
8 of maintaining stability in the statewide assessment program when
9 adopting any subsequent modification of the rules.

10 (b) The commissioner by rule shall provide for the
11 administration of assessment instruments under this subchapter.

12 SECTION 2C.12. Section 39.023, Education Code, is amended by
13 amending Subsections (a)-(e), (i), (j), and (l)-(n) and adding
14 Subsections (a-1) and (b-1) to read as follows:

15 (a) The agency shall adopt or develop appropriate criterion-
16 referenced assessment instruments designed to assess essential
17 knowledge and skills in reading, writing, mathematics, social
18 studies, and science. Except as otherwise provided by this
19 subchapter, all [All] students [~~, except students assessed under~~
20 ~~Subsection (b) or (l) or exempted under Section 39.027,~~] shall be
21 assessed in:

22 (1) mathematics, annually in grades three through seven

1 without the aid of technology and in grades eight through 11 with the
2 aid of technology on any assessment instruments that include algebra;

3 (2) reading, annually in grades three through nine;

4 (3) writing, including spelling and grammar, in grades
5 four and seven;

6 (4) English language arts, in grades [~~grade~~] 10 and 11;

7 (5) social studies, in grades eight, [~~and~~] 10, and 11;

8 (6) science, in grades five, eight, [~~and~~] 10, and 11; and

9 (7) any other subject and grade required by federal law.

10 (a-1) An assessment instrument under this section may include
11 questions that test a broader range of knowledge and skills or that
12 are at a higher difficulty level for the purpose of differentiating
13 student achievement. A student may not be required to answer a
14 question described by this subsection correctly to perform
15 satisfactorily on the assessment instrument or to be promoted to the
16 next grade level. To ensure a valid bank of questions for use each
17 year, the agency is not required to release a question that is
18 developed for purposes of this subsection until after the fifth
19 school year the question is used on an assessment instrument
20 administered under this section.

21 (b) The agency shall develop or adopt appropriate criterion-
22 referenced assessment instruments to be administered to each student

1 in a special education program under Subchapter A, Chapter 29, who
2 receives modified instruction in the essential knowledge and skills
3 identified under Section 28.002 for the assessed subject but for whom
4 an assessment instrument adopted under Subsection (a), even with
5 allowable accommodations [~~modifications~~], would not provide an
6 appropriate measure of student achievement, as determined by the
7 student's admission, review, and dismissal committee. The assessment
8 instruments required under this subsection must assess essential
9 knowledge and skills [~~and growth~~] in the subjects of reading,
10 mathematics, and writing and any other subject required by federal
11 law. A student's admission, review, and dismissal committee shall
12 determine whether any allowable accommodation [~~modification~~] is
13 necessary in administering to the student an assessment instrument
14 required under this subsection or whether an alternate assessment
15 instrument must be used to measure alternate academic achievement
16 standards. A student's admission, review, and dismissal committee
17 shall determine the high school graduation assessment requirements
18 for a student in a special education program under Subchapter A,
19 Chapter 29, and may use local alternative assessment instruments if
20 multiple testing opportunities are not available for a student. To
21 the extent practicable, the [The] assessment instruments required
22 under this subsection shall be administered on the same schedule as

1 the assessment instruments administered under Subsection (a). The
2 commissioner shall adopt rules to implement this subsection.

3 (b-1) The agency shall adopt or develop appropriate criterion-
4 referenced instruments as required by federal law designed to measure
5 alternate academic achievement standards for students in a special
6 education program under Subchapter A, Chapter 29, with the most
7 significant cognitive disabilities.

8 (c) The [~~agency shall also adopt~~] secondary exit-level
9 assessment instruments designed to be administered to students in
10 grade 11 under Subsection (a) must [~~to~~] assess essential knowledge
11 and skills in mathematics, English language arts, social studies, and
12 science. The mathematics section must include at least Algebra I and
13 geometry with the aid of technology. The English language arts
14 section must include at least English III and must include the
15 assessment of essential knowledge and skills in writing. The social
16 studies section must include early American and United States
17 history. The science section must include at least biology and
18 integrated chemistry and physics. The assessment instruments must
19 be designed to assess a student's mastery of minimum skills necessary
20 for high school graduation and readiness to enroll in an institution
21 of higher education. [~~If a student is in a special education program~~
22 ~~under Subchapter A, Chapter 29, the student's admission, review, and~~

1 ~~dismissal committee shall determine whether any allowable~~
2 ~~modification is necessary in administering to the student an~~
3 ~~assessment instrument required under this subsection or whether the~~
4 ~~student should be exempted under Section 39.027(a)(2). The State~~
5 ~~Board of Education shall administer the assessment instruments. The~~
6 ~~State Board of Education shall adopt a schedule for the~~
7 ~~administration of secondary exit-level assessment instruments.] Each~~
8 student who did not perform satisfactorily on any secondary exit-
9 level assessment instrument when initially tested shall be given
10 multiple opportunities to retake that assessment instrument. A
11 student who performs at or above a level established by the Texas
12 Higher Education Coordinating Board on the secondary exit-level
13 assessment instruments is exempt from the requirements of Section
14 51.306.

15 (d) The commissioner may participate in multistate efforts to
16 develop voluntary standardized end-of-course assessment instruments.

17 The commissioner by rule may require a school district to administer
18 an end-of-course assessment instrument developed through the
19 multistate efforts. The admission, review, and dismissal committee
20 of a student in a special education program under Subchapter A,
21 Chapter 29, shall determine whether any allowable accommodation
22 [~~modification~~] is necessary in administering to the student an end-

1 of-course assessment instrument or whether the student should be
2 exempted [~~under Section 39.027(a)(2)~~].

3 (e) Under rules adopted by the State Board of Education, [~~every~~
4 ~~other year,~~] the agency shall release the questions and answer keys
5 to each assessment instrument administered under Subsection (a), (b),
6 (c), (d), or (l) or Section 39.027 on or after August 1 after the
7 second anniversary of the date [~~after the last time~~] the instrument
8 was [~~is~~] administered [~~for that school year~~]. To ensure a valid bank
9 of questions for use each year, the agency is not required to release
10 a question that is being field-tested and was not used to compute the
11 student's score on the instrument. The agency shall also release,
12 under board rule, each question that is no longer being field-tested
13 and that was not used to compute a student's score.

14 (i) The provisions of this section, except Subsection (d), are
15 subject to modification by rules adopted under Section 39.022. Each
16 assessment instrument adopted or developed under this section [~~those~~
17 ~~rules and each assessment instrument required under Subsection (d)~~]
18 must be reliable and valid and must meet any applicable federal
19 requirements for measurement of student progress.

20 (j) The commissioner shall develop a standardized end-of-course
21 assessment instrument for Algebra I. The commissioner by rule may
22 require a school district to administer an end-of-course assessment

1 instrument in Algebra I. The admission, review, and dismissal
2 committee of a student in a special education program under
3 Subchapter A, Chapter 29, shall determine whether any allowable
4 accommodation [~~modification~~] is necessary in administering to the
5 student an end-of-course assessment instrument or whether the student
6 should be exempted [~~under Section 39.027(a)(2)~~].

7 (1) The agency [~~State Board of Education~~] shall adopt or
8 develop a Spanish version [~~rules for the administration~~] of the
9 assessment instruments adopted under Subsection (a) for [~~in Spanish~~
10 ~~to~~] students in grades three through six who are of limited English
11 proficiency, as defined by Section 29.052, whose primary language is
12 Spanish, and who are not otherwise exempt from the administration of
13 an assessment instrument under Section 39.027 [~~39.027(a)(3) or (4)~~].

14 Each student of limited English proficiency whose primary language
15 is Spanish, other than a student to whom Subsection (b) or (b-1)
16 applies, may be assessed using assessment instruments in Spanish
17 under this subsection for up to three years or assessment instruments
18 in English under Subsection (a). The language proficiency assessment
19 committee established under Section 29.063 shall determine which
20 students are administered assessment instruments in Spanish under
21 this subsection.

22 (m) The commissioner by rule shall develop procedures under

1 which the language proficiency assessment committee established under
2 Section 29.063 shall determine which students in grades three through
3 10 are exempt from the administration of the assessment instruments
4 under Section 39.027 [~~39.027(a)(3) and (4)~~]. The rules adopted under
5 this subsection shall ensure that the language proficiency assessment
6 committee provides that the exempted students are administered the
7 assessment instruments under Subsections (a) and (c) at the earliest
8 practical date. As necessary to comply with federal requirements,
9 the commissioner by rule shall develop procedures under which a
10 student who is exempt from the administration of an assessment
11 instrument under Section 39.027 is administered a linguistically
12 accommodated assessment instrument.

13 (n) This subsection applies only to a student who is determined
14 to have dyslexia or a related disorder and who is an individual with
15 a disability under 29 U.S.C. Section 705(20) [~~and its subsequent~~
16 ~~amendments~~]. The agency shall adopt or develop appropriate
17 [~~eriterion-referenced~~] assessment administration procedures,
18 including accommodations for a [~~instruments designed to assess the~~
19 ~~ability of and to be administered to each~~] student to whom this
20 subsection applies. The [~~for whom the assessment instruments adopted~~
21 ~~under Subsection (a), even with allowable modifications, would not~~
22 ~~provide an appropriate measure of student achievement, as determined~~

1 ~~by the~~] committee established by the board of trustees of the
2 district to determine the placement of students with dyslexia or
3 related disorders[~~. The committee~~] shall determine whether the [any]
4 allowable accommodations are [~~modification is~~] necessary in
5 administering to a student an assessment instrument required under
6 this section [~~subsection. The assessment instruments required under~~
7 ~~this subsection shall be administered on the same schedule as the~~
8 ~~assessment instruments administered under Subsection (a)]].~~

9 SECTION 2C.13. Sections 39.024(a) and (c), Education Code, are
10 amended to read as follows:

11 (a) Except as otherwise provided by this subsection, the State
12 Board of Education shall determine the level of performance
13 considered to be satisfactory on the assessment instruments
14 administered under Section 39.023. The commissioner by rule
15 [~~admission, review, and dismissal committee of a student being~~
16 ~~assessed under Section 39.023(b)] shall determine the level of
17 performance considered to be satisfactory on the assessment
18 instruments administered under Section 39.023(b) or (b-1) [~~to that~~
19 ~~student~~] in accordance with applicable federal requirements [~~criteria~~
20 ~~established by agency rule~~].~~

21 (c) The agency shall develop study guides for the assessment
22 instruments administered under Sections 39.023(a) and (1) [~~(e)~~]. To

1 assist parents in providing assistance during the period that school
2 is recessed for summer, each school district shall distribute the
3 study guides to parents of students who do not perform satisfactorily
4 on one or more parts of the [an] assessment instrument [administered
5 ~~under this subchapter~~].

6 SECTION 2C.14. Section 39.025(a), Education Code, is amended
7 to read as follows:

8 (a) A student may not receive a high school diploma until the
9 student has performed satisfactorily on the secondary exit-level
10 assessment instruments for English language arts, mathematics, social
11 studies, and science administered under Section 39.023(a)
12 [~~39.023(e)~~]. This subsection does not require a student to
13 demonstrate readiness to enroll in an institution of higher
14 education.

15 SECTION 2C.15. Effective September 1, 2006, Subchapter B,
16 Chapter 39, Education Code, is amended by adding Section 39.0261 to
17 read as follows:

18 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In
19 addition to the assessment instruments otherwise authorized or
20 required by this subchapter, a school district may administer to
21 students in any grade an established, valid, reliable, and nationally
22 normed college preparation assessment instrument.

1 (b) The agency shall:

2 (1) select and approve vendors of the specific assessment
3 instruments administered under this section; and

4 (2) subject to the restrictions of Subsection (c), pay
5 all fees associated with the administration of the assessment
6 instrument:

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

8 (B) 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 allocated
11 to each district from any source in the same manner described for a
12 reduction in allotments under Section 42.253.

13 (c) The agency may pay only for the administration of the
14 assessment instrument at two different grade levels in each district
15 each year.

16 (d) A vendor that administers an assessment instrument for a
17 district under this section shall report the results of the
18 assessment instrument to the agency.

19 SECTION 2C.16. Sections 39.027(a), (e), and (g), Education
20 Code, are amended to read as follows:

21 (a) A student in grades three through 10 may be exempted from
22 the administration of an assessment instrument under:

1 (1) ~~[Section 39.023(a) or (b) if the student is eligible~~
2 ~~for a special education program under Section 29.003 and the~~
3 ~~student's individualized education program does not include~~
4 ~~instruction in the essential knowledge and skills under Section~~
5 ~~28.002 at any grade level;~~

6 ~~[(2) Section 39.023(c) or (d) if the student is eligible~~
7 ~~for a special education program under Section 29.003 and:~~

8 ~~[(A) the student's individualized education program~~
9 ~~does not include instruction in the essential knowledge and skills~~
10 ~~under Section 28.002 at any grade level; or~~

11 ~~[(B) the assessment instrument, even with allowable~~
12 ~~modifications, would not provide an appropriate measure of the~~
13 ~~student's achievement as determined by the student's admission,~~
14 ~~review, and dismissal committee;~~

15 ~~[(3)]~~ Section 39.023(a), (b), (b-1), or (1) for a period
16 of up to one year after initial enrollment in a school in the United
17 States if the student is of limited English proficiency, as defined
18 by Section 29.052, and has not demonstrated proficiency in English
19 as determined by the assessment system under Subsection (e); or

20 (2) ~~[(4)]~~ Section 39.023(a), (b), (b-1), or (1) for a
21 period of up to two years in addition to the exemption period
22 authorized by Subdivision (1) ~~[(3)]~~ if the student has received an

1 exemption under Subdivision (1) [~~(3)~~] and:

2 (A) is a recent unschooled immigrant; or

3 (B) is in a grade for which no assessment instrument
4 in the primary language of the student is available.

5 (e) As provided by applicable federal requirements, the [The]
6 commissioner shall develop an assessment system that shall be used
7 for evaluating the academic progress toward attaining academic
8 language proficiency in English, including reading proficiency in
9 English, of all students of limited English proficiency, as defined
10 by Section 29.052. A student who has demonstrated the designated
11 level of [~~is exempt from the administration of an assessment~~
12 ~~instrument under Subsection (a) (3) or (4) who achieves]~~ reading
13 proficiency in English as determined by the assessment system
14 developed under this subsection is not eligible for an exemption
15 under Subsection (a) (1) or (2). [~~shall be administered the assessment~~
16 ~~instruments described by Sections 39.023(a) and (c). The performance~~
17 ~~under the assessment system developed under this subsection of~~
18 ~~students to whom Subsection (a) (3) or (4) applies shall be included~~
19 ~~in the academic excellence indicator system under Section 39.051, the~~
20 ~~performance report under Section 39.053, and the comprehensive annual~~
21 ~~report under Section 39.182.]~~

22 (g) For purposes of this section, "recent unschooled immigrant"

1 means an immigrant who initially enrolled in a school in the United
2 States not more than 12 months before the date of the administration
3 of an assessment instrument under Section 39.023 [~~39.023(a) or (1)~~]
4 and who, as a result of inadequate schooling outside of the United
5 States, lacks the necessary foundation in the essential knowledge and
6 skills of the curriculum prescribed under Section 28.002 as
7 determined by the language proficiency assessment committee
8 established under Section 29.063. For purposes of this subsection
9 and to the extent authorized by federal law, a child's prior
10 enrollment in a school in the United States shall be determined on
11 the basis of documents and records required under Section 25.002(a).

12 SECTION 2C.17. Subchapter B, Chapter 39, Education Code, is
13 amended by adding Sections 39.034 and 39.035 to read as follows:

14 Sec. 39.034. MEASURE OF INDIVIDUAL STUDENT GROWTH ON ASSESSMENT
15 INSTRUMENTS. (a) The commissioner shall determine a method by which
16 the agency may measure individual student growth in achievement from
17 one school year to the next on an assessment instrument required
18 under this subchapter.

19 (b) The agency shall report to each school district the
20 comparisons made under Subsection (a). Each school district shall
21 provide the comparisons to each teacher for all students who were:

22 (1) assessed on an assessment instrument; and

1 (2) taught by that teacher in the subject for which the
2 assessment instrument was administered.

3 (c) The school a student attends shall provide a record of the
4 comparison made under this section and provided to the school under
5 Subsection (b) in a written notice to the student's parents.

6 (d) To the extent practicable, the agency shall combine the
7 report of the comparisons required under this section with the report
8 of the student's performance on assessment instruments administered
9 under Section 39.023.

10 (e) The commissioner shall implement this section not later
11 than September 1, 2006. This subsection expires January 1, 2008.

12 Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF
13 ASSESSMENT INSTRUMENT. (a) An administrator, teacher, other
14 employee, contractor, or volunteer of a school district or public
15 charter district commits an offense if, for the primary purpose of
16 influencing the results of an assessment instrument administered
17 under this subchapter, the person intentionally:

18 (1) discriminates in school admissions based on a
19 student's academic ability in a manner that is not otherwise
20 permitted by law;

21 (2) refers a student to a special education program under
22 Subchapter A, Chapter 29, or a bilingual or special language program

1 under Subchapter B, Chapter 29, for the purpose of gaining an
2 exemption for the student from the administration of the assessment
3 instrument;

4 (3) requires or encourages a student to be absent from a
5 school campus during the day on which the assessment instrument is
6 administered at the campus;

7 (4) tampers with the assessment instrument or related
8 materials to alter the results of the assessment instrument; or

9 (5) engages in any other action designed to alter the
10 accuracy of the results of the assessment instrument.

11 (b) An offense under this section is a Class A misdemeanor.

12 (c) An offense under Subsection (a) (4) is in addition to any
13 offense under Section 37.10(c) (2), Penal Code, arising from the same
14 action.

15 SECTION 2C.18. Section 39.051(b), Education Code, as amended
16 by Chapters 433 and 805, Acts of the 78th Legislature, Regular
17 Session, 2003, is reenacted and amended to read as follows:

18 (b) Performance on the indicators adopted under this section
19 shall be compared to state-established standards. The degree of
20 change from one school year to the next in performance on each
21 indicator adopted under this section shall also be considered. The
22 indicators must be based on information that is disaggregated by

1 race, ethnicity, gender, and socioeconomic status and must include:

2 (1) the results of assessment instruments required under
3 Sections 39.023(a), (c), and (1), aggregated by grade level and
4 subject area;

5 (2) dropout rates, including dropout rates and district
6 completion rates for grade levels 9 through 12, computed in
7 accordance with standards and definitions adopted by the National
8 Center for Education Statistics of the United States Department of
9 Education;

10 (3) high school graduation rates, computed in accordance
11 with standards and definitions adopted in compliance with the
12 [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No. 107-110);

13 (4) student attendance rates;

14 (5) the percentage of graduating students who attain
15 scores on the secondary exit-level assessment instruments required
16 under Subchapter B that are equivalent to a passing score on the
17 assessment [~~test~~] instrument required under Section 51.3062 [~~51.306~~];

18 (6) the percentage of graduating students who meet the
19 course requirements established for the recommended high school
20 program by State Board of Education rule;

21 (7) the results of the Scholastic Assessment Test (SAT),
22 the American College Test (ACT), articulated postsecondary degree

1 programs described by Section 61.852, and certified workforce
2 training programs described by Chapter 311, Labor Code;

3 (8) student growth in achievement, as measured under
4 Section 39.034, aggregated by grade level and subject area;

5 (9) the number and percentage of students at risk of
6 dropping out of school, the number and percentage of those students
7 who are administered each assessment instrument required under
8 Section 39.023, the number and percentage of those students who
9 perform satisfactorily on the assessment instruments, and the results
10 of those students, grouped by number and percentage, on the
11 assessment instruments, disaggregated by subject area and grade
12 level;

13 (10) the number and percentage of students, aggregated by
14 grade level, provided accelerated instruction under Section
15 28.0211(c), the results of assessments administered under that
16 section, the percentage of students promoted through the grade
17 placement committee process under Section 28.0211, the subject of the
18 assessment instrument on which each student failed to perform
19 satisfactorily, and the performance of those students in the school
20 year following that promotion on the assessment instruments required
21 under Section 39.023;

22 (11) [~~9~~] for students who have failed to perform

1 satisfactorily on an assessment instrument required under Section
2 39.023(a) or (c), the numerical progress of those students grouped
3 by number and percentage on subsequent assessment instruments
4 required under those sections, aggregated by grade level and subject
5 area;

6 (12) [~~(10)~~] the percentage of students exempted, by
7 exemption category, from the assessment program generally applicable
8 under this chapter; [~~and~~]

9 (13) [~~(11)~~] the percentage of students of limited English
10 proficiency exempted from the administration of an assessment
11 instrument under Sections 39.027(a) (3) and (4);

12 (14) the percentage of students in a special education
13 program under Subchapter A, Chapter 29, assessed through assessment
14 instruments developed or adopted under Section 39.023(b);

15 (15) for students of limited English proficiency, as
16 defined by Section 29.052, a measure of progress toward English
17 language proficiency, as determined by the commissioner, including
18 the student's performance after transferring out of a bilingual
19 education program or instruction in English as a second language; and

20 (16) the performance of non-educationally disadvantaged
21 students on an assessment instrument required under Sections
22 39.023(a), (b), (c), and (l) and high school dropout and completion

1 rates.

2 SECTION 2C.19. Section 39.052(b), Education Code, is amended
3 to read as follows:

4 (b) The report card shall include the following information:

5 (1) where applicable, the academic excellence indicators
6 adopted under Sections 39.051(b)(1) through (15) and specifically
7 including the indicators adopted under Sections 39.051(b)(9) and (10)
8 [(-9)];

9 (2) average class size by grade level and subject;

10 (3) the administrative and instructional costs per
11 student, computed in a manner consistent with Section 44.0071; and

12 (4) the district's instructional expenditures ratio and
13 instructional employees ratio computed under Section 44.0071, and the
14 statewide average of those ratios, as determined by the commissioner.

15 SECTION 2C.20. Section 39.053(a), Education Code, is amended
16 to read as follows:

17 (a) Each board of trustees shall publish an annual report
18 describing the educational performance of the district and of each
19 campus in the district that includes uniform student performance and
20 descriptive information as determined under rules adopted by the
21 commissioner. The annual report must also include:

22 (1) campus performance objectives established under

1 Section 11.253 and the progress of each campus toward those
2 objectives, which shall be available to the public;

3 (2) the academic performance rating for the district and
4 each campus in the district as provided under Section 39.072
5 [~~39.072(a) and the performance rating of each campus in the district~~
6 ~~as provided under Section 39.072(c)~~];

7 (3) the district's current special education compliance
8 status with the agency;

9 (4) a statement of the number, rate, and type of violent
10 or criminal incidents that occurred on each district campus, to the
11 extent permitted under the Family Educational Rights and Privacy Act
12 of 1974 (20 U.S.C. Section 1232g);

13 (5) information concerning school violence prevention and
14 violence intervention policies and procedures that the district is
15 using to protect students; [~~and~~]

16 (6) the findings that result from evaluations conducted
17 under the Safe and Drug-Free Schools and Communities Act of 1994 (20
18 U.S.C. Section 7101 et seq.) [~~and its subsequent amendments~~]; [~~and~~]

19 (7) information received under Section 51.403(e) for each
20 high school campus in the district, presented in a form determined
21 by the commissioner; and

22 (8) evidence that the district currently holds

1 International Organization for Standardization ISO 9000 certification
2 for quality management standards or a statement that the district
3 does not hold that certification.

4 SECTION 2C.21. Section 39.055, Education Code, is amended to
5 read as follows:

6 Sec. 39.055. [ANNUAL] AUDIT OF DROPOUT RECORDS; REPORT. (a)

7 The commissioner shall develop a process for auditing school
8 district dropout records electronically. The commissioner shall also
9 develop a system and standards for review of the audit or use systems
10 already available at the agency. The system must be designed to
11 identify districts that are at high risk of having inaccurate dropout
12 records and that, as a result, may be subject to a special
13 accreditation investigation under Section 39.075 [~~require on-site~~
14 ~~monitoring of dropout records. If the electronic audit of a~~
15 ~~district's dropout records indicates that a district is not at high~~
16 ~~risk of having inaccurate dropout records, the district may not be~~
17 ~~subject to on-site monitoring under this subsection. If the risk-~~
18 ~~based system indicates that a district is at high risk of having~~
19 ~~inaccurate dropout records, the district is entitled to an~~
20 ~~opportunity to respond to the commissioner's determination before on-~~
21 ~~site monitoring may be conducted. The district must respond not~~
22 ~~later than the 30th day after the date the commissioner notifies the~~

1 ~~district of the commissioner's determination. If the district's~~
2 ~~response does not change the commissioner's determination that the~~
3 ~~district is at high risk of having inaccurate dropout records or if~~
4 ~~the district does not respond in a timely manner, the commissioner~~
5 ~~shall order agency staff to conduct on-site monitoring of the~~
6 ~~district's dropout records].~~

7 (b) ~~[(e)]~~ The commissioner shall notify the superintendent
8 ~~[board of trustees]~~ of a school district of any objection the
9 commissioner has to the district's dropout data, any violation of
10 sound accounting practices or of a law or rule revealed by the data,
11 or any recommendation by the commissioner concerning the data. If the
12 data reflect that a penal law has been violated, the commissioner
13 shall notify the county attorney, district attorney, or criminal
14 district attorney, as appropriate, and the attorney general. The
15 commissioner is entitled to access to all district records the
16 commissioner considers necessary or appropriate for the review,
17 analysis, or approval of district dropout data.

18 SECTION 2C.22. Sections 39.071 and 39.072, Education Code, are
19 amended to read as follows:

20 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
21 district is determined in accordance with this section ~~[subchapter]~~.

22 (b) Each year, the commissioner shall determine the

1 accreditation status of each school district. In determining
2 accreditation status, the commissioner:

3 (1) shall evaluate and consider the performance of the
4 district under:

5 (A) the academic accountability system under Section
6 39.072; and

7 (B) the financial accountability system under
8 Subchapter I;

9 (2) shall evaluate and consider:

10 (A) the results of any special accreditation
11 investigation under Section 39.075; and

12 (B) the district's current special education
13 monitoring or compliance status with the agency; and

14 (3) may consider:

15 (A) the district's compliance with statutory
16 requirements and requirements imposed by rule of the commissioner or
17 State Board of Education under specific statutory authority that
18 relate to:

19 (i) reporting data through the Public Education
20 Information Management System (PEIMS) or other reports required by
21 state or federal law or court order;

22 (ii) the high school graduation requirements

1 under Section 28.025; or

2 (iii) an item listed under Sections
3 7.056(e) (3) (C)-(I) that applies to the district;

4 (B) the effectiveness of the district's programs for
5 special populations; and

6 (C) the effectiveness of the district's career and
7 technology program.

8 (c) Based on a school district's performance under Subsection
9 (b), the commissioner shall:

10 (1) assign a district an accreditation status of:

11 (A) accredited;

12 (B) accredited-warned; or

13 (C) accredited-probation; or

14 (2) revoke the accreditation of the district and order
15 closure of the district under Section 39.1332.

16 (d) The commissioner shall notify a school district that
17 receives an accreditation status of accredited-warned or accredited-
18 probation that the performance of the district is below a standard
19 required under this section. The commissioner shall require the
20 district to notify the parents of students enrolled in the district
21 and property owners in the district of the district's accreditation
22 status and the implications of that accreditation status.

1 (e) A school district that is not accredited may not receive
2 funds from the agency or hold itself out as operating a public school
3 of this state.

4 (f) This chapter may not be construed to invalidate a diploma
5 awarded, course credit earned, or grade promotion granted by a school
6 district before the commissioner revoked the district's
7 accreditation.

8 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [ACCREDITATION
9 STANDARDS]. (a) The commissioner [State Board of Education] shall
10 adopt rules for assigning [~~to evaluate the performance of school~~
11 ~~districts and to assign~~] to each school district and campus a
12 performance rating as follows:

13 (1) exemplary (meets or exceeds state exemplary
14 standards);

15 (2) recognized (meets or exceeds required improvement or
16 [~~and~~] within 10 percent of state exemplary standards);

17 (3) academically acceptable (below the exemplary and
18 recognized standards but exceeds the academically unacceptable
19 standards); or

20 (4) academically unacceptable (below the state clearly
21 unacceptable performance standard and does not meet required
22 improvement).

1 (b) The academic excellence indicators adopted under Section
2 39.051(b) [~~Sections 39.051(b) (1) through (7) and the district's~~
3 ~~current special education compliance status with the agency]~~ shall
4 be the main considerations of the agency in the rating of a school
5 [~~the]~~ district or campus under this section. [~~Additional criteria~~
6 ~~in the rules may include consideration of:~~

7 [~~(1) compliance with statutory requirements and~~
8 ~~requirements imposed by rule of the State Board of Education under~~
9 ~~specific statutory authority that relate to:~~

10 [~~(A) reporting data through the Public Education~~
11 ~~Information Management System (PEIMS);~~

12 [~~(B) the high school graduation requirements under~~
13 ~~Section 28.025; or~~

14 [~~(C) an item listed in Sections 7.056(e) (3) (C) - (I)~~
15 ~~that applies to the district;~~

16 [~~(2) the effectiveness of the district's programs for~~
17 ~~special populations; and~~

18 [~~(3) the effectiveness of the district's career and~~
19 ~~technology programs.]~~

20 (c) The agency shall evaluate [~~against state standards]~~ and
21 [~~shall~~], not later than August 1 of each year, report the performance
22 of each school [~~campus in a]~~ district and campus. [~~each open-~~

1 enrollment charter school on the basis of the campus's performance
2 on the indicators adopted under Sections 39.051(b) (1) through (7).
3 ~~Consideration of the effectiveness of district programs under
4 Subsection (b) (2) or (3) must be based on data collected through the
5 Public Education Information Management System for purposes of
6 accountability under this chapter and include the results of
7 assessments required under Section 39.023.]~~

8 (d) The agency shall annually review the performance of each
9 school district and campus and determine if a change in the academic
10 performance rating of the district or campus is warranted.
11 Notwithstanding any other provision of this code, the commissioner
12 shall determine how the indicators adopted under Section 39.051(b)
13 may be used to determine academic performance ratings and to select
14 districts and campuses for acknowledgment.

15 (e) Each annual review shall include an analysis of the
16 indicators under Section 39.051(b) to determine district and campus
17 performance in relation to:

18 (1) state standards established for each indicator;

19 (2) required improvement as defined under Section
20 39.051(c); and

21 (3) comparable improvement as determined under Section
22 39.051(c).

1 (f) The academic performance rating of a school district may
2 be raised or lowered based on the district's performance or may be
3 lowered based on the unacceptable performance of one or more campuses
4 in the district. The academic performance rating of a school
5 district may also be lowered based on a determination that data
6 provided to the agency by the district that is necessary for
7 conducting an annual review under this section is unreliable.

8 (g) The commissioner shall notify a school district if the
9 performance of the district or a campus in the district is below a
10 standard required under this section. The commissioner shall require
11 the school district to notify the parents of students who are
12 enrolled in the district and property owners in the district of the
13 academic performance rating and the implications of that rating.

14 (h) Notwithstanding any other provision of this code, for
15 purposes of determining the performance of a school district or open-
16 enrollment charter school under this chapter, including the academic
17 performance rating [accreditation status] of the district or school,
18 a student attending a campus that is a [confined by court order in
19 a residential program or] facility operated by or under contract with
20 the Texas Youth Commission, a pre-adjudication secure detention
21 facility or a post-adjudication secure correctional facility that is
22 registered with the Texas Juvenile Probation Commission, or a

1 residential facility is not considered to be a student of the school
2 district or open-enrollment charter school serving the student [~~in~~
3 ~~which the program or facility is physically located~~]. The
4 performance of a student who attends such a campus [~~student~~] on an
5 assessment instrument or other academic excellence indicator adopted
6 under Section 39.051 shall be determined and[~~r~~] reported, but may not
7 be used to determine the rating of the school district or open-
8 enrollment charter school unless the campus is the only campus
9 operated by the district or school. [~~and considered separately from~~
10 ~~the performance of students attending a school of the district in~~
11 ~~which the program or facility is physically located.~~]

12 SECTION 2C.23. Subchapter D, Chapter 39, Education Code, is
13 amended by adding Section 39.0722 to read as follows:

14 Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a) In
15 addition to school district performance ratings under Section 39.072,
16 the commissioner shall annually rate districts according to the
17 degree to which the districts prepare students for postsecondary
18 success, including student performance on the applicable indicators
19 under Sections 39.051(b) and 39.0721. The commissioner shall consult
20 with the P-16 Council established under Section 61.077 when adopting
21 criteria under this section.

22 (b) The commissioner may adopt rules as necessary to administer

1 this section.

2 SECTION 2C.24. Section 39.073(e), Education Code, is amended
3 to read as follows:

4 (e) In determining a district's accreditation rating, the
5 agency shall consider:

6 (1) the district's current special education compliance
7 status with the agency; [~~and~~]

8 (2) the progress of students who have failed to perform
9 satisfactorily in the preceding school year on an assessment
10 instrument required under Section 39.023(a) [~~39.023(a), (c),~~] or (1);
11 and

12 (3) the district's current certification status under the
13 International Organization for Standardization ISO 9000 series
14 quality management program certification as described by Section
15 7.033.

16 SECTION 2C.25. Section 39.075(a), Education Code, is amended
17 to read as follows:

18 (a) The commissioner may [~~shall~~] authorize special
19 accreditation investigations to be conducted:

20 (1) when excessive numbers of absences of students
21 eligible to be tested on state assessment instruments are determined;

22 (2) when excessive numbers of allowable exemptions from

1 the required state assessment instrument are determined;

2 (3) in response to complaints submitted to the agency
3 with respect to alleged violations of civil rights or other
4 requirements imposed on the state by federal law or court order;

5 (4) in response to established monitoring or compliance
6 reviews of the district's financial accounting practices and state
7 and federal program requirements;

8 (5) when extraordinary numbers of student placements in
9 alternative education programs, other than placements under Sections
10 37.006 and 37.007, are determined;

11 (6) in response to an allegation involving a conflict
12 between members of the board of trustees or between the board and the
13 district administration if it appears that the conflict involves a
14 violation of a role or duty of the board members or the
15 administration clearly defined by this code;

16 (7) when excessive numbers of students in special
17 education programs under Subchapter A, Chapter 29, are assessed
18 through assessment instruments developed or adopted under Section
19 39.023(b); [~~or~~]

20 (8) in response to questions concerning a program,
21 including special education, required by federal law or for which the
22 district receives federal funds;

1 (9) when an annual review indicates the academically
2 unacceptable performance under Section 39.072 of one or more campuses
3 in a district, except that the resulting investigation is limited to
4 those campuses;

5 (10) in response to concerns regarding the integrity of
6 data submitted to the agency;

7 (11) in response to allegations of a violation of student
8 assessment procedures for assessment instruments adopted under
9 Section 39.023; or

10 (12) as the commissioner otherwise determines necessary.

11 SECTION 2C.26. Section 39.075(c), Education Code, as amended
12 by Chapters 396 and 931, Acts of the 77th Legislature, Regular
13 Session, 1999, is reenacted and amended to read as follows:

14 (c) Based on the results of a special accreditation
15 investigation, the commissioner may:

16 (1) take appropriate action under Subchapter G;

17 (2) raise or lower the district's accreditation status
18 [rating]; or

19 (3) take action under both Subdivisions (1) and (2).

20 SECTION 2C.27. Section 39.076, Education Code, is amended by
21 amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3),
22 and (c) to read as follows:

1 (a) The agency shall adopt written procedures for conducting
2 ~~[on-site]~~ investigations under this subchapter. The agency shall
3 make the procedures available to the complainant, the alleged
4 violator, and the public. Agency staff must be trained in the
5 procedures and must follow the procedures in conducting the
6 investigation.

7 (a-1) An investigation conducted under this subchapter may be
8 an on-site, desk, or data-based investigation as determined by the
9 commissioner.

10 (a-2) If conducting an on-site investigation, the investigators
11 may obtain information from administrators, teachers, or parents of
12 students enrolled in the school district. The commissioner shall
13 adopt rules for:

14 (1) obtaining information from parents and using that
15 information in the investigator's report; and

16 (2) obtaining information from teachers in a manner that
17 prevents a campus or district from screening the information.

18 (a-3) The agency may give written notice of any impending on-
19 site investigation to the superintendent and the board of trustees
20 of a school district.

21 (c) The investigators conducting an on-site investigation shall
22 report the results of the investigation orally and in writing to the

1 board of trustees of the district and, as appropriate, to campus
2 administrators, and shall make recommendations concerning any
3 necessary improvements or sources of aid, such as regional education
4 service centers.

5 SECTION 2C.28. Subchapter D, Chapter 39, Education Code, is
6 amended by adding Sections 39.077 and 39.078 to read as follows:

7 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A
8 school district or open-enrollment charter school that wishes to
9 challenge a decision to assign or lower an accreditation status, an
10 academic performance rating, or a financial accountability rating
11 must petition for an informal review as provided by Section 7.0571.

12 (b) A final decision by the commissioner to assign or lower an
13 accreditation status, an academic performance rating, or a financial
14 accountability rating following a review under Section 7.0571 is
15 final and may not be appealed.

16 Sec. 39.078. RULES. (a) The commissioner may adopt rules as
17 necessary to administer this subchapter.

18 (b) Unless a provision of this code clearly specifies
19 otherwise, any rule adopted under Subsection (a) must apply
20 accreditation requirements and academic performance ratings under
21 this subchapter to:

22 (1) an open-enrollment charter school in the same manner

1 as the requirements and ratings are applied to a school district; and
2 (2) a campus operated by an open-enrollment charter
3 school in the same manner as the requirements and ratings are applied
4 to a campus operated by a school district.

5 SECTION 2C.29. Subchapter F, Chapter 39, Education Code, is
6 amended by adding Section 39.113 to read as follows:

7 Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT
8 PERFORMANCE ON AT-RISK CAMPUSES. (a) The commissioner shall adopt
9 rules to create an incentive award system for annual growth in
10 student achievement. A school that achieves incremental growth in
11 student achievement, as described in Subsection (b), is eligible for
12 an award if the school:

13 (1) has a student population of at least 65 percent
14 educationally disadvantaged students;

15 (2) achieves an accreditation performance rating of
16 academically acceptable or better; and

17 (3) demonstrates superior growth in the academic
18 performance of educationally disadvantaged students.

19 (b) The commissioner by rule shall adopt performance criteria
20 to measure annual growth in student academic performance. The
21 commissioner shall consider the following criteria, as applicable:

22 (1) annual growth in student achievement that contributes

1 to closing performance gaps among various populations of students;

2 (2) improvements in student scores on the assessment
3 instruments required under Section 39.023;

4 (3) growth in high school completion rates;

5 (4) improvement in student scores on college advanced
6 placement tests; and

7 (5) any other factor that contributes to student
8 achievement.

9 (c) From funds appropriated for the purposes of this section,
10 the commissioner shall award grants to campuses that meet performance
11 criteria adopted under Subsection (b). The commissioner shall
12 allocate awards to campuses not later than December 1 of each year,
13 based on growth in student achievement as measured for the preceding
14 two school years.

15 (c-1) The commissioner shall award grants under this section
16 beginning September 1, 2006. This subsection expires January 1,
17 2007.

18 (d) At least 75 percent of an award under this section must be
19 used for additional teacher compensation at the campus level. The
20 commissioner by rule shall provide for allocating awards under this
21 subsection, including providing individual awards of at least \$3,000
22 for each teacher at a campus receiving an award under this

1 subsection.

2 (e) Grants from funds appropriated for the award program may
3 not exceed \$50 million each year except as expressly authorized by
4 the General Appropriations Act or other law.

5 (f) A determination of the commissioner under this section is
6 final and may not be appealed.

7 (g) The commissioner shall annually evaluate the effectiveness
8 of the state incentive program for improving student performance on
9 at-risk campuses established under this section. The evaluation must
10 consider:

11 (1) the performance of students in districts under this
12 section on assessment instruments administered under Section 39.023;

13 (2) the districts' high school graduation and completion
14 rates; and

15 (3) the districts' teacher attrition rates.

16 SECTION 2C.30. Section 39.131, Education Code, is amended to
17 read as follows:

18 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
19 district does not satisfy the accreditation criteria under Section
20 39.071, the academic performance standards under Section 39.072, or
21 any financial accountability standard as determined by commissioner
22 rule, the commissioner shall take any of the following actions[r

1 ~~listed in order of severity,~~] to the extent the commissioner
2 determines necessary:

3 (1) issue public notice of the deficiency to the board of
4 trustees;

5 (2) order a hearing conducted by the board of trustees of
6 the district for the purpose of notifying the public of the
7 unacceptable performance, the improvements in performance expected
8 by the agency, and the sanctions that may be imposed under this
9 section if the performance does not improve;

10 (3) order the preparation of a student achievement
11 improvement plan that addresses each academic excellence indicator
12 for which the district's performance is unacceptable, the submission
13 of the plan to the commissioner for approval, and implementation of
14 the plan;

15 (4) order a hearing to be held before the commissioner or
16 the commissioner's designee at which the president of the board of
17 trustees of the district and the superintendent shall appear and
18 explain the district's low performance, lack of improvement, and
19 plans for improvement;

20 (5) arrange an on-site investigation of the district;

21 (6) appoint an agency monitor to participate in and
22 report to the agency on the activities of the board of trustees or

1 the superintendent;

2 (7) appoint a conservator to oversee the operations of
3 the district;

4 (8) appoint a management team to direct the operations of
5 the district in areas of unacceptable performance or require the
6 district to obtain certain services under a contract with another
7 person;

8 (9) if a district has a current accreditation status of
9 accredited-warned or accredited-probation, is [been] rated [as]
10 academically unacceptable, or fails to satisfy financial
11 accountability standards as determined by commissioner rule [~~for a~~
12 ~~period of one year or more~~], appoint a board of managers to exercise
13 the powers and duties of the board of trustees;

14 (10) if for two consecutive school years, including the
15 current school year, a district has received an accreditation status
16 of accredited-warned or accredited-probation, has been rated
17 academically unacceptable, or has failed to satisfy financial
18 accountability standards as determined by commissioner rule, revoke
19 the district's accreditation and [~~been rated as academically~~
20 ~~unacceptable for a period of two years or more~~]:

21 (A) order closure of the district and annex the
22 district to one or more adjoining districts under Section 13.054; or

1 (B) in the case of a home-rule school district or
2 open-enrollment charter school, order closure of all programs
3 operated under the district's or school's charter; or

4 (11) if a district has been rated [~~as~~] academically
5 unacceptable for [~~a period of~~] two consecutive school years,
6 including the current school year, [~~or more~~] due to the district's
7 dropout rates, impose sanctions designed to improve high school
8 completion rates, including:

9 (A) ordering the development of a dropout prevention
10 plan for approval by the commissioner;

11 (B) restructuring the district or appropriate school
12 campuses to improve identification of and service to students who are
13 at risk of dropping out of school, as defined by Section 29.081;

14 (C) ordering lower student-to-counselor ratios on
15 school campuses with high dropout rates; and

16 (D) ordering the use of any other intervention
17 strategy effective in reducing dropout rates, including mentor
18 programs and flexible class scheduling.

19 (b) This subsection applies regardless of whether a district
20 has satisfied the accreditation criteria. If for two consecutive
21 school years, including the current school year, [~~a period of one~~
22 ~~year or more~~] a district has had a conservator or management team

1 assigned, the commissioner may appoint a board of managers, a
2 majority of whom must be residents of the district, to exercise the
3 powers and duties of the board of trustees.

4 SECTION 2C.31. Section 39.132, Education Code, is amended to
5 read as follows:

6 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE
7 CAMPUSES. (a) If a campus performance is below any standard under
8 Section 39.072 [~~39.073(b)~~], the campus is considered an academically
9 unacceptable [~~a low-performing~~] campus. The commissioner may permit
10 the campus to participate in an innovative redesign of the campus to
11 improve campus performance or shall [~~may~~] take any of the other
12 following actions [~~, listed in order of severity~~], to the extent the
13 commissioner determines necessary:

14 (1) issue public notice of the deficiency to the board of
15 trustees;

16 (2) order a hearing conducted by the board of trustees at
17 the campus for the purpose of:

18 (A) notifying the public of the unacceptable
19 performance, the improvements in performance expected by the agency,
20 and the sanctions that may be imposed under this section if the
21 performance does not improve within a designated period of time; and

22 (B) soliciting public comment on the initial steps

1 being taken to improve performance;

2 (3) [~~order the preparation of a report regarding the~~
3 ~~parental involvement program at the campus and a plan describing~~
4 ~~strategies for improving parental involvement at the campus;~~

5 [~~(4) order the preparation of a report regarding the~~
6 ~~effectiveness of the district- and campus-level planning and~~
7 ~~decision-making committees established under Subchapter F, Chapter~~
8 ~~11, and a plan describing strategies for improving the effectiveness~~
9 ~~of those committees;~~

10 [(5)] order the preparation of a student achievement
11 improvement plan that addresses each academic excellence indicator
12 for which the campus's performance is unacceptable, the submission
13 of the plan to the commissioner for approval, and implementation of
14 the plan;

15 (4) [(6)] order a hearing to be held before the
16 commissioner or the commissioner's designee at which the president
17 of the board of trustees, the superintendent, and the campus
18 principal shall appear and explain the campus's low performance, lack
19 of improvement, and plans for improvement; or

20 (5) [(7)] appoint a special campus intervention team to:

21 (A) conduct a comprehensive on-site evaluation of
22 the campus to determine the cause for the campus's low performance

1 and lack of progress;

2 (B) recommend actions, including reallocation of
3 resources and technical assistance, changes in school procedures or
4 operations, staff development for instructional and administrative
5 staff, intervention for individual administrators or teachers,
6 waivers from state statute or rule, or other actions the team
7 considers appropriate;

8 (C) assist in the development of a campus plan for
9 student achievement; and

10 (D) assist the commissioner in monitoring the
11 progress of the campus in implementing the campus plan for
12 improvement of student achievement[; or

13 [~~(8) if a campus has been a low-performing campus for a
14 period of one year or more, appoint a board of managers composed of
15 residents of the district to exercise the powers and duties of the
16 board of trustees of the district in relation to the campus].~~

17 (a-1) Notwithstanding Subsection (a), if a campus has been
18 identified as academically unacceptable under this section or the
19 campus is rated academically acceptable for the current school year
20 but would be rated as academically unacceptable if performance
21 standards to be used for the following school year were applied to
22 the current school year, the commissioner shall select and assign a

1 technical assistance team to assist the campus in executing a school
2 improvement plan and any other school improvement strategies the
3 commissioner determines appropriate. The commissioner shall select
4 and assign the technical assistance team not later than:

5 (1) October 1 after identifying the campus as
6 academically unacceptable or otherwise subject to this subsection;
7 or

8 (2) the 30th day after the date the campus is provided
9 notice that the campus's appeal of its performance rating has been
10 denied.

11 (a-2) A technical intervention team assigned under Subsection
12 (a-1) to a campus that is academically unacceptable shall conduct a
13 comprehensive on-site evaluation of the campus to determine the cause
14 for the campus's low performance and lack of progress. The team
15 shall have wide latitude to determine what factors to assess and how
16 to do the assessment. Some factors to be considered are:

17 (1) an assessment of the staff to determine the
18 percentage of certified teachers who are teaching in their field, the
19 number of teachers with less than three years of experience, and
20 teacher turnover rates;

21 (2) compliance with the appropriate class size rules and
22 number of class size waivers received;

1 (3) an assessment of the quality, quantity, and
2 appropriateness of instructional materials, including the
3 availability of technology-based instructional materials;

4 (4) a report on the parental involvement strategies and
5 the effectiveness of such strategies;

6 (5) an assessment of the extent and quality of the
7 mentoring program provided for new teachers on that campus;

8 (6) an assessment of the type and quality of the
9 professional development provided to the staff;

10 (7) a demographic analysis of the student population,
11 including student demographics, at-risk populations, and special
12 education percentages;

13 (8) a report of disciplinary incidents and school safety
14 information;

15 (9) financial and accounting practices; and

16 (10) an assessment of appropriateness of the curriculum
17 and teaching strategies.

18 (a-3) Upon completion of the evaluation the intervention team
19 will recommend actions, including any necessary reallocation of
20 resources and/or additional funds taken from funds to be set aside
21 by the agency to assist campuses in meeting the standards specified
22 in the intervention plan, technical assistance, changes in school

1 procedures or operations, staff development for instructional and
2 administrative staff, intervention for individual administrators or
3 teachers, waivers from state statute or rule, or other actions the
4 team considers appropriate.

5 (a-4) The commissioner may determine when a technical
6 assistance team's services are no longer needed at a campus under
7 this section. If a campus is considered an academically unacceptable
8 campus under Subsection (a) for the subsequent school year after the
9 campus is reconstituted under this subsection, the commissioner shall
10 pursue alternative management under Section 39.1321.

11 (b) Notwithstanding Subsection (a), if [If] a campus has been
12 identified as academically unacceptable [a low-performing campus] for
13 three [a period of two] consecutive school years, including the
14 current school year [or more], the commissioner shall order the
15 reconstitution of [closure of the district or charter program on the
16 campus or reconstitute] the campus and assign a special campus
17 intervention team. In reconstituting the campus, a special campus
18 intervention team shall assist the campus in:

19 (1) developing a school improvement plan;

20 (2) obtaining approval of the plan from the commissioner;

21 and

22 (3) executing the plan on approval by the commissioner.

1 (c) The special campus intervention team shall decide [be
2 assembled for the purpose of deciding] which educators may be
3 retained at that campus. A principal who has been employed by the
4 campus in that capacity during the two-year period described by
5 Subsection (b) may not be retained at that campus. A teacher of a
6 subject assessed by an assessment instrument under Section 39.023 may
7 be retained only if the special campus intervention team determines
8 that a pattern exists of significant academic growth by students
9 taught by the teacher. If an educator is not retained, the educator
10 may be assigned to another position in the district.

11 (d) In developing and executing a school improvement plan under
12 Subsection (b), the special campus intervention team shall:

13 (1) assist the campus in implementing research-based
14 practices for curriculum development and classroom instruction,
15 including bilingual education and special education programs, if
16 appropriate, and financial management; and

17 (2) provide technical assistance based on scientifically
18 based research, including data analysis, academic deficiency
19 identification, intervention implementation, and budget analysis, to
20 strengthen and improve the instructional program at the campus.

21 (e) A special campus intervention team assembled under
22 Subsection (b):

1 (1) shall continue to work with a campus until:

2 (A) the campus is rated academically acceptable for
3 a two-year period; or

4 (B) the campus is rated academically acceptable for
5 a one-year period and the commissioner determines that the campus is
6 operating and will continue to operate in a manner that improves
7 student achievement; and

8 (2) may continually update the school improvement plan,
9 with approval from the commissioner, to meet the needs of the campus.

10 (f) Notwithstanding any other provision of this subchapter, if
11 the commissioner determines that an intervention under Subsection (b)
12 or Section 39.1321 cannot reasonably be expected to achieve timely
13 improvement at a campus that has been identified as academically
14 unacceptable for three consecutive school years, including the
15 current school year, the commissioner may order the closure of the
16 campus.

17 (g) For the 2005-2006 school year, the commissioner shall
18 assign a technical assistance team to a campus under Subsection (a-1)
19 on the basis of academic performance ratings for the 2004-2005 school
20 year. The commissioner may impose a sanction on a campus under
21 Subsection (b) or (f) on the basis of academic performance ratings
22 for the 2003-2004 and 2004-2005 school years. This subsection

1 expires September 1, 2007.

2 (h) If a campus is considered an academically unacceptable
3 campus under Subsection (a) for the subsequent school year after the
4 campus is reconstituted under Subsection (b), the commissioner shall
5 pursue alternative management under Section 39.1321.

6 SECTION 2C.32. Subchapter G, Chapter 39, Education Code, is
7 amended by adding Sections 39.1321 and 39.1322 to read as follows:

8 Sec. 39.1321. MANAGEMENT OF CERTAIN ACADEMICALLY UNACCEPTABLE
9 CAMPUSES. (a) Except as provided by Section 39.132(f), a campus is
10 subject to this section if the campus has been identified as
11 academically unacceptable under Section 39.132(a) for the subsequent
12 school year after the campus is reconstituted under Section 39.132(a-
13 4) or (b).

14 (b) The commissioner shall solicit proposals from qualified
15 entities to assume management of a campus subject to this section.

16 (c) If the commissioner determines that the basis for
17 identifying a campus as academically unacceptable is limited to a
18 specific condition that may be remedied with targeted technical
19 assistance, the commissioner may:

20 (1) provide the campus a one-year waiver under this
21 section; and

22 (2) require the district to contract for the appropriate

1 technical assistance.

2 (d) The commissioner may annually solicit proposals under this
3 section for the management of a campus subject to this section. The
4 commissioner shall notify a qualified entity that has been approved
5 as a provider under this section. The district must execute a
6 contract with an approved provider and relinquish control of the
7 campus before January 1 of the school year.

8 (e) To qualify for consideration as a managing entity under
9 this section, the entity must submit a proposal that provides
10 information relating to the entity's management and leadership team
11 that will participate in management of the campus under
12 consideration, including information relating to individuals that
13 have:

14 (1) documented success in whole school interventions that
15 increased the educational and performance levels of students in
16 academically unacceptable campuses;

17 (2) a proven record of effectiveness with programs
18 assisting low-performing students;

19 (3) a proven ability to apply scientifically based
20 research to school intervention strategies;

21 (4) a proven record of financial ability to perform under
22 the management contract; and

1 (5) any other experience or qualifications the
2 commissioner determines necessary.

3 (e-1) In selecting a managing entity under this section, the
4 commissioner shall give preference to an entity that:

5 (1) meets any qualifications under this section; and

6 (2) has documented success in educating students from
7 similar demographic groups and with similar educational needs as the
8 students who attend the campus that is to be operated by a managing
9 entity under this section.

10 (f) The school district may negotiate the term of a management
11 contract for not more than five years with an option to renew the
12 contract. The management contract must include a provision
13 describing the district's responsibilities in supporting the
14 operation of the campus. The commissioner shall approve the contract
15 before the contract is executed and, as appropriate, may require the
16 district, as a term of the contract, to support the campus in the
17 same manner as the district was required to support the campus before
18 the execution of the management contract.

19 (g) A management contract under this section shall include
20 provisions approved by the commissioner that require the managing
21 entity to demonstrate improvement in campus performance, including
22 negotiated performance measures. The performance measures must be

1 consistent with the priorities of this chapter. The commissioner
2 shall evaluate a managing entity's performance on the first and
3 second anniversaries of the date of the management contract. If the
4 evaluation fails to demonstrate improvement as negotiated under the
5 contract by the first anniversary of the date of the management
6 contract, the district may terminate the management contract, with
7 the commissioner's consent, for nonperformance or breach of contract
8 and select another provider from an approved list provided by the
9 commissioner. If the evaluation fails to demonstrate significant
10 improvement, as determined by the commissioner, by the second
11 anniversary of the date of the management contract, the district
12 shall terminate the management contract and select another provider
13 from an approved list provided by the commissioner or resume
14 operation of the campus if approved by the commissioner. If the
15 commissioner approves the district's operation of the campus, the
16 commissioner shall assign a technical assistance team to assist the
17 campus.

18 (h) Notwithstanding any other provision of this code, the
19 funding for a campus operated by a managing entity must be equivalent
20 to the funding of the other campuses in the district on a per student
21 basis so that the managing entity receives the same funding the
22 campus would otherwise have received.

1 (i) Each campus operated by a managing entity under this
2 section is subject to this chapter in the same manner as any other
3 campus in the district.

4 (j) The commissioner may adopt rules necessary to implement
5 this section.

6 (k) With respect to the management of a campus under this
7 section:

8 (1) a managing entity is considered to be a governmental
9 body for purposes of Chapters 551 and 552, Government Code; and

10 (2) any requirement in Chapter 551 or 552, Government
11 Code, that applies to a school district or the board of trustees of
12 a school district applies to a managing entity.

13 Sec. 39.1322. REVIEW OF SANCTIONS FOR CAMPUSES SERVING
14 RESIDENTIAL FACILITIES. (a) A school district or public charter
15 district may petition the commissioner to review an academically
16 unacceptable rating assigned to a campus if the campus predominantly
17 served students residing in a residential facility during the rating
18 period.

19 (b) If the commissioner determines that the basis for
20 identifying the campus as academically unacceptable was limited to
21 a condition that was not related to the educational purpose of the
22 residential facility, the commissioner may take any of the following

1 actions as the commissioner determines appropriate:

2 (1) change, modify, or suspend the academically
3 unacceptable rating; or

4 (2) impose any sanction otherwise authorized under
5 Section 39.131 or 39.132.

6 (c) The commissioner may consider a factor other than a factor
7 used to assign a rating in evaluating a campus under this section.
8 The commissioner may assign a special campus intervention team under
9 Section 39.132(a) (5) at the expense of the school district or public
10 charter district as provided by Section 39.134 to develop a long-term
11 intervention plan to improve services for students.

12 (d) On a determination that a campus subject to this section
13 is appropriately meeting the educational needs of its students, the
14 commissioner may waive revocation of a public charter district under
15 Section 11A.107(b) for a period not to exceed two years. A waiver
16 under this subsection may be extended for additional two-year periods
17 based on subsequent evaluations of the campus.

18 (e) This section does not limit the commissioner's ability to
19 sanction a public charter district for the performance of a campus
20 subject to this section under Section 11A.107(a) or any other law.

21 (f) A decision by the commissioner under this section is final
22 and may not be appealed.

1 SECTION 2C.33. Section 39.133, Education Code, is amended to
2 read as follows:

3 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall review
4 annually the performance of a district or campus subject to a
5 sanction under this subchapter to determine the appropriate actions
6 to be implemented under this subchapter. The determination shall
7 take into account the number, severity, and duration of the problems
8 identified. [~~The commissioner must review at least annually the~~
9 ~~performance of a district for which the accreditation rating has been~~
10 ~~lowered due to unacceptable student performance and may not raise the~~
11 ~~rating until the district has demonstrated improved student~~
12 ~~performance.] If the review reveals a lack of improvement, the
13 commissioner shall increase the level of state intervention and
14 sanction unless the commissioner finds good cause for maintaining the
15 current status.~~

16 (b) The commissioner shall review at least annually the
17 performance of a school district for which the academic performance
18 rating has been lowered due to unacceptable student performance and
19 may not raise the rating until the district has demonstrated improved
20 student performance.

21 SECTION 2C.34. Subchapter G, Chapter 39, Education Code, is
22 amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as

1 follows:

2 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In
3 addition to other sanctions authorized under Sections 39.131 and
4 39.132, the commissioner may order a school district or campus to
5 acquire professional services at the expense of the district or
6 campus to address the applicable financial, assessment, data quality,
7 program, or governance deficiency. The commissioner's order may
8 require the district or campus to:

9 (1) select an external auditor, data quality expert,
10 professional authorized to monitor district assessment instrument
11 administration, or curriculum or program expert; or

12 (2) provide for the appropriate training of district
13 staff or board of trustees members in the case of a district, or
14 campus staff, in the case of a campus.

15 Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) The
16 commissioner may revoke the accreditation of a school district and
17 order the closure of the district or a campus, as appropriate, under
18 the following circumstances:

19 (1) the commissioner is authorized to close the district
20 or campus under Section 39.131(a)(10) or 39.132(f);

21 (2) the commissioner determines that the district is
22 insolvent and unable to complete the school year; or

1 (3) the commissioner determines that the district has
2 ceased operations for 11 or more instructional days during the
3 current or most recent scheduled school year without the
4 commissioner's authorization.

5 (b) The commissioner shall issue an order of closure under this
6 section that includes provisions necessary for the continuation of
7 the education of students enrolled in the district or campus,
8 including annexation to one or more adjoining districts as provided
9 by Section 13.054. An order of closure may:

10 (1) establish an effective date for accreditation
11 revocation and closure that is not later than the first anniversary
12 of the date of the order;

13 (2) provide for an interim board of managers to exercise
14 the duties of the board of trustees of the district as designated by
15 the commissioner;

16 (3) require enrollment or student services to be provided
17 by another district as necessary to allow students enrolled in the
18 closed district to complete a school year, and make adjustments in
19 the state and federal funding to which the district would otherwise
20 be entitled as determined by the commissioner; and

21 (4) require the preservation, transfer, or surrender of
22 all student records and other records required for an audit of any

1 state and federal funding provided to the district.

2 (c) A person who intentionally destroys, conceals, or tampers
3 with a record that is required to be preserved, transferred, or
4 surrendered under Subsection (b) (4) commits an offense punishable
5 under Section 37.10(c) (2), Penal Code.

6 (d) A board of managers exercising authority under Subsection
7 (b) (2) may exercise the authority of the board of trustees with
8 regard to financial management of the district and personnel actions.
9 The board of managers is not required to be composed of residents
10 of the district.

11 (e) An open-enrollment charter school ordered closed under this
12 section is not entitled to a separate hearing concerning the
13 revocation or nonrenewal of the charter under Section 12.116.

14 Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A
15 school district or open-enrollment charter school that wishes to
16 challenge a decision to impose a sanction under this subchapter,
17 including a decision to close a district, school, or campus under
18 Section 39.1332, must petition for an informal review as provided by
19 Section 7.0571.

20 (b) A final decision by the commissioner to impose a sanction
21 under this subchapter, including a decision to close a school
22 district or a campus under Section 39.1332, following a review under

1 Section 7.0571 is final and may not be appealed.

2 (c) A school district may not collaterally contest an academic
3 performance rating or other accreditation standard as part of the
4 review of a sanction under this subchapter if a review opportunity
5 has already been provided for the academic performance rating.

6 SECTION 2C.35. Section 39.134, Education Code, is amended to
7 read as follows:

8 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing
9 a monitor, conservator, management team, ~~[or]~~ special campus
10 intervention team, technical assistance team, managing entity under
11 Section 39.1321, or service provider under Section 39.1331 shall be
12 paid by the district. If the district fails or refuses to pay the
13 costs in a timely manner, the commissioner may:

14 (1) pay the costs using amounts withheld from any funds
15 to which the district is otherwise entitled; or

16 (2) recover the amount of the costs in the manner
17 provided for recovery of an overallocation of state funds under
18 Section 42.258.

19 SECTION 2C.36. Subchapter G, Chapter 39, Education Code, is
20 amended by adding Section 39.1371 to read as follows:

21 Sec. 39.1371. INTERVENTION OPERATIONS. (a) The agency is
22 responsible for managing an intervention of a campus subject to

1 sanctions under this subchapter.

2 (b) The agency shall:

3 (1) monitor the progress of technical assistance teams
4 and special campus intervention teams appointed by the commissioner
5 under this subchapter; and

6 (2) supervise the activities of the management entities
7 under Section 39.1321.

8 (c) The agency shall:

9 (1) establish by rule and publish school improvement
10 objectives;

11 (2) advocate for the increased use of research-based
12 effective practices; and

13 (3) coordinate campus improvement activities of the
14 agency and regional education service centers.

15 (d) The commissioner may contract for services under this
16 section.

17 SECTION 2C.37. Section 39.182(a), Education Code, is amended
18 to read as follows:

19 (a) Not later than December 1 of each year, the agency shall
20 prepare and deliver to the governor, the lieutenant governor, the
21 speaker of the house of representatives, each member of the
22 legislature, the Legislative Budget Board, and the clerks of the

1 standing committees of the senate and house of representatives with
2 primary jurisdiction over the public school system a comprehensive
3 report covering the preceding school year and containing:

4 (1) an evaluation of the achievements of the state
5 educational program in relation to the statutory goals for the public
6 education system under Section 4.002;

7 (2) an evaluation of the status of education in the state
8 as reflected by the academic excellence indicators adopted under
9 Section 39.051;

10 (3) a summary compilation of overall student performance
11 on academic skills assessment instruments required by Section 39.023
12 with the number and percentage of students exempted from the
13 administration of those instruments and the basis of the exemptions,
14 aggregated by grade level, subject area, campus, and district, with
15 appropriate interpretations and analysis, and disaggregated by race,
16 ethnicity, gender, and socioeconomic status;

17 (4) a summary compilation of overall performance of
18 students placed in a disciplinary [an] alternative education program
19 established under Section 37.008 on academic skills assessment
20 instruments required by Section 39.023 with the number of those
21 students exempted from the administration of those instruments and
22 the basis of the exemptions, aggregated by district, grade level, and

1 subject area, with appropriate interpretations and analysis, and
2 disaggregated by race, ethnicity, gender, and socioeconomic status;

3 (5) a summary compilation of the progress [~~overall~~
4 ~~performance~~] of students at risk of dropping out of school, as
5 defined by Section 29.081(d), including information described by the
6 academic excellence indicators under Sections 39.051(b)(8)-(11),
7 provided statewide and aggregated by district, on academic skills
8 assessment instruments required by Section 39.023 and any other
9 assessment instrument required by the commissioner [~~with the number~~
10 ~~of those students exempted from the administration of those~~
11 ~~instruments and the basis of the exemptions, aggregated by district,~~
12 ~~grade level, and subject area~~], with appropriate interpretations and
13 analysis, and disaggregated by race, ethnicity, gender, and
14 socioeconomic status;

15 (6) an evaluation of the correlation between student
16 grades and student performance on academic skills assessment
17 instruments required by Section 39.023;

18 (7) a statement of the dropout rate of students in grade
19 levels 7 through 12, expressed in the aggregate and by grade level,
20 and a statement of the completion rates of students for grade levels
21 9 through 12;

22 (8) a statement of:

1 (A) the completion rate of students who enter grade
2 level 9 and graduate not more than four years later;

3 (B) the completion rate of students who enter grade
4 level 9 and graduate, including students who require more than four
5 years to graduate;

6 (C) the completion rate of students who enter grade
7 level 9 and not more than four years later receive a high school
8 equivalency certificate;

9 (D) the completion rate of students who enter grade
10 level 9 and receive a high school equivalency certificate, including
11 students who require more than four years to receive a certificate;
12 and

13 (E) the number and percentage of all students who
14 have not been accounted for under Paragraph (A), (B), (C), or (D);

15 (9) a statement of the projected cross-sectional and
16 longitudinal dropout rates for grade levels 9 through 12 for the next
17 five years, assuming no state action is taken to reduce the dropout
18 rate;

19 (10) a description of a systematic, measurable plan for
20 reducing the projected cross-sectional and longitudinal dropout rates
21 to five percent or less for the 1997-1998 school year;

22 (11) a summary of the information required by Section

1 29.083 regarding grade level retention of students and information
2 concerning:

3 (A) the number and percentage of students retained;

4 and

5 (B) the performance of retained students on
6 assessment instruments required under Section 39.023(a);

7 (12) information, aggregated by district type and
8 disaggregated by race, ethnicity, gender, and socioeconomic status,
9 on:

10 (A) the number of students placed in a disciplinary
11 [~~an~~] alternative education program established under Section 37.008;

12 (B) the average length of a student's placement in
13 a disciplinary [~~an~~] alternative education program established under
14 Section 37.008;

15 (C) the academic performance of students on
16 assessment instruments required under Section 39.023(a) during the
17 year preceding and during the year following placement in a
18 disciplinary [~~an~~] alternative education program; and

19 (D) the dropout rates of students who have been
20 placed in a disciplinary [~~an~~] alternative education program
21 established under Section 37.008;

22 (13) a list of each school district or campus that does

1 not satisfy performance standards, with an explanation of the actions
2 taken by the commissioner to improve student performance in the
3 district or campus and an evaluation of the results of those actions;

4 (14) an evaluation of the status of the curriculum taught
5 in public schools, with recommendations for legislative changes
6 necessary to improve or modify the curriculum required by Section
7 28.002;

8 (15) a description of all funds received by and each
9 activity and expenditure of the agency;

10 (16) a summary and analysis of the instructional
11 expenditures ratios and instructional employees ratios of school
12 districts computed under Section 44.0071;

13 (17) a summary of the effect of deregulation, including
14 exemptions and waivers granted under Section 7.056 or 39.112;

15 (18) a statement of the total number and length of
16 reports that school districts and school district employees must
17 submit to the agency, identifying which reports are required by
18 federal statute or rule, state statute, or agency rule, and a summary
19 of the agency's efforts to reduce overall reporting requirements;

20 (19) a list of each school district that is not in
21 compliance with state special education requirements, including:

22 (A) the period for which the district has not been

1 in compliance;

2 (B) the manner in which the agency considered the
3 district's failure to comply in determining the district's
4 accreditation status; and

5 (C) an explanation of the actions taken by the
6 commissioner to ensure compliance and an evaluation of the results
7 of those actions;

8 (20) an evaluation of public charter districts,
9 including:

10 (A) the academic performance of students enrolled in
11 public charter districts, disaggregated by race, ethnicity, gender,
12 and socioeconomic status;

13 (B) the costs of instruction, administration, and
14 transportation incurred by public charter districts; and

15 (C) other issues, as determined by the commissioner
16 ~~[a comparison of the performance of open-enrollment charter schools~~
17 ~~and school districts on the academic excellence indicators specified~~
18 ~~in Section 39.051(b) and accountability measures adopted under~~
19 ~~Section 39.051(g), with a separately aggregated comparison of the~~
20 ~~performance of open-enrollment charter schools predominantly serving~~
21 ~~students at risk of dropping out of school, as defined by Section~~
22 ~~29.081(d), with the performance of school districts]; and~~

1 (21) any additional information considered important by
2 the commissioner or the State Board of Education.

3 SECTION 2C.38. Section 39.202(a), Education Code, is amended
4 to read as follows:

5 (a) The commissioner shall, in consultation with the
6 comptroller, develop and implement a financial accountability rating
7 system for school districts in this state that distinguishes among
8 districts' varying levels of financial performance.

9 SECTION 2C.39. Section 39.182, Education Code, is amended by
10 adding Subsections (b-1) and (b-2) to read as follows:

11 (b-1) The report must include an assessment of the impact of
12 the performance-based grant system developed under Subchapter E,
13 Chapter 7, on student academic performance, including:

14 (1) an analysis of performance and spending information
15 relating to grants administered by the agency; and

16 (2) recommendations on any statutory changes needed for
17 the agency to more effectively administer grant programs, including
18 recommendations on whether to eliminate or modify inefficient grant
19 programs, expand effective grant programs, or consolidate similar
20 grant programs to maximize the effectiveness and efficiencies of
21 those programs.

22 (b-2) Subsection (b-1) applies beginning January 1, 2009. This

1 subsection expires February 1, 2009.

2 SECTION 2C.40. Subchapter I, Chapter 39, Education Code, is
3 amended by adding Section 39.205 to read as follows:

4 Sec. 39.205. REPORT TO LEGISLATURE. (a) Not later than
5 September 1, 2006, the agency shall submit a report to the
6 legislature on the status of the financial accountability system that
7 recommends to the legislature methods for linking school district
8 financial management performance and academic performance.

9 (b) This section expires September 2, 2006.

10 SECTION 2C.41. Subchapter A, Chapter 44, Education Code, is
11 amended by adding Section 44.0073 to read as follows:

12 Sec. 44.0073. INSTRUCTIONAL COSTS. (a) For purposes of this
13 section:

14 (1) "Direct instructional costs" includes a school
15 district's expenses related to instruction, instructional resources
16 and media services, curriculum development, instructional staff
17 development, instructional leadership, school leadership, and
18 evaluation and counseling services.

19 (2) "Indirect instructional costs" includes:

20 (A) a school district's expenses related to social
21 work services, health services, student transportation, food
22 services, facility maintenance and operations, security and

1 monitoring services, and data processing services; and

2 (B) payments to another district under the public
3 education grant program under Subchapter G, Chapter 29, payments to
4 another district that is a member of a shared services arrangement,
5 payments to a fiscal agent, and payments under Section 37.012 to a
6 juvenile justice alternative education program.

7 (b) For purposes of school district financial accountability,
8 the agency shall identify each district's direct and indirect
9 instructional costs for the preceding fiscal year and make that
10 information available to the public on the agency's Internet website.

11 PART D. INSTRUCTIONAL MATERIALS

12 SECTION 2D.01. Section 7.055(b) (28), Education Code, is amended
13 to read as follows:

14 (28) The commissioner shall perform duties relating to
15 the funding, adoption, and purchase of instructional materials
16 [~~textbooks~~] under Chapter 31.

17 SECTION 2D.02. Section 7.056(f), Education Code, is amended to
18 read as follows:

19 (f) A school district or campus that is required to develop and
20 implement a student achievement improvement plan under Section 39.131
21 or 39.132 may receive an exemption or waiver under this section from
22 any law or rule other than:

1 (1) a prohibition on conduct that constitutes a criminal
2 offense;

3 (2) a requirement imposed by federal law or rule;

4 (3) a requirement, restriction, or prohibition imposed by
5 state law or rule relating to:

6 (A) public school accountability as provided by
7 Subchapters B, C, D, and G, Chapter 39; or

8 (B) educator rights and benefits under Subchapters
9 A, C, D, E, F, G, and I, Chapter 21, or under Subchapter A, Chapter
10 22; or

11 (4) [~~textbook~~] selection of instructional materials under
12 Chapter 31.

13 SECTION 2D.03. Section 7.102(c) (23), Education Code, is amended
14 to read as follows:

15 (23) The board shall adopt and purchase or license
16 instructional materials [~~textbooks~~] as provided by Chapter 31 and
17 adopt rules required by that chapter.

18 SECTION 2D.04. Sections 7.108(a) and (c), Education Code, are
19 amended to read as follows:

20 (a) A person interested in selling bonds of any type, ~~[or]~~ a
21 publisher, or any other person engaged in manufacturing, shipping,
22 selling, or advertising instructional materials [~~textbooks~~] or

1 otherwise connected with the instructional material [~~textbook~~]
2 business commits an offense if the person makes or authorizes a
3 political contribution to or takes part in, directly or indirectly,
4 the campaign of any person seeking election to or serving on the
5 board.

6 (c) In this section:

7 (1) "Instructional material" and "publisher" have the
8 meanings assigned by Section 31.002.

9 (2) "Political contribution" has the meaning assigned by
10 Section 251.001, Election Code.

11 [~~(2) "Textbook" has the meaning assigned by Section~~
12 ~~31.002.]~~

13 SECTION 2D.05. The heading to Section 7.112, Education Code,
14 is amended to read as follows:

15 Sec. 7.112. REPRESENTATION OF [~~TEXTBOOK~~] PUBLISHER OF
16 INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

17 SECTION 2D.06. Section 7.112(a), Education Code, is amended to
18 read as follows:

19 (a) A former member of the State Board of Education who is
20 employed by or otherwise receives compensation from a [~~textbook~~]
21 publisher of instructional materials may not, before the second
22 anniversary of the date on which the person last served as a member

1 of the State Board of Education:

2 (1) confer with a member of the board of trustees of a
3 school district concerning instructional materials [~~a textbook~~]
4 published by that [~~textbook~~] publisher; or

5 (2) appear at a meeting of the board of trustees on
6 behalf of the [~~textbook~~] publisher.

7 SECTION 2D.07. Section 7.112(c) (2), Education Code, is amended
8 to read as follows:

9 (2) "Instructional material" and "publisher" [~~"Publisher"~~
10 and ~~"textbook"~~] have the meanings assigned by Section 31.002.

11 SECTION 2D.08. Section 11.158(b), Education Code, is amended
12 to read as follows:

13 (b) The board may not charge fees for:

14 (1) instructional materials [~~textbooks~~], workbooks,
15 laboratory supplies, or other supplies necessary for participation
16 in any instructional course except as authorized under this code;

17 (2) field trips required as a part of a basic education
18 program or course;

19 (3) any specific form of dress necessary for any required
20 educational program or diplomas;

21 (4) the payment of instructional costs for necessary
22 school personnel employed in any course or educational program

1 required for graduation;

2 (5) library materials [~~books~~] required to be used for any
3 educational course or program, other than fines for lost, damaged,
4 or overdue materials [~~books~~];

5 (6) admission to any activity the student is required to
6 attend as a prerequisite to graduation;

7 (7) admission to or examination in any required
8 educational course or program; or

9 (8) lockers.

10 SECTION 2D.09. Section 11.164(a), Education Code, is amended
11 to read as follows:

12 (a) The board of trustees of each school district shall limit
13 redundant requests for information and the number and length of
14 written reports that a classroom teacher is required to prepare. A
15 classroom teacher may not be required to prepare any written
16 information other than:

17 (1) any report concerning the health, safety, or welfare
18 of a student;

19 (2) a report of a student's grade on an assignment or
20 examination;

21 (3) a report of a student's academic progress in a class
22 or course;

1 (4) a report of a student's grades at the end of each
2 grade reporting period;

3 (5) a [~~textbook~~] report on instructional materials;

4 (6) a unit or weekly lesson plan that outlines, in a
5 brief and general manner, the information to be presented during each
6 period at the secondary level or in each subject or topic at the
7 elementary level;

8 (7) an attendance report;

9 (8) any report required for accreditation review;

10 (9) any information required by a school district that
11 relates to a complaint, grievance, or actual or potential litigation
12 and that requires the classroom teacher's involvement; or

13 (10) any information specifically required by law, rule,
14 or regulation.

15 SECTION 2D.10. Section 19.007(e), Education Code, is amended
16 to read as follows:

17 (e) The district may participate in the instructional materials
18 [~~textbook~~] program under Chapter 31.

19 SECTION 2D.11. Sections 26.006(a) and (c), Education Code, are
20 amended to read as follows:

21 (a) A parent is entitled to:

22 (1) review all teaching materials, instructional

1 materials [~~textbooks~~], and other teaching aids used in the classroom
2 of the parent's child; and

3 (2) review each test administered to the parent's child
4 after the test is administered.

5 (c) A student's parent is entitled to request that the school
6 district or open-enrollment charter school the student attends allow
7 the student to take home any instructional materials [~~textbook~~] used
8 by the student. Subject to the availability of the instructional
9 materials [~~a textbook~~], the district or school shall honor the
10 request. A student who takes home instructional materials [~~a~~
11 ~~textbook~~] must return the instructional materials [~~textbook~~] to
12 school at the beginning of the next school day if requested to do so
13 by the student's teacher. In this subsection, "instructional
14 material" [~~"textbook"~~] has the meaning assigned by Section 31.002.

15 SECTION 2D.12. Sections 28.002(c) and (h), Education Code, are
16 amended to read as follows:

17 (c) The State Board of Education, with the direct participation
18 of educators, parents, business and industry representatives, and
19 employers shall by rule identify the essential knowledge and skills
20 of each subject of the required curriculum that all students should
21 be able to demonstrate and that will be used in evaluating
22 instructional materials [~~textbooks~~] under Chapter 31 and addressed

1 on the assessment instruments required under Subchapter B, Chapter
2 39. As a condition of accreditation, the board shall require each
3 district to provide instruction in the essential knowledge and skills
4 at appropriate grade levels.

5 (h) The State Board of Education and each school district shall
6 foster the continuation of the tradition of teaching United States
7 and Texas history and the free enterprise system in regular subject
8 matter, ~~[and]~~ in social studies, economics, and reading courses, and
9 in the adoption of instructional materials [~~textbooks~~]. A primary
10 purpose of the public school curriculum is to prepare thoughtful,
11 active citizens who understand the importance of patriotism and can
12 function productively in a free enterprise society with appreciation
13 for the basic democratic values of our state and national heritage.

14 SECTION 2D.13. The heading to Chapter 31, Education Code, is
15 amended to read as follows:

16 CHAPTER 31. INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

17 SECTION 2D.14. Section 31.001, Education Code, is amended to
18 read as follows:

19 Sec. 31.001. FREE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].
20 Instructional materials [~~Textbooks~~] selected for use in the public
21 schools shall be furnished without cost to the students attending
22 those schools.

1 SECTION 2D.15. Section 31.002, Education Code, is amended to
2 read as follows:

3 Sec. 31.002. DEFINITIONS. In this chapter:

4 (1) "Instructional material" [~~"Electronic textbook"~~]
5 means a medium or a combination of media for conveying information
6 to a student. The term includes a book, supplementary materials, a
7 combination of a book, workbook, supplementary materials, computer
8 software, [~~interactive videodisc,~~] magnetic media, DVD, CD-ROM,
9 computer courseware, on-line services, or an electronic medium, or
10 other means of conveying information to the student or otherwise
11 contributing to the learning process through electronic means.

12 (2) "Publisher" means a person who prepares,
13 manufactures, or distributes instructional materials for sale or
14 distribution to public schools. The term includes an on-line service
15 or a developer or distributor of [an] electronic instructional
16 materials [~~textbook~~].

17 (3) "State-adopted" means adopted by the State Board of
18 Education under Section 31.024 [~~"Textbook" means a book, a system~~
19 ~~of instructional materials, or a combination of a book and~~
20 ~~supplementary instructional materials that conveys information to the~~
21 ~~student or otherwise contributes to the learning process, or an~~
22 ~~electronic textbook].~~

1 (4) "Technological equipment" means hardware, a device,
2 or equipment necessary for:

3 (A) instructional use in the classroom, including to
4 gain access to or enhance the use of ~~[an]~~ electronic instructional
5 materials ~~[textbook]~~; or

6 (B) professional use by a classroom teacher.

7 SECTION 2D.16. Section 31.003, Education Code, is amended to
8 read as follows:

9 Sec. 31.003. RULES. The State Board of Education may adopt
10 rules, consistent with this chapter, for the adoption, requisition,
11 distribution, care, use, and disposal of instructional materials
12 ~~[textbooks]~~.

13 SECTION 2D.17. Subchapter B, Chapter 31, Education Code, is
14 amended by amending Sections 31.021-31.024 and 31.026-31.030 and
15 adding Sections 31.0211, 31.0212, 31.0221, 31.031, and 31.032 to read
16 as follows:

17 Sec. 31.021. STATE INSTRUCTIONAL MATERIALS ~~[TEXTBOOK]~~
18 FUND. (a) The state instructional materials ~~[textbook]~~ fund
19 consists of:

20 (1) an amount set aside by the State Board of Education
21 from the available school fund, computed in accordance with this
22 section; and

1 (2) ~~[all funds accruing from the state's sale of disused~~
2 ~~textbooks; and~~

3 ~~[(3)]~~ all amounts lawfully paid into the fund from any
4 other source.

5 (b) The State Board of Education shall annually set aside out
6 of the available school fund of the state an amount sufficient for
7 the instructional materials allotment to provide ~~[board,~~ school
8 districts~~]~~ and open-enrollment charter schools with the funds
9 required to purchase and distribute the necessary state-adopted
10 instructional materials ~~[textbooks]~~ for the use of the students of
11 this state for the following school year. The board shall determine
12 the amount of the available school fund to set aside for the state
13 instructional materials ~~[textbook]~~ fund based on the amount of the
14 allotment under Section 31.0211 and on reports of maximum attendance
15 and anticipated enrollment growth submitted under Section 31.103.~~[:~~

16 ~~[(1)]~~ a report by the commissioner issued on July 1 or, if
17 that date is a Saturday or Sunday, on the following Monday, stating
18 the amount of unobligated money in the fund;

19 ~~[(2)]~~ the commissioner's estimate, based on textbooks
20 selected under Section 31.101 and on attendance reports submitted
21 under Section 31.103 by school districts and open-enrollment charter
22 schools, of the amount of funds, in addition to funds reported under

1 ~~Subdivision (1), that will be necessary for purchase and distribution~~
2 ~~of textbooks for the following school year; and~~

3 ~~[(3) any amount the board determines should be set aside~~
4 ~~for emergency purposes caused by unexpected increases in attendance.]~~

5 (d) Money transferred to the state instructional materials
6 ~~[textbook]~~ fund remains in the fund until spent and does not lapse
7 to the state at the end of the fiscal year.

8 ~~[(e) All necessary expenses incurred under this chapter shall~~
9 ~~be paid from the state textbook fund on invoices approved by the~~
10 ~~commissioner.]~~

11 Sec. 31.0211. INSTRUCTIONAL MATERIALS ALLOTMENT. (a) For the
12 maximum attendance and anticipated enrollment growth reported under
13 Section 31.103 in a school year, a school district is entitled to an
14 annual allotment of \$70 for each student or a greater amount provided
15 by appropriation, to be paid from the state instructional materials
16 fund. The commissioner may determine for each district the amount
17 of anticipated enrollment growth for which an allotment is provided
18 under this subsection.

19 (b) Funds allotted under this section may be used only to
20 purchase:

21 (1) state-adopted instructional materials; or

22 (2) instructional materials authorized by commissioner

1 waiver.

2 (c) This section applies beginning with the 2007-2008 school
3 year. This subsection expires September 1, 2008.

4 Sec. 31.0212. INSTRUCTIONAL MATERIALS ALLOTMENT FOR JUVENILE
5 JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a) Notwithstanding any
6 other provision of this chapter, a juvenile justice alternative
7 education program operating under Section 37.011 is entitled to
8 receive an instructional materials allotment under Section 31.0211
9 to be used in purchasing state-adopted instructional materials as if
10 the program were a school district or open-enrollment charter school.

11 (b) The State Board of Education, in coordination with the
12 Texas Juvenile Probation Commission, shall adopt rules as necessary
13 to administer this section.

14 (c) Notwithstanding Section 31.0211(c), a juvenile justice
15 alternative education program operating under Section 37.011 is
16 entitled to the annual allotment described by Section 31.0211(a)
17 beginning with the 2005-2006 school year. This subsection expires
18 September 1, 2008.

19 Sec. 31.022. INSTRUCTIONAL MATERIALS [TEXTBOOK] REVIEW AND
20 ADOPTION CYCLE. (a) The State Board of Education shall adopt a
21 review and adoption cycle for instructional materials [textbooks] for
22 elementary grade levels, including prekindergarten, and secondary

1 grade levels, for each subject in the required curriculum under
2 Section 28.002.

3 (b) The board shall organize the cycle for subjects in the
4 foundation curriculum so that not more than one-sixth of the
5 instructional materials [~~textbooks~~] for subjects in the foundation
6 curriculum are reviewed each year. The board shall adopt rules to
7 provide for a full and complete investigation of instructional
8 materials [~~textbooks~~] for each subject in the foundation curriculum
9 at least every six years. The adoption of instructional materials
10 [~~textbooks~~] for a subject in the foundation curriculum may be
11 extended beyond the six-year period only if the content of
12 instructional materials [~~textbooks~~] for a subject is sufficiently
13 current.

14 (c) The board shall adopt rules to provide for a full and
15 complete investigation of instructional materials [~~textbooks~~] for
16 each subject in the enrichment curriculum on a cycle the board
17 considers appropriate, but not less than every eight years.

18 (d) At least 24 months before the beginning of the school year
19 for which instructional materials [~~textbooks~~] for a particular
20 subject and grade level will be purchased under the review and
21 adoption cycle adopted by the board, the board shall publish notice
22 of the review and adoption cycle for those instructional materials

1 [textbooks].

2 (e) In organizing the cycle for review and adoption of
3 instructional materials, the board shall:

4 (1) generally align the cycle with the schedule for any
5 revision of the essential knowledge and skills under Section 28.002
6 of the subjects and grade levels addressed by the instructional
7 materials;

8 (2) seek advice from the Legislative Budget Board and the
9 governor's office of budget, planning, and policy before approving
10 and publishing any notice or amendment of the cycle;

11 (3) review and consider expected average costs of the
12 instructional materials that will be adopted and the amount of the
13 instructional materials allotment to ensure that the amount of the
14 instructional materials that will be adopted over a two-year period
15 may be purchased within the amount of the instructional material
16 allotment for that same period; and

17 (4) follow any directive provided in the General
18 Appropriations Act regarding the organization of the cycle.

19 (f) In addition to organizing a review and adoption cycle, the
20 board by rule shall allow an instructional material to be submitted,
21 reviewed, and adopted at a time when the subject or grade level is
22 not scheduled in the cycle to be considered for at least two years,

1 in conformance with the procedures for adoption of other state-
2 adopted instructional materials. The board shall place each
3 instructional material submitted under this subsection and adopted
4 under Section 31.024 on an applicable list under Section 31.023.

5 Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) To promote
6 efficiency in the correction of factual errors during the
7 instructional materials review and adoption process, the State Board
8 of Education shall:

9 (1) to the extent practicable, conduct the review of
10 instructional materials using page proofs or other appropriate draft
11 versions of the instructional materials; and

12 (2) require the publisher to provide instructional
13 materials, including page proofs, draft versions, or sample
14 instructional materials, directly to state instructional materials
15 review panel members in a timely manner before the members meet to
16 conduct a complete and formal review of the materials.

17 (b) During the instructional materials review and adoption
18 process, the publisher of instructional materials proposed for
19 adoption in this state shall promptly correct any factual errors
20 discovered in the instructional materials. For purposes of this
21 section, a factual error includes an objectively verifiable mistake,
22 including an incorrect reference to a date, place, or person, an

1 incorrect computational process or result, or similar incorrect
2 provisions. A factual error does not include a difference in
3 professional opinion, conclusion, emphasis, or perspective expressed
4 in instructional materials.

5 (c) If the State Board of Education determines that an
6 instructional material proposed for adoption may contain a factual
7 error, the State Board of Education may appoint a panel of experts
8 and scholars to evaluate the material for any factual error.

9 (d) The board shall adopt rules authorizing the imposition of
10 an administrative penalty in the manner provided by Section 31.151
11 against a publisher who knowingly violates Subsection (b). In
12 setting the amount of any penalty to be imposed under this
13 subsection, the board shall consider the stage of the instructional
14 materials review and adoption process at which the violation occurs
15 and set progressively higher penalties for violations that occur
16 later in the process.

17 Sec. 31.023. [TEXTBOOK] LISTS OF STATE-ADOPTED INSTRUCTIONAL
18 MATERIALS. (a) For each subject and grade level, the State Board
19 of Education shall adopt two lists of instructional materials
20 [textbooks]. The conforming list includes each state-adopted
21 instructional material [textbook] submitted for the subject and grade
22 level that meets applicable physical specifications adopted by the

1 State Board of Education and contains material covering each element
2 of the essential knowledge and skills of the subject and grade level
3 as determined by the State Board of Education under Section 28.002
4 and adopted under Section 31.024. The nonconforming list includes
5 each state-adopted instructional material [~~textbook~~] submitted for
6 the subject and grade level that:

7 (1) meets applicable physical specifications adopted by
8 the State Board of Education;

9 (2) contains material covering at least half, but not
10 all, of the elements of the essential knowledge and skills of the
11 subject and grade level; and

12 (3) is adopted under Section 31.024.

13 (b) Each state-adopted instructional material [~~textbook~~] on a
14 conforming or nonconforming list must be free from factual errors.

15 Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION. (a) By
16 majority vote, the State Board of Education shall:

17 (1) place each submitted instructional material
18 [~~textbook~~] on a conforming or nonconforming list; or

19 (2) reject an instructional material [~~a textbook~~]
20 submitted for placement on a conforming or nonconforming list.

21 (b) Not later than December 1 of the year preceding the school
22 year for which the state-adopted instructional materials [~~textbooks~~]

1 for a particular subject and grade level will be purchased under the
2 cycle adopted by the board under Section 31.022, the board shall make
3 available [~~provide~~] the lists of state-adopted instructional
4 materials, including instructional materials under Section 31.022(f)
5 [~~adopted textbooks~~] to each school district. Each nonconforming list
6 must include:

7 (1) the reasons an adopted instructional material
8 [~~textbook~~] is not eligible for the conforming list; and

9 (2) a list of the essential knowledge and skills
10 contained in an adopted instructional material on the nonconforming
11 list.

12 Sec. 31.026. CONTRACT; PRICE. (a) The commissioner, with the
13 assistance of the Department of Information Resources, the State
14 Board of Education, and the office of the attorney general, shall
15 develop model contracts that may be used by school districts and
16 open-enrollment charter schools [~~State Board of Education shall~~
17 ~~execute a contract:~~

18 [~~(1)~~] for the purchase or licensing of instructional
19 materials under this chapter [~~each adopted textbook other than an~~
20 ~~electronic textbook; and~~

21 [~~(2)~~ ~~for the purchase or licensing of each adopted~~
22 ~~electronic textbook~~].

1 (b) A contract must require the publisher to provide all of the
2 instructional materials [~~the number of textbooks~~] required by school
3 districts in this state for the term of the contract [~~, which must~~
4 ~~coincide with the board's adoption cycle~~].

5 (c) As applicable, a contract must provide for the purchase or
6 licensing of instructional materials [~~a textbook~~] at a specific
7 price, which may not exceed the lowest price paid by any other state
8 or any school or school district. The price must be fixed for the
9 term of the contract. The price may decrease if the lowest price
10 paid by another state or another school or school district decreases
11 during the term of the contract.

12 Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE COPIES.

13 (a) A publisher shall provide each school district and open-
14 enrollment charter school with information that fully describes each
15 of the publisher's state-adopted instructional materials [~~adopted~~
16 ~~textbooks~~]. On request of a school district, a publisher shall
17 provide a sample copy of a state-adopted instructional material [~~an~~
18 ~~adopted textbook~~].

19 (b) A publisher shall provide at least two sample copies of
20 each state-adopted instructional material [~~adopted textbook~~] to be
21 maintained for at least two years at each regional education service
22 center or an alternate location designated by the applicable service

1 center.

2 Sec. 31.028. SPECIAL INSTRUCTIONAL MATERIALS [TEXTBOOKS]. (a)

3 The State Board of Education may make available [purchase] special
4 instructional materials [textbooks] for the education of blind and
5 visually impaired students in public schools. In addition, from
6 funds appropriated for the purpose, for a teacher who is blind or
7 visually impaired, the board shall provide a teacher's edition in
8 Braille or large type, as requested by the teacher, for each printed
9 state-adopted instructional material [textbook] the teacher uses in
10 the instruction of students. The teacher edition must be available
11 at the same time the student instructional materials [textbooks]
12 become available.

13 (b) The publisher of a printed state-adopted instructional
14 material [~~an adopted textbook~~] shall provide the agency with
15 computerized [textbook] files for the production of Braille
16 instructional materials [textbooks] or other versions of
17 instructional materials [textbooks] to be used by students with
18 disabilities, on request of the State Board of Education. A
19 publisher shall arrange the computerized [textbook] files in one of
20 several optional formats specified by the State Board of Education.

21 (c) The board may also enter into agreements providing for the
22 acceptance, requisition, and distribution of special instructional

1 materials [~~textbooks and instructional aids~~] pursuant to 20 U.S.C.
2 Section 101 et seq. for use by students enrolled in:

3 (1) public schools; or

4 (2) private nonprofit schools, if state funds, other than
5 for administrative costs, are not involved.

6 (c-1) The board shall require electronic instructional
7 materials included on the conforming list and nonconforming list
8 under Section 31.023 to comply with the standards established under
9 Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section 794d), if
10 the materials are for use by students enrolled in:

11 (1) public schools; or

12 (2) private nonprofit schools, if state funds, other than
13 for administrative costs, are not involved.

14 (d) In this section:

15 (1) "Blind or visually impaired student" includes any
16 student whose visual acuity is impaired to the extent that the
17 student is unable to read the text [~~print~~] in state-adopted
18 instructional materials [~~a regularly adopted textbook~~] used in the
19 student's class.

20 (2) "Special instructional materials" [~~textbook~~] means
21 instructional materials [~~a textbook~~] in Braille, large type,
22 audiotape, accessible web page, accessible DVD/CD-ROM, or any other

1 medium or any apparatus that conveys information to a student or
2 otherwise contributes to the learning process.

3 Sec. 31.029. BILINGUAL INSTRUCTIONAL MATERIALS [TEXTBOOKS].

4 The board shall adopt instructional materials [~~purchase or otherwise~~
5 ~~acquire textbooks~~] for use in bilingual education classes.

6 Sec. 31.030. USED INSTRUCTIONAL MATERIALS [TEXTBOOKS]. The
7 State Board of Education shall adopt rules to ensure that used
8 instructional materials [~~textbooks~~] sold to school districts and
9 open-enrollment charter schools are not sample copies that contain
10 factual errors. The rules may provide for the imposition of an
11 administrative penalty in accordance with Section 31.151 against a
12 seller of used instructional materials [~~textbooks~~] who knowingly
13 violates this section.

14 Sec. 31.031. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL
15 MATERIALS. The publisher of a state-adopted electronic instructional
16 material may offer the material to school districts and open-
17 enrollment charter schools on a subscription basis.

18 Sec. 31.032. UPDATES. The publisher of a state-adopted
19 instructional material may update the instructional material, and a
20 school district or open-enrollment charter school may purchase the
21 update. The State Board of Education by rule shall provide for an
22 expedited review process to determine the extent to which updated

1 instructional material aligns with the essential knowledge and skills
2 and does not contain factual errors.

3 SECTION 2D.18. Section 31.101, Education Code, is amended to
4 read as follows:

5 Sec. 31.101. SELECTION AND PURCHASE OF INSTRUCTIONAL MATERIALS
6 ~~[TEXTBOOKS]~~ BY SCHOOL DISTRICTS. (a) Each year, during any ~~[a]~~
7 period established by the State Board of Education, the board of
8 trustees of each school district and the governing body of each open-
9 enrollment charter school shall:

10 (1) ~~[for a subject in the foundation curriculum,]~~ notify
11 the State Board of Education of the state-adopted instructional
12 materials ~~[textbooks]~~ selected by the board of trustees or governing
13 body for the following school year from among the instructional
14 materials ~~[textbooks]~~ on the appropriate conforming or nonconforming
15 list; and ~~[or]~~

16 (2) provide an accounting of the expenditure of its
17 instructional materials allotment during that period. ~~[for a subject~~
18 ~~in the enrichment curriculum:]~~

19 ~~[(A) notify the State Board of Education of each~~
20 ~~textbook selected by the board of trustees or governing body for the~~
21 ~~following school year from among the textbooks on the appropriate~~
22 ~~conforming or nonconforming list; or~~

1 ~~[(B) notify the State Board of Education that the~~
2 ~~board of trustees or governing body has selected a textbook that is~~
3 ~~not on the conforming or nonconforming list.]~~

4 (b) The board of trustees of each [If a] school district or the
5 governing body of each open-enrollment charter school shall use the
6 instructional materials allotment to purchase instructional materials
7 selected by the board of trustees or the governing body [~~selects a~~
8 ~~textbook~~] for a [~~particular~~] subject in the required [~~enrichment~~]
9 curriculum. [~~and grade level that is not on the conforming or~~
10 ~~nonconforming list, the state shall pay to the district or school an~~
11 ~~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 needs~~
18 ~~for that subject and grade level.]~~

19 (c) A school district or open-enrollment charter school may
20 purchase an instructional material under Subsection (b) only if the
21 instructional material is purchased not later than the beginning of
22 the second school year that begins after the adoption of the

1 conforming or nonconforming list that includes the instructional
2 material. This subsection does not apply to:

3 (1) instructional materials under Section 31.022(f);

4 (2) the purchase of replacement instructional materials
5 due to loss or damage; or

6 (3) the purchase of additional instructional materials
7 needed because of enrollment growth [~~that selects a textbook that is~~
8 ~~not on the conforming or nonconforming list:~~

9 [~~(1) is responsible for the portion of the cost of the~~
10 ~~textbook that is not paid by the state under Subsection (b); and~~

11 [~~(2) may use funds received from the state under~~
12 ~~Subsection (b) only for purchasing the textbook for which the funds~~
13 ~~were received].~~

14 [~~(d) For a textbook that is not on the conforming or~~
15 ~~nonconforming list, a school district or open-enrollment charter~~
16 ~~school must use the textbook for the period of the review and~~
17 ~~adoption cycle the State Board of Education has established for the~~
18 ~~subject and grade level for which the textbook is used.]~~

19 SECTION 2D.19. Section 31.102, Education Code, is amended to
20 read as follows:

21 Sec. 31.102. TITLE AND CUSTODY. (a) Except as provided by
22 this subsection, each instructional material [~~Each textbook]~~

1 purchased by the state as provided by this chapter is the property
2 of this state. Beginning with the 2007-2008 school year, each
3 instructional material purchased through the instructional materials
4 allotment by a school district or open-enrollment charter school is
5 the property of the district or charter school.

6 (b) Subsection (a) applies to an electronic instructional
7 material [~~textbook~~] only to the extent of any applicable licensing
8 agreement.

9 (c) The board of trustees of a school district or the governing
10 body of an open-enrollment charter school is the legal custodian of
11 instructional materials [~~textbooks~~] purchased as provided by this
12 chapter for or by the district or school. The board of trustees or
13 governing body shall distribute instructional materials [~~textbooks~~]
14 to students in the manner that the board or governing body determines
15 is most effective and economical.

16 (d) An open-enrollment charter school may not transfer
17 instructional materials unless the transfer is approved by the
18 commissioner. The commissioner may not approve such a transfer
19 unless the transfer is to another public school of this state.

20 SECTION 2D.20. Section 31.103, Education Code, is amended to
21 read as follows:

22 Sec. 31.103. INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~] REQUISITIONS.

1 (a) Not later than the seventh day after the first school day in
2 April, each principal shall report the maximum attendance for the
3 school to the superintendent. Not later than April 25, the
4 superintendent of a school district or the chief operating officer
5 of an open-enrollment charter school shall report to the commissioner
6 the district's or school's maximum attendance and anticipated
7 enrollment growth [~~to the commissioner~~].

8 (b) [~~A requisition for textbooks for the following school year~~
9 ~~shall be based on the maximum attendance reports under Subsection~~
10 ~~(a), plus an additional 10 percent, except as otherwise provided.~~]

11 A school district or open-enrollment charter school shall make a
12 requisition for instructional materials [~~a textbook~~] on the
13 conforming or nonconforming list [~~through the commissioner~~] to the
14 instructional materials [~~state~~] depository designated by the
15 publisher or as provided by State Board of Education rule, as
16 applicable, not later than June 1 of each year. The designated
17 instructional materials [~~state~~] depository or, if the publisher [~~or~~
18 ~~manufacturer~~] does not have a designated instructional materials
19 [~~textbook~~] depository in this state under Section 31.151(a)(6)(B),
20 the publisher [~~or manufacturer~~] shall fill a requisition approved by
21 the agency at any other time in the case of an emergency. [~~As made~~
22 ~~necessary by available funds, the commissioner shall reduce the~~

1 additional percentage of attendance for which a district or school
2 may requisition textbooks. The commissioner may, on application of
3 a district or school that is experiencing high enrollment growth,
4 increase the additional percentage of attendance for which the
5 district or school may requisition textbooks.]

6 (c) In making a requisition under this section, a school
7 district or open-enrollment charter school may requisition
8 instructional materials [textbooks] on the conforming or
9 nonconforming list for grades above or below the grade level in which
10 a student is enrolled[, except that the total quantity of textbooks
11 requisitioned under this section may not exceed the limit prescribed
12 by Subsection (b)].

13 SECTION 2D.21. Sections 31.104-31.106, Education Code, are
14 amended to read as follows:

15 Sec. 31.104. DISTRIBUTION AND HANDLING. (a) The board of
16 trustees of a school district or the governing body of an open-
17 enrollment charter school may delegate to an employee the authority
18 to requisition, purchase, distribute, and manage the inventory of
19 instructional materials [textbooks] in a manner consistent with this
20 chapter and rules adopted under this chapter.

21 (b) A school district or open-enrollment charter school may
22 order replacements for instructional materials [textbooks] that have

1 been lost or damaged directly from:

2 (1) the instructional materials [~~textbook~~] depository; or

3 (2) the [~~textbook~~] publisher of the instructional
4 materials [~~or manufacturer~~] if the [~~textbook~~] publisher [~~or~~
5 ~~manufacturer~~] does not have a designated instructional materials
6 [~~textbook~~] depository in this state under Section 31.151(a)(6)(B).

7 (c) Each instructional material [~~textbook~~] must state that the
8 instructional material [~~textbook~~] is the property of or is licensed
9 to this state, school district, or charter school, as appropriate.
10 Each instructional material [~~textbook~~], other than an electronic
11 instructional material [~~textbook~~], must be covered by the student
12 under the direction of the teacher. A student must return all
13 instructional materials [~~textbooks~~] to the teacher at the end of the
14 school year or when the student withdraws from school.

15 (d) Each student, or the student's parent or guardian, is
16 responsible for each instructional material [~~textbook~~] not returned
17 by the student. A student who fails to return all instructional
18 materials [~~textbooks~~] forfeits the right to free instructional
19 materials [~~textbooks~~] until each instructional material [~~textbook~~]
20 previously issued but not returned is paid for by the student,
21 parent, or guardian. As provided by policy of the board of trustees
22 or governing body, a school district or open-enrollment charter

1 school may waive or reduce the payment requirement if the student is
2 from a low-income family. The district or school shall allow the
3 student to use instructional materials [~~textbooks~~] at school during
4 each school day. If an instructional material [~~a textbook~~] is not
5 returned or paid for, the district or school may withhold the
6 student's records. A district or school may not, under this
7 subsection, prevent a student from graduating, participating in a
8 graduation ceremony, or receiving a diploma.

9 (e) The board of trustees of a school district may not require
10 an employee of the district to pay for an instructional material [~~a~~
11 ~~textbook~~] or instructional technology that is stolen, misplaced, or
12 not returned by a student.

13 Sec. 31.105. SALE OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]. The
14 board of trustees of a school district or governing body of an open-
15 enrollment charter school may sell instructional materials
16 [~~textbooks~~], other than electronic instructional materials
17 [~~textbooks~~], to a student or another school [~~at the state contract~~
18 ~~price~~]. The district shall use [~~send~~] money received from the sale
19 of instructional materials in accordance with uses prescribed by
20 Section 31.0211. [~~textbooks to the commissioner as required by the~~
21 ~~commissioner. The commissioner shall deposit the money in the state~~
22 ~~textbook fund.~~]

1 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
2 instructional materials [~~textbook~~] selected under this chapter, a
3 school district or open-enrollment charter school may use local funds
4 to purchase any instructional materials [~~textbooks~~].

5 SECTION 2D.22. The heading to Section 31.151, Education Code,
6 is amended to read as follows:

7 Sec. 31.151. DUTIES OF PUBLISHERS [~~AND MANUFACTURERS~~].

8 SECTION 2D.23. Sections 31.151(a), (b), and (d), Education
9 Code, are amended to read as follows:

10 (a) A publisher [~~or manufacturer~~] of instructional materials
11 [~~textbooks~~]:

12 (1) shall furnish any instructional material [~~textbook~~]
13 the publisher [~~or manufacturer~~] offers in this state[~~7~~] at a price
14 that does not exceed the lowest price at which the publisher offers
15 that instructional material [~~textbook~~] for adoption or sale to any
16 state, public school, or school district in the United States;

17 (2) shall automatically reduce the price of an
18 instructional material [~~a textbook~~] sold for use in a school district
19 or open-enrollment charter school to the extent that the price is
20 reduced elsewhere in the United States;

21 (3) shall provide any instructional material [~~textbook~~]
22 or ancillary item free of charge in this state to the same extent

1 that the publisher [~~or manufacturer~~] provides the instructional
2 material [~~textbook~~] or ancillary item free of charge to any state,
3 public school, or school district in the United States;

4 (4) shall guarantee that each copy of an instructional
5 material [~~a textbook~~] sold in this state is at least equal in quality
6 to copies of that instructional material [~~textbook~~] sold elsewhere
7 in the United States and is free from factual error;

8 (5) may not become associated or connected with, directly
9 or indirectly, any combination in restraint of trade in instructional
10 materials [~~textbooks~~] or enter into any understanding or combination
11 to control prices or restrict competition in the sale of
12 instructional materials [~~textbooks~~] for use in this state;

13 (6) shall:

14 (A) maintain a depository in this state or arrange
15 with a depository in this state to receive and fill orders for
16 instructional materials [~~textbooks~~], other than electronic
17 instructional materials or electronic instructional material [~~on-line~~
18 ~~textbooks or on-line textbook~~] components, consistent with State
19 Board of Education rules; or

20 (B) deliver instructional materials [~~textbooks~~] to
21 a school district or open-enrollment charter school without a
22 delivery charge to the school district, open-enrollment charter

1 school, or state, if:

2 (i) the publisher [~~or manufacturer~~] does not
3 maintain or arrange with a depository in this state under Paragraph
4 (A) and the publisher's instructional materials [~~or manufacturer's~~
5 ~~textbooks~~] and related products are warehoused or otherwise stored
6 less than 300 miles from a border of this state; or

7 (ii) the instructional materials [~~textbooks~~]
8 are electronic instructional materials or electronic instructional
9 material [~~on-line textbooks or on-line textbook~~] components;

10 (7) shall, at the time an order for instructional
11 materials [~~textbooks~~] is acknowledged, provide to school districts
12 or open-enrollment charter schools an accurate shipping date for
13 instructional materials [~~textbooks~~] that are back-ordered;

14 (8) shall guarantee delivery of instructional materials
15 [~~textbooks~~] at least 10 business days before the opening day of
16 school of the year for which the instructional materials [~~textbooks~~]
17 are ordered if the instructional materials [~~textbooks~~] are ordered
18 by a date specified in the sales contract; and

19 (9) shall submit to the State Board of Education an
20 affidavit certifying any instructional material [~~textbook~~] the
21 publisher [~~or manufacturer~~] offers in this state to be free of
22 factual errors at the time the publisher executes the contract

1 required by Section 31.026.

2 (b) The State Board of Education may impose a reasonable
3 administrative penalty against a publisher [~~or manufacturer~~] who
4 knowingly violates Subsection (a). The board shall provide for a
5 hearing to be held to determine whether a penalty is to be imposed
6 and, if so, the amount of the penalty. The board shall base the
7 amount of the penalty on:

- 8 (1) the seriousness of the violation;
- 9 (2) any history of a previous violation;
- 10 (3) the amount necessary to deter a future violation;
- 11 (4) any effort to correct the violation; and
- 12 (5) any other matter justice requires.

13 (d) A penalty collected under this section shall be deposited
14 to the credit of the state instructional materials [~~textbook~~] fund.

15 SECTION 2D.24. The heading to Section 31.152, Education Code,
16 is amended to read as follows:

17 Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS
18 [~~TEXTBOOKS~~].

19 SECTION 2D.25. Sections 31.152(a), (b), and (d), Education
20 Code, are amended to read as follows:

21 (a) A school trustee, administrator, or teacher commits an
22 offense if that person receives any commission or rebate on any

1 instructional materials [~~textbooks~~] used in the schools with which
2 the person is associated as a trustee, administrator, or teacher.

3 (b) A school trustee, administrator, or teacher commits an
4 offense if the person accepts a gift, favor, or service that:

5 (1) is given to the person or the person's school;

6 (2) might reasonably tend to influence a trustee,
7 administrator, or teacher in the selection of instructional materials
8 [~~a textbook~~]; and

9 (3) could not be lawfully purchased with funds from the
10 state instructional materials [~~textbook~~] fund.

11 (d) In this section, "gift, favor, or service" does not
12 include:

13 (1) staff development, in-service, or teacher training;

14 or

15 (2) instructional materials[,] such as maps or
16 worksheets[, that convey information to the student or otherwise
17 contribute to the learning process].

18 SECTION 2D.26. The heading to Section 31.153, Education Code,
19 is amended to read as follows:

20 Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS
21 [~~TEXTBOOK~~] LAW.

22 SECTION 2D.27. Section 31.153(a), Education Code, is amended

1 to read as follows:

2 (a) A person commits an offense if the person knowingly
3 violates any law providing for the purchase or distribution of free
4 instructional materials [~~textbooks~~] for the public schools.

5 SECTION 2D.28. Subchapter E, Chapter 31, Education Code, is
6 amended to read as follows:

7 SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

8 Sec. 31.201. DISPOSITION OF INSTRUCTIONAL MATERIALS
9 [~~TEXTBOOKS~~]. (a) The commissioner, with the approval of the State
10 Board of Education, may provide for the disposition of:

11 (1) instructional materials [~~textbooks~~], other than
12 electronic instructional materials [~~textbooks~~], that are no longer
13 in acceptable condition to be used for instructional purposes; or

14 (2) discontinued instructional materials [~~textbooks~~],
15 other than electronic instructional materials [~~textbooks~~].

16 (b) The commissioner, as provided by rules adopted by the State
17 Board of Education, shall make available on request copies of
18 discontinued instructional materials [~~textbooks~~], other than
19 electronic instructional materials [~~textbooks~~], for use in libraries
20 maintained in municipal and county jails and facilities of the
21 institutional division of the Texas Department of Criminal Justice
22 and other state agencies.

1 (c) The State Board of Education shall adopt rules under which
2 a school district or open-enrollment charter school may donate
3 discontinued instructional materials [~~textbooks~~], other than
4 electronic instructional materials [~~textbooks~~], to a student, to an
5 adult education program, or to a nonprofit organization.

6 SECTION 2D.29. The heading to Section 32.005, Education Code,
7 is amended to read as follows:

8 Sec. 32.005. INSTRUCTIONAL MATERIALS AND TECHNOLOGY
9 ALLOTMENT.

10 SECTION 2D.30. Sections 32.005(a) and (b), Education Code, are
11 amended to read as follows:

12 (a) For each student in average daily attendance in a school
13 year, a [~~Each~~] school district or open-enrollment charter school is
14 entitled to an allotment of \$30 [~~for each student in average daily~~
15 ~~attendance~~] or a greater [~~different~~] amount for any year provided by
16 appropriation, to be used as provided by Subsection (b).

17 (b) An allotment under this section may be used [~~only~~] to:

18 (1) provide for the purchase by school districts of
19 systems or components of:

20 (A) wireless electronic mobile computing devices or
21 other technology devices that convey instruction;

22 (B) productivity hardware or software, including

1 writing, computation, presentation, and communication tools;

2 (C) electronic learning software aligned with the
3 essential skills and knowledge adopted by the State Board of
4 Education under Section 28.002;

5 (D) library and other research tools;

6 (E) electronic assessment tools;

7 (F) electronic learning tools to improve
8 communications among students, teachers, school administrators,
9 parents, and the community;

10 (G) classroom and school management systems; and

11 (H) portable electronic instructional material
12 devices capable of supporting instructional material for each subject
13 in the foundation and enrichment curriculum [electronic textbooks or
14 technological equipment that contributes to student learning]; [and]

15 (2) provide professional development for educational
16 personnel responsible for direct instruction to integrate the tools
17 and solutions described by Subdivision (1); and

18 (3) acquire additional infrastructure and technologies
19 necessary to support and enhance the tools and solutions described
20 by Subdivision (1) [pay for training educational personnel directly
21 involved in student learning in the appropriate use of electronic
22 textbooks and for providing for access to technological equipment for

1 ~~instructional use~~].

2 SECTION 2D.31. Section 32.156, Education Code, as added by
3 Chapter 1216, Acts of the 78th Legislature, Regular Session, 2003,
4 is amended to read as follows:

5 Sec. 32.156. ON-LINE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]. (a)

6 The agency may develop and adopt strategies for making instructional
7 materials [~~textbooks~~] available through the portal or through other
8 means in an electronic format as an alternative or supplement to
9 traditional instructional materials [~~textbooks~~].

10 (b) In developing and adopting strategies under this section,
11 the agency shall seek to achieve a system under which a student may,
12 in addition to [a] traditional instructional materials [~~textbook~~],
13 be provided with secure Internet access to each instructional
14 material [~~textbook~~] used by the student.

15 SECTION 2D.32. Section 32.161(b), Education Code, is amended
16 to read as follows:

17 (b) To the extent possible considering other statutory
18 requirements, the commissioner and agency shall encourage the use of
19 instructional materials [~~textbook~~] funds under Section 31.021 and
20 technology allotment funds under Section 32.005 [~~31.021(b)(2)~~] in a
21 manner that facilitates the development and use of the portal.

22 SECTION 2D.33. Section 31.0221, Education Code, as added by

1 this part, applies only to instructional materials submitted for
2 review by the State Board of Education on or after the effective date
3 of this Act. Instructional materials submitted for review before the
4 effective date of this Act are governed by the law in effect when the
5 instructional materials were submitted for review, and the former law
6 is continued in effect for that purpose.

7 SECTION 2D.34. (a) This section applies to an instructional
8 material, as that term is defined by Section 31.002, Education Code,
9 as amended by this part, including an electronic instructional
10 material, adopted by the State Board of Education before January 1,
11 2005.

12 (b) A contract for the purchase or licensing of an
13 instructional material described by Subsection (a) of this section
14 continues in effect as a state contract for the contract term, and
15 the former law is continued in effect for that purpose.

16 PART E. DUAL LANGUAGE EDUCATION

17 SECTION 2E.01. Subchapter B, Chapter 21, Education Code, is
18 amended by adding Sections 21.0485 and 21.0486 to read as follows:

19 Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER CERTIFICATION.

20 (a) To ensure that there are teachers with special training to work
21 with other teachers and with students in a dual language education
22 program, the board shall establish a dual language education teaching

1 certificate.

2 (b) The board shall propose rules establishing the training
3 requirements, including the minimum academic qualifications, a person
4 must accomplish to obtain a certificate under this section.

5 (c) The board shall propose rules establishing the requirements
6 for a teacher who receives training in a foreign country to obtain
7 a certificate under this section.

8 Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION. (a) To
9 ensure that there are teachers with special training to work with
10 other teachers and with students in order to improve student
11 performance in English and other languages, the board shall
12 establish:

13 (1) a master language teacher certificate to teach
14 bilingual education, dual language instruction, or English as a
15 second language at elementary school grade levels;

16 (2) a master language teacher certificate to teach
17 bilingual education, dual language instruction, or English as a
18 second language at middle school grade levels; and

19 (3) a master language teacher certificate to teach dual
20 language instruction at high school grade levels.

21 (b) The board shall issue the appropriate master language
22 teacher certificate to each eligible person.

1 (c) To be eligible for a master language teacher certificate,

2 a person must:

3 (1) hold a teaching certificate issued under this

4 subchapter;

5 (2) have at least three years of experience teaching

6 bilingual education, dual language instruction, or English as a

7 second language;

8 (3) satisfactorily complete a knowledge-based course of

9 instruction on second language acquisition and the science of

10 teaching children language that includes training in language

11 instruction and professional peer mentoring techniques that, through

12 scientific testing, have been proven effective;

13 (4) perform satisfactorily on the appropriate master

14 language certification examination prescribed by the board; and

15 (5) satisfy any other requirements prescribed by the

16 board.

17 SECTION 2E.02. Section 21.050(b), Education Code, is amended

18 to read as follows:

19 (b) The board may not require more than 18 semester credit

20 hours of education courses at the baccalaureate level for the

21 granting of a teaching certificate. The board shall provide for a

22 minimum number of semester credit hours of internship to be included

1 in the hours needed for certification. The board may propose rules
2 requiring additional credit hours for certification in bilingual
3 education, dual language instruction, English as a second language,
4 early childhood education, or special education.

5 SECTION 2E.03. Section 21.054, Education Code, is amended by
6 adding Subsection (c) to read as follows:

7 (c) Rules proposed under Subsection (a) must permit an educator
8 to fulfill continuing education requirements by acquiring
9 conversational skills in one or more languages other than English and
10 academic language development in the subject area for which the
11 educator provides instruction. The rules must permit educators to
12 obtain language instruction through a variety of methods, including
13 attendance at workshops offered by qualified entities and enrollment
14 on a noncredit basis in courses offered by public or private colleges
15 and universities.

16 SECTION 2E.04. Subchapter B, Chapter 21, Education Code, is
17 amended by adding Section 21.060 to read as follows:

18 Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION. On
19 issuing an educator certificate to an educational aide or renewing
20 such a certificate, the board shall notify the person to whom the
21 certificate is issued of the existence of the educational aide
22 exemption under Section 54.214.

1 SECTION 2E.05. Section 28.0051, Education Code, is amended by
2 adding Subsection (d) to read as follows:

3 (d) The State Board for Educator Certification shall provide
4 for the issuance of teaching certificates appropriate for dual
5 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 language
8 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) The
14 commissioner shall establish a pilot project in school districts
15 selected by the commissioner under which the agency examines dual
16 language education programs and the effect of those programs on a
17 student's ability to graduate from high school.

18 (b) In selecting school districts under Subsection (a), the
19 commissioner shall:

20 (1) select districts that:

21 (A) will commit to at least a three-year dual
22 language education program; and

1 (B) demonstrate a substantially equal enrollment of
2 students with limited English proficiency and students whose primary
3 language is English or, if a district does not have a sufficient
4 number of limited English proficiency students to meet the equal
5 enrollment standard, include the enrollment of students with limited
6 English proficiency, students whose primary language is English, and
7 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 kindergarten
12 level.

13 (c) The commissioner by rule shall require a district to limit
14 activities of the dual language education program during the first
15 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 the
19 program; and

20 (3) acquiring adequate learning materials in both program
21 languages.

22 (d) From amounts appropriated for the purpose, the commissioner

1 shall award grants to school districts that participate in the
2 program. A grant under this section must be in an amount sufficient
3 to pay the costs to the district of participating in the program, as
4 determined by the commissioner. A determination of the commissioner
5 under this subsection is 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 Subsection
10 (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 the
17 agency's activities under the pilot project, the effect of the
18 project on grade-level completion, and the recommendations arising
19 from the project. The agency shall submit an interim report under
20 this subsection not later than January 1, 2009, and a final report
21 not later than January 1, 2011.

22 (h) This section expires August 1, 2011.

1 SECTION 2E.07. Not later than January 1, 2006, the State Board
2 for Educator Certification shall propose rules:

3 (1) establishing requirements and prescribing an
4 examination for master language teacher certification as required by
5 Section 21.0486, Education Code, as added by this Act;

6 (2) establishing requirements and prescribing an
7 examination for dual language instruction teacher certification as
8 required by Section 21.050(b), Education Code, as amended by this
9 Act, and Section 28.0051(d), Education Code, as added by this Act;
10 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 Agency
19 is subject to Chapter 325, Government Code (Texas Sunset Act).
20 Unless continued in existence as provided by that chapter, the agency
21 is abolished September 1, 2017 [2005].

22 (b) A review conducted under Chapter 325, Government Code

1 (Texas Sunset Act), in accordance with this section must include a
2 review of the regional education service centers under Chapter 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 from
8 exemplary or recognized school districts and open-enrollment charter
9 schools, as rated under Section 39.072, best practices information
10 and shall disseminate that information. The agency and the regional
11 education service centers shall enter into a memorandum of
12 understanding that establishes the respective duties of the agency
13 and the regional education service centers in soliciting, collecting,
14 and disseminating the best practices information.

15 (b) The best practices information may include:

16 (1) information concerning available programs, products,
17 and policies that have been successfully adopted or developed and
18 used by school districts or open-enrollment charter schools;

19 (2) specific examples of successful best practices; and

20 (3) resources available to assist school districts and
21 open-enrollment charter schools in complying with applicable state
22 or federal education laws.

1 (c) The best practices information must include information
2 collected by the agency or a regional education service center
3 concerning the effective use of online courses, including:

4 (1) methods for using online courses to provide
5 curriculum solutions;

6 (2) information to assist school districts and open-
7 enrollment charter schools in investigating the quality of online
8 courses; and

9 (3) a list of funding sources available for various types
10 of online courses.

11 (d) The agency and the regional education service centers are
12 not required to evaluate and may not endorse the best practices
13 information collected under this section.

14 (e) The agency and the regional education service centers shall
15 develop incentives for school districts and open-enrollment charter
16 schools to implement best practices.

17 SECTION 2F.03. Subchapter B, Chapter 7, Education Code, is
18 amended by adding Section 7.0211 to read as follows:

19 Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. The agency may
20 receive gifts, grants, or donations from any public or private source
21 to perform any educational function the agency is authorized to
22 perform by law.

1 SECTION 2F.04. Section 7.027, Education Code, as added by
2 Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is
3 redesignated as Section 7.028, Education Code, and amended to read
4 as follows:

5 Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING. (a)
6 Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~] or
7 39.075, the agency may monitor compliance with requirements
8 applicable to a process or program provided by a school district,
9 campus, program, or school granted charters under Chapter 12,
10 including the process described by Subchapter F, Chapter 11, or a
11 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
12 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
13 provided for such a program under Subchapter C, Chapter 42, only as
14 necessary to ensure:

- 15 (1) compliance with federal law and regulations;
- 16 (2) financial accountability, including compliance with
17 grant requirements; and
- 18 (3) data integrity for purposes of:
- 19 (A) the Public Education Information Management
20 System (PEIMS); and
- 21 (B) accountability under Chapter 39.

22 (b) The board of trustees of a school district or the governing

1 body of an open-enrollment charter school has primary responsibility
2 for ensuring that the district or school complies with all applicable
3 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 performance
10 under and compliance with federal and state education laws. The
11 system must incorporate performance and compliance information
12 collected by various agency divisions for each school district and
13 charter school, including information relating to:

14 (1) data integrity;

15 (2) the performance of district or school programs;

16 (3) financial accountability;

17 (4) academic accountability;

18 (5) previous history of compliance;

19 (6) complaints issues; and

20 (7) governance issues.

21 SECTION 2F.06. Sections 7.057(a) and (d), Education Code, are
22 amended to read as follows:

1 (a) Except as provided by Subsection (e) or Section 7.0571, a
2 person may appeal in writing to the commissioner if the person is
3 aggrieved by:

4 (1) the school laws of this state; or

5 (2) actions or decisions of any school district board of
6 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 commissioner
13 may appeal to a district court in Travis County. An appeal must be
14 made by serving the commissioner with citation issued and served in
15 the manner provided by law for civil suits. The petition must state
16 the action or decision from which the appeal is taken. At trial, the
17 court shall determine all issues of law and fact, except as provided
18 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, open-

1 enrollment charter school, or other person that wishes to challenge
2 an agency decision made under Chapter 39, 41, 42, or 46 must petition
3 the commissioner for an informal review by the commissioner of the
4 decision.

5 (b) The commissioner may limit a review under this section to
6 a written submission of any issue identified by the commissioner.

7 (c) A final decision under this section is final and may not
8 be appealed under Section 7.057 or any other law.

9 SECTION 2F.08. Chapter 7, Education Code, is amended by adding
10 Subchapter E to read as follows:

11 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

12 Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The agency
13 shall implement a comprehensive performance-based grant system to
14 collect and report grant performance and spending information and to
15 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 reporting
20 procedures for grant programs administered by the agency.

21 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall ensure
22 that:

1 (1) the mission, purpose, and objectives of each agency
2 grant program support student academic performance or another public
3 education mission, objective, or goal specified under Sections 4.001
4 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 use
14 existing data to identify and notify an eligible school district or
15 charter school of the opportunity to apply for a state-funded
16 discretionary grant.

17 Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The
18 agency shall develop one or more consolidated applications to be used
19 by school districts and charter schools in applying for any state-
20 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

1 available to the legislature and the public.

2 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The agency,
3 in coordination with regional education service centers, shall use
4 data relating to grant programs, including grant spending and
5 performance information, to identify successful grant programs.
6 Based on the identification of successful grant programs, each
7 regional education service center shall provide information
8 concerning those programs to the school districts in the service
9 center's region.

10 (b) This section applies beginning with the 2009-2010 school
11 year. This subsection expires June 1, 2010.

12 Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In developing
13 the performance-based grant system, the agency shall:

14 (1) identify each area of data collected for grant
15 programs and the method in which the agency collects the data;

16 (2) determine whether grant data that a school district
17 or charter school is required to collect is useful and 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, or
21 goal;

22 (3) determine whether grant data is analyzed and

1 disseminated efficiently; and

2 (4) review the agency's policies, procedures, and
3 reporting requirements relating to grant programs administered by the
4 agency to simplify and make more efficient the grant application,
5 award, and reporting processes for school districts and charter
6 schools.

7 (b) This section expires June 1, 2010.

8 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS;
9 STATUS REPORT. (a) Not later than January 1, 2007, the agency shall
10 provide the legislature with a status report concerning the agency's
11 development of the grant system. The report may suggest any
12 statutory changes needed to facilitate a full transition to a
13 performance-based grant system.

14 (b) Beginning with the 2009-2010 school year, the agency shall
15 make the performance-based grant system fully available to school
16 districts and charter schools.

17 (c) This section expires June 1, 2010.

18 SECTION 2F.09. Subchapter A, Chapter 8, Education Code, is
19 amended by adding Section 8.0031 to read as follows:

20 Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a)
21 The commissioner shall adopt rules prescribing training for members
22 of regional education service center boards of directors. The

1 training curriculum may include:

2 (1) an overview of this code and any rules adopted under
3 this code;

4 (2) a review of recent state and federal education
5 legislation, rules, and regulations;

6 (3) a review of the powers and duties of a regional
7 education service center board of directors; and

8 (4) a review of any statewide or regional strategic
9 planning applicable to regional education service centers.

10 (b) A member of a regional education service center board of
11 directors must complete any training required by commissioner rule.

12 SECTION 2F.10. Sections 8.051(b), (c), and (d), Education Code,
13 are amended to read as follows:

14 (b) Each regional education service center shall annually
15 develop and submit to the commissioner for approval a plan for
16 improvement. Each plan must include the purposes and description of
17 the services the center will provide to:

18 (1) campuses rated academically unacceptable [~~identified~~
19 ~~as low-performing based on the indicators adopted~~] under Section
20 39.072 [~~39.051~~];

21 (2) the lowest-performing campuses in the region; and

22 (3) other campuses.

1 (c) Each regional education service center shall provide
2 services that enable school districts to operate more efficiently and
3 economically, including collecting and disseminating:

4 (1) best practices information as provided by Section
5 7.010; and

6 (2) information concerning successful grant programs to
7 school districts as provided by Section 7.156.

8 (d) Each regional education service center shall maintain core
9 services for purchase by school districts and campuses. The core
10 services are:

11 (1) training and assistance in teaching each subject area
12 assessed under Section 39.023;

13 (2) training and assistance in providing each program
14 that qualifies for a funding allotment under Section 42.151, 42.152,
15 42.153, or 42.156;

16 (3) assistance specifically designed for a school
17 district or campus rated academically unacceptable under Section
18 39.072 [~~39.072(a) or a campus whose performance is considered~~
19 ~~unacceptable based on the indicators adopted under Section 39.051]~~;

20 (4) training and assistance to teachers, administrators,
21 members of district boards of trustees, and members of site-based
22 decision-making committees;

1 (5) assistance specifically designed for a school
2 district that is considered out of compliance with state or federal
3 special education requirements, based on the agency's most recent
4 compliance review of the district's special 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 follows:

8 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE
9 PROCESS HEARINGS. (a) The agency shall make available to a parent,
10 student, school district, attorney, or other interested person, and
11 shall place on the agency's Internet website, comprehensive, easily
12 understood information concerning the special education due process
13 hearing process.

14 (b) The information described by Subsection (a) must include:

15 (1) a description of the steps in the due process hearing
16 process;

17 (2) the text of any applicable administrative,
18 procedural, or evidentiary rule;

19 (3) a description of any notice requirements;

20 (4) an explanation of options for alternative dispute
21 resolution, including mediation;

22 (5) an explanation of a resolution session;

1 (6) answers to frequently asked questions; and
2 (7) other sources of information, including electronic
3 sources of information, such as special education case law available
4 on the Internet.

5 Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING
6 SPECIAL EDUCATION HEARING OFFICERS. (a) The agency shall collect
7 and at least biennially analyze any information, including complaint
8 information, relating to the performance of a special education
9 hearing officer for use in assessing:

10 (1) the effectiveness of the due process hearing process;
11 and

12 (2) the performance of a special education hearing
13 officer.

14 (b) The agency shall use the information described by
15 Subsection (a) in determining whether to renew a contract with a
16 special education hearing officer.

17 SECTION 2F.12. Section 61.076, Education Code, is amended by
18 adding Subsections (c) and (d) to read as follows:

19 (c) On or before January 1, 2007, the P-16 council shall:

20 (1) review existing school district programs that provide
21 high school students with the opportunity to enroll in advanced
22 academic courses offered through dual credit and concurrent

1 enrollment programs, including reviewing courses currently approved
2 by districts and offered by institutions of higher education for dual
3 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 the
6 feasibility of offering a revised curriculum that would provide
7 graduating high school students with at least 12 hours of advanced
8 academic courses or college level coursework offered through dual
9 credit and concurrent enrollment programs provided under agreements
10 between high schools and institutions of higher education; and

11 (3) prepare and deliver a report based on the review and
12 study to the governor, the lieutenant governor, the speaker of the
13 house of representatives, and the presiding officer of the standing
14 committee of each house of the legislature with primary jurisdiction
15 over public education.

16 (d) Subsection (c) and this subsection expire January 2, 2007.

17 PART G. SCHOOL DISCIPLINE

18 SECTION 2G.01. Chapter 26, Education Code, is amended by adding
19 Section 26.0083 to read as follows:

20 Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY ACTION.

21 (a) A parent is entitled to notice from a school district or open-
22 enrollment charter school as provided by this section if the parent's

1 child is removed from class under Section 37.006 for placement in a
2 disciplinary alternative education program or under Section 37.007
3 for expulsion or placement in a juvenile justice alternative
4 education program. A school district or open-enrollment charter
5 school shall make a good faith effort to provide the notice required
6 by this subsection on the same day the parent's child is removed from
7 class. If the district or school fails to provide the notice on that
8 day, the district or school shall provide or mail the notice not
9 later than 5 p.m. on the first business day after the day the student
10 is removed from class.

11 (b) A noncustodial parent who has requested notice of
12 disciplinary actions as provided by Section 37.0091 is entitled to
13 notice under Subsection (a).

14 SECTION 2G.02. Section 37.008, Education Code, is amended by
15 amending Subsections (m) and (m-1) and adding Subsection (n) to read
16 as follows:

17 (m) Notwithstanding Section 7.028, the [The] commissioner shall
18 adopt rules necessary to evaluate through an annual monitoring
19 process [annually] the performance of each district's disciplinary
20 alternative education program established under this subchapter. The
21 monitoring process [evaluation] required by this section may be
22 electronic and shall be based on indicators defined by the

1 commissioner, but must include student performance on assessment
2 instruments required under Section [~~Sections~~] 39.023(a) and at least
3 one indicator that measures student academic progress [~~and (c)~~].

4 Academically, the mission of disciplinary alternative education
5 programs shall be to enable students to perform at grade level.

6 (m-1) The agency shall integrate the monitoring process
7 developed under Subsection (m) with the monitoring the agency is
8 authorized to conduct under Section 7.028(a). The commissioner may
9 require [~~shall develop a process for evaluating~~] a school district
10 to contract at the district's expense in the manner provided by
11 Section 39.134 with a public or private service provider for services
12 determined by the commissioner to be necessary to:

13 (1) improve student performance;

14 (2) improve disciplinary alternative education program
15 effectiveness; and

16 (3) [~~electronically. The commissioner shall also develop~~
17 ~~a system and standards for review of the evaluation or use systems~~
18 ~~already available at the agency. The system must be designed to~~
19 ~~identify districts that are at high risk of having inaccurate~~
20 ~~disciplinary alternative education program data or of failing to]~~
21 comply with disciplinary alternative education program state and
22 federal requirements.

1 (n) [~~The commissioner shall notify the board of trustees of a~~
2 ~~district of any objection the commissioner has to the district's~~
3 ~~disciplinary alternative education program data or of a violation of~~
4 ~~a law or rule revealed by the data, including any violation of~~
5 ~~disciplinary alternative education program requirements, or of any~~
6 ~~recommendation by the commissioner concerning the data. If the data~~
7 ~~reflect that a penal law has been violated, the commissioner shall~~
8 ~~notify the county attorney, district attorney, or criminal district~~
9 ~~attorney, as appropriate, and the attorney general.] The
10 commissioner is entitled to access to all district records the
11 commissioner considers necessary or appropriate for the review,
12 analysis, or approval of disciplinary alternative education program
13 data.~~

14 SECTION 2G.03. Sections 37.020(b) and (c), Education Code, are
15 amended to read as follows:

16 (b) For each placement in a disciplinary alternative education
17 program established under Section 37.008, the district shall report:

18 (1) information identifying the student, including the
19 student's race, sex, and date of birth, that will enable the agency
20 to compare placement data with information collected through other
21 reports;

22 (2) information indicating whether the student was

1 enrolled in a special education program under Subchapter A, Chapter
2 29, at the time of the placement;

3 (3) information indicating whether the placement was
4 based on:

5 (A) conduct violating the student code of conduct
6 adopted under Section 37.001;

7 (B) conduct for which a student may be removed from
8 class under Section 37.002 (b) ;

9 (C) conduct for which placement in a disciplinary
10 alternative education program is required by Section 37.006; or

11 (D) conduct occurring while a student was enrolled
12 in another district and for which placement in a disciplinary
13 alternative education program is permitted by Section 37.008(j);

14 (4) [~~(3)~~] the number of full or partial days the student
15 was assigned to the program and the number of full or partial days
16 the student attended the program; and

17 (5) [~~(4)~~] the number of placements that were inconsistent
18 with the guidelines included in the student code of conduct under
19 Section 37.001(a) (5) .

20 (c) For each expulsion under Section 37.007, the district shall
21 report:

22 (1) information identifying the student, including the

1 student's race, sex, and date of birth, that will enable the agency
2 to compare placement data with information collected through other
3 reports;

4 (2) information indicating whether the student was
5 enrolled in a special education program under Subchapter A, Chapter
6 29, at the time of the expulsion;

7 (3) information indicating whether the expulsion was
8 based on:

9 (A) conduct for which expulsion is required under
10 Section 37.007, including information specifically indicating
11 whether a student was expelled on the basis of Section 37.007(e); or

12 (B) conduct for which expulsion is permitted under
13 Section 37.007;

14 (4) [~~3~~] the number of full or partial days the student
15 was expelled;

16 (5) [~~4~~] information indicating whether:

17 (A) the student was placed in a juvenile justice
18 alternative education program under Section 37.011;

19 (B) the student was placed in a disciplinary
20 alternative education program; or

21 (C) the student was not placed in a juvenile justice
22 or other disciplinary alternative education program; and

1 (6) [~~5~~] the number of expulsions that were inconsistent
2 with the guidelines included in the student code of conduct under
3 Section 37.001(a) (5).

4 PART H. CRIMINAL HISTORY RECORDS INFORMATION

5 SECTION 2H.01. Subchapter B, Chapter 21, Education Code, is
6 amended by adding Section 21.0401 to read as follows:

7 Sec. 21.0401. COLLECTION OF FINGERPRINTS REQUIRED. The board
8 shall obtain a complete set of fingerprints from:

9 (1) each applicant for a certificate issued under this
10 subchapter;

11 (2) each applicant for or holder of a teaching permit
12 issued under this subchapter; and

13 (3) each person described by Section 11A.153 or Section
14 21.0032 for whom the board has received information from a public
15 charter district.

16 SECTION 2H.02. Section 21.041(c), Education Code, is amended
17 to read as follows:

18 (c) The board shall propose rules [~~a rule~~] adopting fees [~~a~~
19 ~~fee~~] for:

20 (1) the issuance and maintenance of each [~~an~~] educator
21 certificate that is adequate to cover the cost of administration of
22 this subchapter, including any amount necessary to cover the cost of

1 obtaining fingerprints under Section 21.0401 or conducting a national
2 criminal background review and investigation under Sections 21.0032
3 and 22.082; and

4 (2) the cost of obtaining fingerprints from or conducting
5 a national criminal background review of a holder of a teaching
6 permit issued under this subchapter.

7 SECTION 2H.03. Section 22.082, Education Code, is amended to
8 read as follows:

9 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE BOARD
10 FOR EDUCATOR CERTIFICATION. (a) The State Board for Educator
11 Certification shall obtain from any law enforcement or criminal
12 justice agency all state and national criminal history record
13 information that relates to:

14 (1) an applicant for or holder of a certificate or permit
15 issued under Subchapter B, Chapter 21; or

16 (2) a person described by Section 11A.153 or 21.0032.

17 (b) The board shall require each applicant, holder, and person
18 described by Subsection (a) (2) to pay any costs to the board related
19 to obtaining criminal history record information related to the
20 person under this section.

21 SECTION 2H.04. Section 411.090, Government Code, is amended to
22 read as follows:

1 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION AND
2 FINGERPRINTS: STATE BOARD FOR EDUCATOR CERTIFICATION. (a) The State
3 Board for Educator Certification is entitled to obtain from the
4 department any criminal history record information maintained by the
5 department about:

6 (1) a person who has applied or expressed to the board an
7 intention to apply [~~to the board~~] for a certificate or permit under
8 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 board
12 under Subsection (a):

13 (1) may be used for any purpose related to the issuance,
14 denial, suspension, or cancellation of a certificate or permit under
15 Subchapter B, Chapter 21, Education Code, or for any purpose
16 authorized by Section 11A.153 or 21.0032, Education Code [~~issued by~~
17 ~~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]~~.

1 (c) The board may keep on file with the department all
2 fingerprints obtained by the board under Section 21.0401, Education
3 Code. The department shall notify the board of the arrest of any
4 person who has fingerprints on file with the department pursuant to
5 that section.

6 (d) On receipt of notice from the department of an arrest of
7 a person described by Section 11A.153 or 21.0032, Education Code, the
8 board shall notify the public charter district affected.

9 PART I. HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION

10 SECTION 21.01. Chapter 1580, Insurance Code, is reenacted and
11 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 its
18 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

1 Retirement System of Texas, participating charter school, or regional
2 education service center; and

3 (B) is not a retiree covered under the program
4 established under Chapter 1575.

5 (3) "Participating charter school" means an open-
6 enrollment charter school established under Subchapter D, Chapter 12,
7 Education Code, that participates in the program established under
8 Chapter 1579.

9 (4) "Regional education service center" means a regional
10 education service center established under Chapter 8, Education Code.

11 (5) "Trustee" means the Teacher Retirement System of
12 Texas.

13 Sec. 1580.002. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY. (a)
14 The trustee may adopt rules to implement this chapter.

15 (b) The trustee may enter into interagency contracts with any
16 agency of this state for the purpose of assistance in implementing
17 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 a

1 ~~[DISTRIBUTION BY TRUSTEE. Each year, the trustee shall deliver to~~
2 ~~each] school district, [including a school district that is~~
3 ~~ineligible for state aid under Chapter 42, Education Code, each]~~
4 ~~other educational district that is a member of the Teacher Retirement~~
5 ~~System of Texas, [each] participating charter school, or [and each]~~
6 ~~regional education service center may elect to designate a portion~~
7 ~~of the employee's compensation to be used as health care~~
8 ~~supplementation under this chapter. The amount designated under this~~
9 ~~section may not exceed the amount permitted under applicable federal~~
10 ~~law.~~

11 ~~(b) Notwithstanding Subsection (a), an administrator, as~~
12 ~~defined by the trustee, employed by a school district, another~~
13 ~~educational district, a participating charter school, or a regional~~
14 ~~education service center is not eligible to elect to designate a~~
15 ~~portion of the person's compensation to be used as health care~~
16 ~~supplementation under this chapter [state funds in an amount, as~~
17 ~~determined by the trustee, equal to the product of the number of~~
18 ~~active employees employed by the district, school, or service center~~
19 ~~multiplied by \$1,000 or a greater amount as provided by the General~~
20 ~~Appropriations Act for purposes of this chapter].~~

21 ~~[Sec. 1580.052. EQUAL INSTALLMENTS. The trustee shall~~
22 ~~distribute funds under this chapter in equal monthly installments.]~~

1 used as health care supplementation under this chapter, [~~if~~] an
2 active employee must be [~~is~~] covered by a cafeteria plan of a school
3 district, other educational district, participating charter school,
4 or regional education service center. The employee must [~~the state~~
5 ~~contribution under this chapter shall be deposited in the cafeteria~~
6 ~~plan, and the employee may~~] elect among the options provided by the
7 cafeteria plan.

8 (b) A cafeteria plan receiving funds designated as health care
9 supplementation [~~state contributions~~] under this chapter may include
10 a medical savings account option and must include, at a minimum, the
11 following options:

12 (1) a health care reimbursement account;

13 (2) a benefit or coverage other than that provided under
14 Chapter 1579, or any employee coverage or dependent coverage
15 available under Chapter 1579 but not otherwise fully funded by the
16 state or the employer contributions, any of which must be a
17 "qualified benefit" under Section 125, Internal Revenue Code of 1986,
18 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 under

1 this subsection.

2 Sec. 1580.102. EMPLOYEE NOT COVERED BY CAFETERIA PLAN. If an
3 active employee is not covered by a cafeteria plan of a school
4 district, other educational district, participating charter school,
5 or regional education service center, the employee is not eligible
6 to elect to designate a portion of the employee's compensation to be
7 used as health care supplementation under this chapter [state
8 ~~contribution under this chapter shall be paid to the active employee~~
9 ~~as supplemental compensation~~].

10 ~~[Sec. 1580.103. SUPPLEMENTAL COMPENSATION. Supplemental~~
11 ~~compensation under this subchapter must be in addition to the rate~~
12 ~~of compensation that:~~

13 ~~[(1) the school district, other educational district,~~
14 ~~participating charter school, or regional education service center~~
15 ~~paid the employee in the preceding school year; or~~

16 ~~[(2) the district, school, or service center would have~~
17 ~~paid the employee in the preceding school year if the employee had~~
18 ~~been employed by the district, school, or service center in the same~~
19 ~~capacity in the preceding school year.]~~

20 Sec. 1580.104. TIME FOR ELECTION. For each state fiscal year,
21 an election under this subchapter must be made before the later of:

22 (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 FORM. (a) The
3 trustee shall prescribe and distribute to each school district, other
4 educational district, participating charter school, and regional
5 education service center:

6 (1) a model explanation written in English and Spanish of
7 the options active employees may elect under this section and the
8 effect of electing each option; and

9 (2) an election form to be completed by active employees.

10 (b) Each state fiscal year, a school district, other
11 educational district, participating charter school, or regional
12 education service center shall prepare and distribute to each active
13 employee a written explanation in English and Spanish, as
14 appropriate, of the options the employee may elect under this
15 section. The explanation must be based on the model explanation
16 prepared by the trustee under Subsection (a) and must reflect all
17 available health coverage options available to the employee. The
18 explanation must be distributed to an employee before the later of:

19 (1) July 1 of the preceding state fiscal year; or

20 (2) the fifth day after the date the employee is hired.

21 (c) The written explanation under Subsection (b) must be
22 accompanied by a copy of the election form prescribed under

1 Subsection (a) (2).

2 ~~[Sec. 1580.106. RETURN OF UNENCUMBERED FUNDS. Any unencumbered~~
3 ~~funds that are returned to the school district from accounts~~
4 ~~established under Section 1580.101 may be used only to provide~~
5 ~~employee compensation, benefits, or both.]~~

6 SUBCHAPTER D. MEDICAL SAVINGS ACCOUNT

7 Sec. 1580.151. DEFINITION. In this subchapter, "qualified
8 health care expense" means an expense paid by an employee for medical
9 care, as defined by Section 213(d), Internal Revenue Code of 1986,
10 and its subsequent amendments, for the employee or the employee's
11 dependents, as defined by Section 152, Internal Revenue Code of 1986,
12 and its subsequent amendments.

13 Sec. 1580.152. RULES. The trustee, by rule, shall specify the
14 requirements for a medical savings account established under this
15 chapter.

16 Sec. 1580.153. QUALIFICATION OF ACCOUNT. (a) The trustee
17 shall request in writing a ruling or opinion from the Internal
18 Revenue Service as to whether the medical savings accounts
19 established under this chapter and the state rules governing those
20 accounts qualify the accounts for appropriate federal tax exemptions.

21 (b) Based on the response of the Internal Revenue Service under
22 Subsection (a), the trustee shall:

1 (1) modify the rules, plans, and procedures adopted under
2 this section as necessary to ensure the qualification of those
3 accounts for appropriate federal tax exemptions; and

4 (2) certify the information regarding federal tax
5 qualifications to the comptroller.

6 Sec. 1580.154. EMPLOYEE ELECTION. An employee who elects under
7 Section 1580.101 to have state funds distributed under this chapter
8 placed in a medical savings account may use the money in that account
9 only for a qualified health care expense.

10 PART J. SCHOOL SAFETY

11 SECTION 2J.01. Chapter 33, Education Code, is amended by adding
12 Subchapter F to read as follows:

13 SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR
14 ACTIVITIES

15 Sec. 33.201. APPLICABILITY. This subchapter applies to each
16 public school in this state and to any other school in this state
17 subject to University Interscholastic League regulations.

18 Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The commissioner
19 by rule shall develop and adopt a safety training program as provided
20 by this section. In developing the program, the commissioner may use
21 materials available from the American Red Cross or another
22 appropriate entity.

1 (b) The following persons must satisfactorily complete the
2 safety training program:

3 (1) a coach, trainer, or sponsor for an extracurricular
4 athletic activity;

5 (2) except as provided by Subsection (f), a physician who
6 is employed by a school or school district or who volunteers to
7 assist with an extracurricular athletic activity; and

8 (3) a director responsible for a school marching band.

9 (c) The safety training program must include:

10 (1) certification of participants by the American Red
11 Cross, the American Heart Association, or a similar organization or
12 the University Interscholastic League, as determined by the
13 commissioner;

14 (2) annual training in:

15 (A) emergency action planning;

16 (B) cardiopulmonary resuscitation if the person is
17 not required to obtain certification under Section 33.086;

18 (C) communicating effectively with 9-1-1 emergency
19 service operators and other emergency personnel; and

20 (D) recognizing symptoms of potentially catastrophic
21 injuries, including head and neck injuries, concussions, injuries
22 related to second impact syndrome, asthma attacks, heatstroke,

1 cardiac arrest, and injuries requiring use of a defibrillator; and

2 (3) at least once each school year, a safety drill that
3 incorporates the training described by Subdivision (2) and simulates
4 various injuries described by Subdivision (2) (D).

5 (d) A student participating in an extracurricular athletic
6 activity must receive training related to:

7 (1) recognizing the symptoms of injuries described by
8 Subsection (c) (2) (D); and

9 (2) the risks of using supplements designed or marketed
10 to enhance athletic performance.

11 (e) The safety training program and the training under
12 Subsection (d) may each be conducted by a school or school district
13 or by an organization described by Subsection (c) (1).

14 (f) A physician who is employed by a school or school district
15 or who volunteers to assist with an extracurricular athletic activity
16 is exempt from the requirements of Subsection (b) if the physician
17 attends a continuing medical education course that specifically
18 addresses emergency medicine for athletic team physicians.

19 Sec. 33.2021. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE
20 MEDICAL HISTORY FORM. (a) Each student participating in an
21 extracurricular athletic activity must complete the University
22 Interscholastic League forms entitled "Preparticipation Physical

1 Evaluation--Medical History" and "Acknowledgment of Rules." Each
2 form must be signed by both the student and the student's parent or
3 guardian.

4 (b) Each form described by Subsection (a) must clearly state
5 that failure to accurately and truthfully answer all questions on a
6 form required by statute or by the University Interscholastic League
7 as a condition for participation in an extracurricular athletic
8 activity subjects a signer of the form to penalties determined by the
9 University Interscholastic League.

10 (c) The "Preparticipation Physical Evaluation--Medical History"
11 form described by Subsection (a) must contain the following
12 statement:

13 "An individual answering in the affirmative to
14 any question relating to a possible cardiovascular health
15 issue, as identified on the form, should be restricted
16 from further participation until the individual is
17 examined by the individual's primary care physician.
18 Ultimately, the individual may need to be evaluated by a
19 cardiologist and/or undergo cardiac testing (including an
20 echocardiogram and/or other heart-related examination)
21 based on the assessment by the primary care physician."

22 Sec. 33.203. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED.

1 A coach, trainer, or sponsor for an extracurricular athletic
2 activity may not encourage or permit a student participating in the
3 activity to engage in any unreasonably dangerous athletic technique
4 that unnecessarily endangers the health of a student, including using
5 a helmet or any other sports equipment as a weapon.

6 Sec. 33.204. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A
7 coach, trainer, or sponsor for an extracurricular athletic activity
8 shall at each athletic practice or competition ensure that:

9 (1) each student participating in the activity is
10 adequately hydrated;

11 (2) any prescribed asthma medication for a student
12 participating in the activity is readily available to the student;

13 (3) emergency lanes providing access to the practice or
14 competition area are open and clear; and

15 (4) heatstroke prevention materials are readily
16 available.

17 (b) If a student participating in an extracurricular athletic
18 activity, including a practice or competition, is rendered
19 unconscious during the activity, the student may not:

20 (1) return to the practice or competition during which
21 the student was rendered unconscious; or

22 (2) continue to participate in any extracurricular

1 athletic activity until the student receives written authorization
2 from a physician.

3 Sec. 33.205. COMPLIANCE; ENFORCEMENT. (a) On request, a
4 school shall make available to the public proof of compliance for
5 each person enrolled in, employed by, or volunteering for the school
6 who is required to receive safety training described by Section
7 33.202.

8 (b) The superintendent of a school district or the director of
9 a school subject to this subchapter shall maintain complete and
10 accurate records of the district's or school's compliance with
11 Section 33.202.

12 (c) A school campus that is determined by the school's
13 superintendent or director to not be in compliance with Section
14 33.202, 33.204, or 33.205 shall discontinue all extracurricular
15 athletic activities offered by the school campus, including all
16 practices and competitions, until the superintendent or director
17 determines that the school campus is in compliance.

18 Sec. 33.206. CONTACT INFORMATION. (a) The commissioner shall
19 maintain an existing telephone number and an electronic mail address
20 to allow a person to report a violation of this subchapter.

21 (b) Each school that offers an extracurricular athletic
22 activity shall prominently display at the administrative offices of

1 the school the telephone number and electronic mail address
2 maintained under Subsection (a).

3 Sec. 33.207. NOTICE REQUIRED. (a) A school that offers an
4 extracurricular athletic activity shall provide to each student
5 participating in an extracurricular athletic activity and to the
6 student's parent or guardian a copy of the text of Sections 33.201-
7 33.207 and a copy of the University Interscholastic League's parent
8 information manual.

9 (b) A document required to be provided under this section may
10 be provided in an electronic format unless otherwise requested by a
11 student, parent, or guardian.

12 Sec. 33.208. INCORPORATION OF SAFETY REGULATIONS. The
13 University Interscholastic League shall incorporate the provisions
14 of Sections 33.203-33.207 into the league's constitution and contest
15 rules.

16 Sec. 33.209. LIABILITY. The requirements of this subchapter
17 are not considered ministerial acts for purposes of immunity from
18 liability under Section 22.0511.

19 SECTION 2J.02. Subchapter D, Chapter 33, Education Code, is
20 amended by adding Section 33.087 to read as follows:

21 Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL
22 DEFIBRILLATORS. (a) Using existing funds and other resources

1 available for the purpose, the agency and the University
2 Interscholastic League shall jointly investigate the availability of
3 federal, state, local, and private funds for purchasing automated
4 external defibrillators, as defined by Section 779.001, Health and
5 Safety Code, for use by University Interscholastic League member
6 schools, and the possibility of receiving a bulk discount on such
7 purchases.

8 (b) The agency and the University Interscholastic League shall
9 submit a report describing the findings of the investigation to the
10 legislature not later than June 1, 2006.

11 (c) This section expires July 1, 2006.

12 SECTION 2J.03. Subchapter D, Chapter 37, Education Code, is
13 amended by adding Section 37.108 to read as follows:

14 Sec. 37.108. MULTIHAZARD EMERGENCY OPERATIONS PLAN; SECURITY
15 AUDIT. (a) Each school district shall adopt and implement a
16 multihazard emergency operations plan for use in district schools.
17 The plan must address mitigation, preparedness, response, and
18 recovery as recommended by the United States Department of Homeland
19 Security. The plan must provide for:

20 (1) district employee training in responding to an
21 emergency;

22 (2) mandatory school drills to prepare district students

1 and employees for responding to an emergency;

2 (3) measures to ensure coordination with local emergency
3 management agencies, law enforcement, and fire departments in the
4 event of an emergency; and

5 (4) the implementation of a security audit as required by
6 Subsection (b).

7 (b) At least once every three years, a school district shall
8 conduct a security audit of the district's facilities. To the extent
9 possible, a district shall follow security audit procedures developed
10 by the Texas School Safety Center or a comparable public or private
11 entity.

12 (c) A school district shall report the results of the security
13 audit conducted under Subsection (b) to the district's board of
14 trustees.

15 SECTION 2J.04. Section 37.203(a), Education Code, is amended
16 to read as follows:

17 (a) The center is advised [~~governed~~] by a board of directors
18 composed of:

19 (1) the attorney general, or the attorney general's
20 designee;

21 (2) the commissioner, or the commissioner's designee;

22 (3) the executive director of the Texas Juvenile

1 Probation Commission, or the executive director's designee;

2 (4) the executive director of the Texas Youth Commission,
3 or the executive director's designee;

4 (5) the commissioner of the Texas Department of Mental
5 Health and Mental Retardation, or the commissioner's designee; and

6 (6) the following members appointed by the governor with
7 the advice and consent of the senate:

8 (A) a juvenile court judge;

9 (B) a member of a school district's board of
10 trustees;

11 (C) an administrator of a public primary school;

12 (D) an administrator of a public secondary school;

13 (E) a member of the state parent-teacher
14 association;

15 (F) a teacher from a public primary or secondary
16 school;

17 (G) a public school superintendent who is a member
18 of the Texas Association of School Administrators;

19 (H) a school district police officer or a peace
20 officer whose primary duty consists of working in a public school;
21 and

22 (I) two members of the public.

1 SECTION 2J.05. Section 37.205, Education Code, is amended to
2 read as follows:

3 Sec. 37.205. SAFETY TRAINING PROGRAMS. The center shall
4 conduct for school districts a safety training program that includes:

5 (1) development of a positive school environment and
6 proactive safety measures designed to address local concerns;

7 (2) school safety courses for law enforcement officials,
8 with a focus on school district police officers and school resource
9 officers;

10 (3) discussion of school safety issues with parents and
11 community members; and

12 (4) assistance in developing a multihazard emergency
13 operations plan for adoption under Section 37.108 [~~specialized~~
14 ~~training for the staff of alternative education programs and juvenile~~
15 ~~justice alternative education programs~~].

16 SECTION 2J.06. Subchapter G, Chapter 37, Education Code, is
17 amended by adding Section 37.2051 to read as follows:

18 Sec. 37.2051. SECURITY CRITERIA FOR INSTRUCTIONAL FACILITIES.

19 The center shall develop security criteria that school districts may
20 consider in the design of instructional facilities.

21 SECTION 2J.07. Section 37.208, Education Code, is amended to
22 read as follows:

1 Sec. 37.208. ON-SITE ASSISTANCE. On request of a school
2 district, the center may [~~shall~~] provide on-site technical assistance
3 to the district for:

4 (1) school safety and security audits; and

5 (2) school safety and security information and
6 presentations.

7 SECTION 2J.08. Section 37.215(b), Education Code, is amended
8 to read as follows:

9 (b) The center [~~board~~] shall biannually prepare a budget
10 request [~~for the center~~] for submission to the legislature.

11 SECTION 2J.09. Subchapter A, Chapter 46, Education Code, is
12 amended by adding Section 46.0081 to read as follows:

13 Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL
14 FACILITIES. A school district that constructs a new instructional
15 facility or conducts a major renovation of an existing instructional
16 facility using funds allotted to the district under this subchapter
17 shall consider, in the design of the instructional facility, security
18 criteria developed by the Texas School Safety Center under Section
19 37.2051.

20 SECTION 2J.10. Sections 37.206 and 37.213, Education Code, are
21 repealed.

22 SECTION 2J.11. (a) Not later than December 1, 2005, the Texas

1 School Safety Center shall:

2 (1) develop a school safety program that includes
3 assistance to school districts in developing a multihazard emergency
4 operations plan as required by Section 37.205, Education Code, as
5 amended by this Act; and

6 (2) develop security criteria for the construction and
7 renovation of school district instructional facilities as required
8 by Section 37.2051, Education Code, as added by this Act.

9 (b) Not later than March 1, 2006, each school district shall
10 adopt a multihazard emergency operations plan as required by Section
11 37.108, Education Code, as added by this Act.

12 PART K. SCHOOL DISTRICT OPERATIONS

13 SECTION 2K.01. Section 7.056(e), Education Code, is amended to
14 read as follows:

15 (e) Except as provided by Subsection (f), a school campus or
16 district may not receive an exemption or waiver under this section
17 from:

18 (1) a prohibition on conduct that constitutes a criminal
19 offense;

20 (2) a requirement imposed by federal law or rule,
21 including a requirement for special education or bilingual education
22 programs; or

1 (3) a requirement, restriction, or prohibition relating
2 to:

3 (A) essential knowledge or skills under Section
4 28.002 or minimum graduation requirements under Section 28.025;

5 (B) public school accountability as provided by
6 Subchapters B, C, D, and G, Chapter 39;

7 (C) extracurricular activities under Section 33.081;

8 (D) health and safety under Chapter 38;

9 (E) purchasing under Subchapter B, Chapter 44;

10 (F) elementary school class size limits, except as
11 provided by Section 25.112;

12 (G) removal of a disruptive student from the
13 classroom under Subchapter A, Chapter 37;

14 (H) at-risk programs under Subchapter C, Chapter 29;

15 (I) prekindergarten programs under Subchapter E,
16 Chapter 29;

17 (J) educator rights and benefits under Subchapters
18 A, C, D, E, F, G, and I, Chapter 21, or under Subchapter A, Chapter
19 22;

20 (K) special education programs under Subchapter A,
21 Chapter 29; [e#]

22 (L) bilingual education programs under Subchapter B,

1 Chapter 29; or

2 (M) the requirements for the first and last day of
3 instruction under Section 25.0811, except as provided by that
4 section.

5 SECTION 2K.02. The heading to Section 25.0811, Education Code,
6 is amended to read as follows:

7 Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

8 SECTION 2K.03. Section 25.0811(a), Education Code, is amended
9 to read as follows:

10 [~~a~~] A school district shall [~~may not~~] begin instruction for
11 students for a school year on the first Tuesday after Labor Day. The
12 school year must end not later than June 7 unless:

13 (1) the district operates a year-round system under
14 Section 25.084; or

15 (2) the commissioner grants a waiver to extend the school
16 year at a campus as the result of a disaster, flood, extreme weather
17 condition, fuel curtailment, or other calamity that caused a closure
18 of the campus for a significant period [~~before the week in which~~
19 ~~August 21 falls. For purposes of this subsection, Sunday is~~
20 ~~considered the first day of the week~~].

21 SECTION 2K.04. This part applies beginning with the 2006-2007
22 school year.

1 PART L. SAFETY OR LAP BELTS IN SCHOOL BUSES

2 SECTION 2L.01. Chapter 34, Education Code, is amended by adding
3 Section 34.012 to read as follows:

4 Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) A person
5 may offer to donate safety or lap belts or money for the purchase of
6 safety or lap belts for a school district's school buses.

7 (b) The board of trustees of a school district shall consider
8 any offer made by a person under Subsection (a). The board of
9 trustees may accept or decline the offer after adequate
10 consideration.

11 (c) The board of trustees may acknowledge a person who donates
12 safety or lap belts or money for the purchase of safety or lap belts
13 for a school bus under this section by displaying a small, discreet
14 sign on the side or back of the bus recognizing the person who made
15 the donation. The sign may not serve as an advertisement for the
16 person who made the donation.

17 ARTICLE 3. [Reserved]

18 ARTICLE 4. CHARTER SCHOOLS

19 SECTION 4.01. (a) Effective August 1, 2006, Subchapter D,
20 Chapter 12, Education Code, is repealed.

21 (b) Except as provided by Section 11A.1041, Education Code, as
22 added by this Act, each open-enrollment charter school operating or

1 holding a charter to operate on August 1, 2006, shall be dissolved
2 in accordance with Subchapter J, Chapter 11A, Education Code, as
3 added by this Act.

4 SECTION 4.02. Subtitle C, Title 2, Education Code, is amended
5 by adding Chapter 11A to read as follows:

6 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

7 SUBCHAPTER A. GENERAL PROVISIONS

8 Sec. 11A.001. DEFINITIONS. In this chapter:

9 (1) "Charter holder" means the entity to which a charter
10 is granted under this chapter.

11 (2) "Governing body of a charter holder" means the board
12 of directors, board of trustees, or other governing body of a charter
13 holder.

14 (3) "Governing body of a public charter district" means
15 the board of directors, board of trustees, or other governing body
16 of a public charter district. The term includes the governing body
17 of a charter holder if that body acts as the governing body of the
18 public charter district.

19 (4) "Management company" means a person, other than a
20 charter holder, who provides management services for a public charter
21 district.

22 (5) "Management services" means services related to the

1 management or operation of a public charter district, including:

2 (A) planning, operating, supervising, and evaluating
3 the public charter district's educational programs, services, and
4 facilities;

5 (B) making recommendations to the governing body of
6 the public charter district relating to the selection of school
7 personnel;

8 (C) managing the public charter district's day-to-
9 day operations as its administrative manager;

10 (D) preparing and submitting to the governing body
11 of the public charter district a proposed budget;

12 (E) recommending policies to be adopted by the
13 governing body of the public charter district, developing appropriate
14 procedures to implement policies adopted by the governing body of the
15 public charter district, and overseeing the implementation of adopted
16 policies; and

17 (F) providing leadership for the attainment of
18 student performance at the public charter district based on the
19 indicators adopted under Section 39.051 or by the governing body of
20 the public charter district.

21 (6) "Officer of a public charter district" means:

22 (A) the principal, director, or other chief

1 operating officer of a public charter district or campus; or

2 (B) a person charged with managing the finances of
3 a public charter district.

4 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
5 chapter, the State Board of Education may grant a charter on the
6 application of an eligible entity for a public charter district to
7 operate in a facility of a commercial or nonprofit entity, an
8 eligible entity, or a school district, including a home-rule school
9 district. In this subsection, "eligible entity" means:

10 (1) an institution of higher education as defined under
11 Section 61.003;

12 (2) a private or independent institution of higher
13 education as defined under Section 61.003;

14 (3) an organization that is exempt from federal income
15 taxation under Section 501(a), Internal Revenue Code of 1986, as an
16 organization described by Section 501(c)(3) of that code; or

17 (4) a governmental entity in this state.

18 (b) The State Board of Education may grant a charter for a
19 public charter district only to an applicant that meets all
20 financial, governing, and operational standards adopted by the
21 commissioner under this chapter.

22 (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 operated
4 at a school district facility may not be transferred to or employed
5 by the public charter district over the educator's objection.

6 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
7 district:

8 (1) shall provide instruction to and assess a number of
9 students at a number of elementary or secondary grade levels, as
10 provided by the charter, sufficient to permit the agency to assign
11 an accountability rating under Chapter 39;

12 (2) is governed under the governing structure required by
13 this chapter and described by the charter;

14 (3) retains authority to operate under the charter
15 contingent on satisfactory student performance as provided by the
16 charter in accordance with Section 11A.103; and

17 (4) does not have authority to impose taxes.

18 Sec. 11A.004. STATUS. A public charter district or campus is
19 part of the public school system of this state.

20 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related to
21 operation of a public charter district, a public charter district is
22 immune from liability to the same extent as a school district, and

1 its employees and volunteers are immune from liability to the same
2 extent as school district employees and volunteers. Except as
3 provided by Section 11A.154, a member of the governing body of a
4 public charter district or of a charter holder is immune from
5 liability to the same extent as a school district trustee.

6 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL. A
7 reference in law to an open-enrollment charter school means a public
8 charter district or public charter campus, as applicable.

9 [Sections 11A.007-11A.050 reserved for expansion]

10 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

11 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
12 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided by
13 Subsection (b) or (c), a public charter district is subject to
14 federal and state laws and rules governing public schools and to
15 municipal zoning ordinances governing public schools.

16 (b) A public charter district is subject to this code and rules
17 adopted under this code only to the extent the applicability to a
18 public charter district of a provision of this code or a rule adopted
19 under this code is specifically provided.

20 (c) Notwithstanding Subsection (a), a campus of a public
21 charter district located in whole or in part in a municipality with
22 a population of 20,000 or less is not subject to a municipal zoning

1 ordinance governing public schools.

2 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public charter
3 district has the powers granted to schools under this title.

4 (b) A public charter district is subject to:

5 (1) a provision of this title establishing a criminal
6 offense; and

7 (2) a prohibition, restriction, or requirement, as
8 applicable, imposed by this title or a rule adopted under this title,
9 relating to:

10 (A) the Public Education Information Management
11 System (PEIMS) under Section 42.006;

12 (B) reporting an educator's misconduct under Section
13 21.006;

14 (C) criminal history records under Subchapter C,
15 Chapter 22;

16 (D) reading instruments and accelerated reading
17 instruction programs under Section 28.006;

18 (E) satisfactory performance on assessment
19 instruments and to accelerated instruction under Section 28.0211;

20 (F) intensive programs of instruction under Section
21 28.0213;

22 (G) high school graduation under Section 28.025;

1 (H) special education programs under Subchapter A,
2 Chapter 29, including a requirement that special education teachers
3 obtain appropriate certification;

4 (I) bilingual education under Subchapter B, Chapter
5 29, including a requirement that bilingual education teachers obtain
6 appropriate certification;

7 (J) prekindergarten programs under Subchapter E,
8 Chapter 29;

9 (K) extracurricular activities under Section 33.081;

10 (L) discipline management practices or behavior
11 management techniques under Section 37.0021;

12 (M) health and safety under Chapter 38; and

13 (N) public school accountability under Subchapters
14 B, C, D, G, and I, Chapter 39.

15 (c) A public charter district is entitled to the same level of
16 services provided to school districts by regional education service
17 centers. The commissioner shall adopt rules that provide for the
18 representation of public charter districts on the boards of directors
19 of regional education service centers.

20 (d) The commissioner may by rule permit a public charter
21 district to voluntarily participate in any state program available
22 to school districts, including a purchasing program, if the public

1 charter district complies with all terms of the program.

2 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
3 INFORMATION LAWS. (a) With respect to the operation of a public
4 charter district, the governing body of a charter holder and the
5 governing body of a public charter district are considered to be
6 governmental bodies for purposes of Chapters 551 and 552, Government
7 Code.

8 (b) With respect to the operation of a public charter district,
9 any requirement in Chapter 551 or 552, Government Code, that applies
10 to a school district, the board of trustees of a school district, or
11 public school students applies to a public charter district, the
12 governing body of a charter holder, the governing body of a public
13 charter district, or students in attendance at a public charter
14 district campus.

15 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
16 GOVERNMENT RECORDS. (a) With respect to the operation of a public
17 charter district, a public charter district is considered to be a
18 local government for purposes of Subtitle C, Title 6, Local
19 Government Code, and Subchapter J, Chapter 441, Government Code.

20 (b) Records of a public charter district, a charter holder, or
21 a management company that relate to a public charter district are
22 government records for all purposes under state law.

1 (c) Any requirement in Subtitle C, Title 6, Local Government
2 Code, or Subchapter J, Chapter 441, Government Code, that applies to
3 a school district, the board of trustees of a school district, or an
4 officer or employee of a school district applies to a public charter
5 district or management company, the governing body of a charter
6 holder, the governing body of a public charter district, or an
7 officer or employee of a public charter district or management
8 company except that the records of a public charter district or
9 management company that ceases to operate shall be transferred in the
10 manner prescribed by Subsection (d).

11 (d) The records of a public charter district or management
12 company that ceases to operate shall be transferred in the manner
13 specified by the commissioner to a custodian designated by the
14 commissioner. The commissioner may designate any appropriate entity
15 to serve as custodian, including the agency, a regional education
16 service center, or a school district. In designating a custodian,
17 the commissioner shall ensure that the transferred records, including
18 student and personnel records, are transferred to a custodian capable
19 of:

20 (1) maintaining the records;

21 (2) making the records readily accessible to students,
22 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 (e) If the charter holder of a public charter district that
5 ceases to operate or an officer or employee of the district or a
6 management company refuses to transfer school records in the manner
7 specified by the commissioner under Subsection (d), the commissioner
8 may ask the attorney general to petition a court for recovery of the
9 records. If the court grants the petition, the court shall award
10 attorney's fees and court costs to the state.

11 (f) A record described by this section is a public school
12 record for purposes of Section 37.10(c)(2), Penal Code.

13 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
14 PURCHASING AND CONTRACTING. (a) This section applies to a public
15 charter district unless the district's charter otherwise describes
16 procedures for purchasing and contracting and the procedures are
17 approved by the State Board of Education.

18 (b) A public charter district is considered to be:

19 (1) a governmental entity for purposes of:

20 (A) Subchapter D, Chapter 2252, Government Code; and

21 (B) Subchapter B, Chapter 271, Local Government
22 Code;

1 (2) a political subdivision for purposes of Subchapter A,
2 Chapter 2254, Government Code; and

3 (3) a local government for purposes of Sections 2256.009-
4 2256.016, Government Code.

5 (c) To the extent consistent with this section, a requirement
6 in a law listed in this section that applies to a school district or
7 the board of trustees of a school district applies to a public
8 charter district, the governing body of a charter holder, or the
9 governing body of a public charter district.

10 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
11 INTEREST. (a) A member of the governing body of a charter holder,
12 a member of the governing body of a public charter district, or an
13 officer of a public charter district is considered to be a local
14 public official for purposes of Chapter 171, Local Government Code.
15 For purposes of that chapter:

16 (1) a member of the governing body of a charter holder or
17 a member of the governing body or officer of a public charter
18 district is considered to have a substantial interest in a business
19 entity if a person related to the member or officer in the third
20 degree by consanguinity or affinity, as determined under Chapter 573,
21 Government Code, has a substantial interest in the business entity
22 under Section 171.002, Local Government Code; and

1 (2) a teacher at a public charter district may serve as
2 a member of the governing body of the charter holder or the governing
3 body of the public charter district if the teachers serving on the
4 governing body:

5 (A) do not constitute a quorum of the governing body
6 or any committee of the governing body; and

7 (B) comply with the requirements of Sections
8 171.003-171.007, Local Government Code.

9 (b) To the extent consistent with this section, a requirement
10 of a law listed in this section that applies to a school district or
11 the board of trustees of a school district applies to a public
12 charter district, the governing body of a charter holder, or the
13 governing body of a public charter district.

14 (c) An employee who is not a teacher may serve as a member of
15 the governing body of a charter holder or the governing body of a
16 public charter district if:

17 (1) the charter holder operating the public charter
18 district where the individual is employed and serves as a member of
19 the governing body operated an open-enrollment charter school under
20 Subchapter D, Chapter 12, on August 31, 2005;

21 (2) the individual was employed by the charter holder and
22 serving as a member of the governing body on August 31, 2005, in

1 compliance with former Section 12.1054; and

2 (3) the individual had been continuously so employed and
3 servng since a date on or before January 1, 2005.

4 (d) If under Subsection (c) an individual continues to be
5 employed and serve as a member of the governing body, the individual
6 may not participate in any deliberation or voting on the appointment,
7 reappointment, confirmation of the appointment or reappointment,
8 employment, reemployment, change in the status, compensation, or
9 dismissal of the individual if that action applies only to the
10 individual and is not taken regarding a bona fide class or category
11 of employees. In addition, the individual may not hear, consider,
12 or act on any grievance or complaint concerning the individual or a
13 matter with which the individual has dealt in the individual's
14 capacity as an employee.

15 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A public
16 charter district, including the governing body of a public charter
17 district and any district employee with final authority to hire a
18 district employee, is subject to a prohibition, restriction, or
19 requirement, as applicable, imposed by state law or by a rule adopted
20 under state law, relating to nepotism under Chapter 573, Government
21 Code.

22 (b) Notwithstanding Subsection (a), a member of the governing

1 body of a charter holder or public charter district may not be
2 related in the third degree by consanguinity or affinity, as
3 determined under Chapter 573, Government Code, to another member of
4 the governing body of the charter holder or public charter district.

5 (c) This section does not apply to an appointment, confirmation
6 of an appointment, or vote for an appointment or confirmation of an
7 appointment of an individual to a position if:

8 (1) the charter holder operating the public charter
9 district where the individual is employed or serves as a member of
10 the governing body operated an open-enrollment charter school under
11 Subchapter D, Chapter 12, on August 31, 2005;

12 (2) the individual was employed or serving in the
13 position on August 31, 2005, in compliance with former Section
14 12.1055; and

15 (3) the individual has been continuously employed or
16 serving since a date on or before January 1, 2005.

17 (d) If, under Subsection (c), an individual continues to be
18 employed or serve in a position, the public official to whom the
19 individual is related in a prohibited degree may not participate in
20 any deliberation or voting on the appointment, reappointment,
21 confirmation of the appointment or reappointment, employment,
22 reemployment, change in status, compensation, or dismissal of the

1 individual if that action applies only to the individual and is not
2 taken regarding a bona fide class or category of employees.

3 [Sections 11A.058-11A.100 reserved for expansion]

4 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

5 Sec. 11A.101. APPLICATION. (a) The State Board of Education
6 shall adopt:

7 (1) an application form and a procedure that must be used
8 to apply for a charter for a public charter district; and

9 (2) criteria to use in selecting a program for which to
10 grant a charter.

11 (b) The application form must provide for including the
12 information required under Section 11A.103 to be contained in a
13 charter.

14 (c) The State Board of Education may approve or deny an
15 application based on criteria it adopts and on financial, governing,
16 and operational standards adopted by the commissioner under this
17 chapter. The criteria the board adopts must include:

18 (1) criteria relating to improving student performance
19 and encouraging innovative programs; and

20 (2) criteria relating to the educational benefit for
21 students residing in the geographic area to be served by the proposed
22 public charter district, as compared to any significant financial

1 difficulty that a loss in enrollment may have on any school district
2 whose enrollment is likely to be affected by the public charter
3 district.

4 (d) A public charter district may not begin operating under
5 this chapter unless the commissioner has certified that the applicant
6 has acceptable administrative and accounting systems and procedures
7 in place for the operation of the proposed public charter district.

8 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
9 commissioner by rule shall adopt a procedure for providing notice to
10 each member of the legislature that represents the geographic area
11 to be served by the proposed public charter district, as determined
12 by the commissioner, on receipt by the State Board of Education of
13 an application for a charter for a public charter district under
14 Section 11A.101.

15 Sec. 11A.103. CONTENT. (a) Each charter granted under this
16 chapter must:

17 (1) describe the educational program to be offered, which
18 must include the required curriculum as provided by Section 28.002;

19 (2) establish educational goals, which must include
20 acceptable student performance as determined under Chapter 39;

21 (3) specify the grade levels to be offered, which must be
22 sufficient to permit the agency to assign an accountability rating

1 under Chapter 39;

2 (4) describe the facilities to be used;

3 (5) describe the geographical area served by the program,
4 which may not be statewide; and

5 (6) specify any type of enrollment criteria to be used.

6 (b) A charter holder of a public charter district shall
7 consider including in the district's charter a requirement that the
8 district develop and administer personal graduation plans under
9 Section 28.0212, as added by Chapter 1212, Acts of the 78th
10 Legislature, Regular Session, 2003.

11 (c) The terms of a charter may not include plans for future
12 increases in student enrollment, grades levels, campuses, or
13 geographical area, except that:

14 (1) the charter may contain a plan for adding grade
15 levels as necessary to comply with Section 11A.253(c) or (d); and

16 (2) the commissioner may approve such an increase in a
17 charter revision request under Section 11A.106.

18 Sec. 11A.104. FORM. A charter for a public charter district
19 shall be in the form of a license issued by the State Board of
20 Education to the charter holder.

21 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN ENTITIES.

22 (a) Notwithstanding Section 11A.101, the commissioner shall

1 immediately grant a charter under this chapter to the following
2 entities on or before August 1, 2006:

3 (1) an eligible entity holding a charter granted before
4 September 1, 2002, under Subchapter D, Chapter 12, as that subchapter
5 existed on January 1, 2005, if:

6 (A) for fiscal years 2004 and 2005, the entity had
7 total assets that exceeded total liabilities, as determined by the
8 entity's annual audit report under Section 44.008;

9 (B) at least 25 percent of all students enrolled at
10 the entity's open-enrollment charter school and administered an
11 assessment instrument under Section 39.023(a), (c), or (l) performed
12 satisfactorily on the assessment instrument in mathematics, as
13 determined by the school's assessment instrument results for the
14 2005-2006 school year; and

15 (C) at least 25 percent of all students enrolled at
16 the entity's open-enrollment charter school and administered an
17 assessment instrument under Section 39.023(a), (c), or (l) performed
18 satisfactorily on the assessment instrument in reading or English
19 language arts, as applicable, as determined by the school's
20 assessment instrument results for the 2005-2006 school year;

21 (2) a governmental entity holding a charter under
22 Subchapter D, Chapter 12, as that subchapter existed on January 1,

1 2005;

2 (3) an eligible entity holding a charter under Subchapter
3 D, Chapter 12, as that subchapter existed on January 1, 2005, if at
4 least 85 percent of students enrolled in the school reside in a
5 residential facility; and

6 (4) an eligible entity granted a charter on or after
7 September 1, 2002, under Subchapter D, Chapter 12, as that subchapter
8 existed on January 1, 2005.

9 (b) Assessment instrument results for fewer than five students
10 are not considered for purposes of Subsection (a)(1)(B) or (C).

11 (c) The commissioner shall determine which entities are
12 eligible for a charter under this section as soon as practicable.

13 (d) The content and terms of a charter granted to an eligible
14 entity under this section must be the same as those under which the
15 entity operated under Subchapter D, Chapter 12, as that subchapter
16 existed on January 1, 2005, except that where the terms conflict with
17 this chapter, this chapter prevails.

18 (e) An eligible entity holding multiple charters prior to
19 January 1, 2005, may not combine those charters into one charter for
20 a public charter district but must retain each of those charters
21 which count towards the limit imposed under Section 11A.002(c).

22 (f) Section 11A.157 does not apply to an entity granted a

1 charter under this section.

2 (g) A decision of the commissioner under this section is not
3 subject to a hearing or an appeal to a district court.

4 (h) This section expires January 1, 2008.

5 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE. (a)

6 For purposes of Section 11A.1041(a), the commissioner shall compute
7 the percentage of students who performed satisfactorily on an
8 assessment instrument in a manner consistent with this section.

9 (b) The commissioner may only consider the performance of a
10 student who was enrolled as of the date for reporting enrollment for
11 the fall semester under the Public Education Information Management
12 System (PEIMS).

13 (c) In computing performance under this section, the
14 commissioner must:

15 (1) add the results for third through 11th grade
16 assessment instruments in English and third through sixth grade
17 assessment instruments in Spanish across grade levels tested at all
18 campuses operated by the charter holder and evaluate those results
19 for all students;

20 (2) combine the results for third through ninth grade
21 assessment instruments in reading and 10th and 11th grade assessment
22 instruments in English language arts and evaluate those results as

1 a single subject; and

2 (3) separately determine student performance for reading
3 and mathematics as a percentage equal to the sum of students who
4 performed satisfactorily on the specific subject area assessment
5 instrument in all grade levels tested at all campuses operated by the
6 charter holder divided by the number of students who took the
7 specific subject area assessment instrument in grade levels tested
8 at all campuses operated by the charter holder.

9 (d) To the extent consistent with this section, the
10 commissioner shall use the methodology used to compute passing rates
11 for reading and mathematics assessment instruments for purposes of
12 determining accountability ratings under Chapter 39 for the 2004-2005
13 school year as provided by 19 T.A.C. Section 97.1002.

14 (e) This section expires January 1, 2008.

15 Sec. 11A.105. CHARTER GRANTED. Each charter the State Board
16 of Education grants for a public charter district must:

17 (1) satisfy this chapter; and

18 (2) include the information that is required under
19 Section 11A.103 consistent with the information provided in the
20 application and any modification the board requires.

21 Sec. 11A.106. REVISION. (a) A revision of a charter of a
22 public charter district may be made only with the approval of the

1 commissioner.

2 (b) Not more than once each year, a public charter district may
3 request approval to revise the maximum student enrollment described
4 by the district's charter.

5 (c) The commissioner may not approve a charter revision that
6 increases a public charter district's enrollment, increases the grade
7 levels offered, increases the number of campuses, or changes the
8 boundaries of the geographic area served by the program unless the
9 commissioner determines that:

10 (1) the public charter district has operated one or more
11 campuses for at least three school years;

12 (2) each campus operated by the public charter district
13 has been rated at least academically acceptable under Subchapter D,
14 Chapter 39, for each of its most recent three years of operation;

15 (3) each campus operated by the public charter district
16 has achieved performance levels that are at least five percentage
17 points above the applicable accountability standard for academically
18 acceptable performance on statewide assessments under Subchapter D,
19 Chapter 39, as determined by the commissioner, for all tested
20 subjects for each of its most recent two years of operation;

21 (4) the public charter district has been rated superior,
22 above standard, standard, or the equivalent, under the financial

1 accountability system under Subchapter I, Chapter 39;

2 (5) during the three years preceding the proposed charter
3 revision, the public charter district and its campuses have not been
4 subject to an intervention or sanction under Subchapter D, Chapter
5 39, including an intervention or sanction related to:

6 (A) the quality of data or reports required by state
7 or federal law or court order;

8 (B) high school graduation requirements under
9 Section 28.025; or

10 (C) the effectiveness of programs for special
11 student populations; and

12 (6) the charter revision is in the best interest of
13 students of this state.

14 (d) In making a determination under Subsection (c) (6), the
15 commissioner shall review all available information relating to the
16 charter holder, including the charter holder's:

17 (1) academic and financial performance;

18 (2) history of compliance with applicable laws;

19 (3) staffing, financial, and organizational data; and

20 (4) any other information regarding the charter holder's
21 capacity to successfully implement the requested charter revision.

22 (e) The commissioner may not approve a charter revision that

1 proposes an increase in:

2 (1) a public charter district's enrollment, unless the
3 charter holder adopts a business plan for implementing the enrollment
4 increase that includes components identified by the commissioner; or

5 (2) the grade levels offered by a public charter
6 district, unless the charter holder adopts an educational plan for
7 the additional grade levels that includes components identified by
8 the commissioner.

9 (f) The commissioner may approve a charter revision authorizing
10 a public charter district to serve students in a geographical area
11 that is not contiguous with the existing boundaries of the district,
12 but may not approve a statewide geographical boundary.

13 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON PROBATION,
14 OR REVOCATION. (a) The commissioner may modify, place on probation,
15 or revoke the charter of a public charter district if the
16 commissioner determines under Section 11A.108 that the charter
17 holder:

18 (1) committed a material violation of the charter;

19 (2) failed to satisfy generally accepted accounting
20 standards of fiscal management;

21 (3) failed to protect the health, safety, welfare, or
22 best interests of the students enrolled at the public charter

1 district; or

2 (4) failed to comply with this chapter or another
3 applicable law or rule.

4 (b) The commissioner shall revoke the charter of a public
5 charter district without a hearing if:

6 (1) in two consecutive years, the public charter
7 district:

8 (A) is rated academically unacceptable under
9 Subchapter D, Chapter 39; or

10 (B) is rated financially unacceptable by the
11 commissioner under Subchapter I, Chapter 39; or

12 (2) all campuses operated by the public charter district
13 have been ordered closed under Section 39.131(a) or 39.132(b).

14 (c) A revocation under Subsection (b) (1) is effective on
15 January 1 following the school year in which the public charter
16 district received a second unacceptable rating.

17 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
18 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
19 procedure to be used for modifying, placing on probation, or revoking
20 the charter of a public charter district under Section 11A.107(a).

21 (b) The procedure adopted under Subsection (a) must provide an
22 opportunity for a hearing to the charter holder.

1 The governing body of a charter holder must be composed of at least
2 five members.

3 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF GOVERNING
4 BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS OFFICER OR
5 EMPLOYEE. (a) Except as provided by Subsection (b), a person may
6 not serve as a member of the governing body of a charter holder, as
7 a member of the governing body of a public charter district, or as
8 an officer or employee of a public charter district if the person:

9 (1) has been convicted of a felony or a misdemeanor
10 involving moral turpitude;

11 (2) has been convicted of an offense listed in Section
12 37.007(a);

13 (3) has been convicted of an offense listed in Article
14 62.01(5), Code of Criminal Procedure; or

15 (4) has a substantial interest in a management company.

16 (b) A person who has been convicted of an offense described by
17 Subsection (a) (1), (2), or (3) may serve as a member of the governing
18 body of a charter holder, as a member of the governing body of a
19 public charter district, or as an officer or employee of a public
20 charter district if the commissioner determines that the person is
21 fit to serve in that capacity. In making a determination under this
22 subsection, the commissioner shall consider:

1 (1) the factors described by Section 53.022, Occupations
2 Code, for determining the extent to which a conviction relates to an
3 occupation;

4 (2) the factors described by Section 53.023, Occupations
5 Code, for determining the fitness of a person to perform the duties
6 and discharge the responsibilities of an occupation; and

7 (3) other appropriate factors, as determined by the
8 commissioner.

9 (c) For purposes of Subsection (a)(4), a person has a
10 substantial interest in a management company if the person or a
11 relative within the third degree by consanguinity or affinity, as
12 determined under Chapter 573, Government Code:

13 (1) has a controlling interest in the company;

14 (2) owns more than 10 percent of the voting interest in
15 the company;

16 (3) owns more than \$25,000 of the fair market value of
17 the company;

18 (4) has a direct or indirect participating interest by
19 shares, stock, or otherwise, regardless of whether voting rights are
20 included, in more than 10 percent of the profits, proceeds, or
21 capital gains of the company;

22 (5) is a member of the board of directors or other

1 governing body of the company;

2 (6) serves as an elected officer of the company; or

3 (7) is an employee of the company.

4 Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF CHARTER

5 HOLDER. (a) Notwithstanding the Texas Non-Profit Corporation Act

6 (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), Chapter

7 22, Business Organizations Code, or other law, on request of the

8 commissioner, the attorney general shall bring suit against a member

9 of the governing body of a charter holder for breach of a fiduciary

10 duty by the member, including misapplication of public funds.

11 (b) The attorney general may bring suit under Subsection (a)

12 for:

13 (1) damages;

14 (2) injunctive relief; or

15 (3) any other equitable remedy determined to be

16 appropriate by the court.

17 (c) This section is cumulative of all other remedies.

18 Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF CHARTER

19 HOLDER. (a) The commissioner shall adopt rules prescribing training

20 for members of governing bodies of charter holders.

21 (b) The rules adopted under Subsection (a) may:

22 (1) specify the minimum amount and frequency of the

1 training;

2 (2) require the training to be provided by:

3 (A) the agency and regional education service
4 centers;

5 (B) entities other than the agency and service
6 centers, subject to approval by the commissioner; or

7 (C) both the agency, service centers, and other
8 entities; and

9 (3) require training to be provided concerning:

10 (A) basic school law, including school finance;

11 (B) health and safety issues;

12 (C) accountability requirements related to the use
13 of public funds; and

14 (D) other requirements relating to accountability to
15 the public, such as open meetings requirements under Chapter 551,
16 Government Code, and public information requirements under Chapter
17 552, Government Code.

18 Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder
19 shall file with the State Board of Education a copy of its articles
20 of incorporation and bylaws, or comparable documents if the charter
21 holder does not have articles of incorporation or bylaws, within the
22 period and in the manner prescribed by the board.

1 (b) Each public charter district shall file annually with the
2 State Board of Education the following information in a form
3 prescribed by the board:

4 (1) the name, address, and telephone number of each
5 officer and member of the governing body of the charter holder; and

6 (2) the amount of annual compensation the public charter
7 district pays to each officer and member of the governing body.

8 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During a
9 public charter district's first year of operation, the charter holder
10 shall submit quarterly financial reports to the commissioner. The
11 commissioner by rule shall determine the form and content of the
12 financial reports under this section.

13 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
14 public charter district shall comply with Section 42.006.

15 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
16 management company that provides management services to a public
17 charter district is liable for damages incurred by the state or a
18 school district as a result of the failure of the company to comply
19 with its contractual or other legal obligation to provide services
20 to the district.

21 (b) On request of the commissioner, the attorney general may
22 bring suit on behalf of the state against a management company liable

1 under Subsection (a) for:

2 (1) damages, including any state funding received by the
3 company and any consequential damages suffered by the state;

4 (2) injunctive relief; or

5 (3) any other equitable remedy determined to be
6 appropriate by the court.

7 (c) This section is cumulative of all other remedies and does
8 not affect:

9 (1) the liability of a management company to the charter
10 holder; or

11 (2) the liability of a charter holder, a member of the
12 governing body of a charter holder, or a member of the governing body
13 of a public charter district to the state.

14 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED. (a)

15 The charter holder or the governing body of a public charter
16 district may not accept a loan from a management company that has a
17 contract to provide management services to:

18 (1) the district; or

19 (2) another public charter district that operates under
20 a charter granted to the charter holder.

21 (b) A charter holder or the governing body of a public charter
22 district that accepts a loan from a management company may not enter

1 into a contract with that management company to provide management
2 services to the district.

3 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any contract,
4 including a contract renewal, between a public charter district and
5 a management company proposing to provide management services to the
6 district must require the management company to maintain all records
7 related to the management services separately from any other records
8 of the management company.

9 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS PROHIBITED.
10 The commissioner may prohibit, deny renewal of, suspend, or revoke
11 a contract between a public charter district and a management company
12 providing management services to the district if the commissioner
13 determines that the management company has:

14 (1) failed to provide educational or related services in
15 compliance with the company's contractual or other legal obligation
16 to any public charter district in this state or to any other similar
17 entity in another state;

18 (2) failed to protect the health, safety, or welfare of
19 the students enrolled at a public charter district served by the
20 company;

21 (3) violated this chapter or a rule adopted under this
22 chapter; or

1 (4) otherwise failed to comply with any contractual or
2 other legal obligation to provide services to the district.

3 [Sections 11A.163-11A.200 reserved for expansion]

4 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

5 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent
6 with Subsection (c), a charter holder is entitled to receive for the
7 public charter district funding under Chapter 42 as if the public
8 charter district were a school district without a local share for
9 purposes of Section 42.253 and without any local revenue ("LR") for
10 purposes of Section 42.302. In determining funding for a public
11 charter district, adjustments under Sections 42.102, 42.103, and
12 42.105 and the district enrichment tax rate ("DTR") under Section
13 42.302 are based on the average adjustment and average district
14 enrichment tax rate for the state.

15 (a-1) Notwithstanding Subsection (a), an entity granted a
16 charter under Section 11A.1041 is entitled to receive funding for
17 each student in weighted average daily attendance in an amount equal
18 to the greater of the amount determined under Subsection (a) or the
19 amount to which the entity was entitled for the 2003-2004 or 2004-
20 2005 school year, as determined by the commissioner. A determination
21 of the commissioner under this subsection is final and not subject
22 to appeal. This subsection expires September 1, 2013.

1 (b) To the extent consistent with Subsection (c), a public
2 charter district is entitled to funds that are available to school
3 districts from the agency or the commissioner in the form of grants
4 or other discretionary funding unless the statute authorizing the
5 funding explicitly provides that a public charter district is not
6 entitled to the funding.

7 (c) A charter holder is entitled to receive for a public
8 charter district funding under this section only if the holder:

9 (1) provides information for the Public Education
10 Information Management System (PEIMS) as required by this chapter;

11 (2) submits to the commissioner appropriate fiscal and
12 financial records as required by this chapter and the commissioner;
13 and

14 (3) receives an annual unqualified opinion in the
15 standard report filed pursuant to Section 11A.210.

16 (d) The commissioner shall suspend the funding of a charter
17 holder that fails to comply with Subsection (c) until the
18 commissioner determines that the charter holder is in compliance or
19 has cured any noncompliance and has adopted adequate procedures to
20 prevent future noncompliance.

21 (e) The commissioner may adopt rules to provide and account for
22 state funding of public charter districts under this section. A rule

1 adopted under this section may be similar to a provision of this code
2 that is not similar to Section 11A.052(b) if the commissioner
3 determines that the rule is related to financing of public charter
4 districts and is necessary or prudent to provide or account for state
5 funds.

6 Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF SALARIES.

7 (a) This section applies only to a charter holder that on January
8 1, 2005:

9 (1) operated an open-enrollment charter school under
10 former Subchapter D, Chapter 12; and

11 (2) participated in the program under Chapter 1579,
12 Insurance Code.

13 (b) In addition to any amounts to which a charter holder is
14 entitled under this chapter, a charter holder is entitled to state
15 aid in an amount, as determined by the commissioner, equal to the sum
16 of:

17 (1) the product of \$1,000 multiplied by the number of the
18 following employees employed by the charter holder at a public
19 charter district:

20 (A) classroom teachers, full-time librarians, and
21 full-time counselors certified under Subchapter B, Chapter 21; and

22 (B) full-time school nurses appropriately licensed

1 under Chapter 301, Occupations Code;

2 (2) the product of \$500 multiplied by the number of full-
3 time public charter district employees, other than administrators or
4 employees described by Subdivision (1); and

5 (3) the product of \$250 multiplied by the number of part-
6 time public charter district employees.

7 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) In
8 this section, "instructional facility" has the meaning assigned by
9 Section 46.001.

10 (b) A charter holder is initially eligible for instructional
11 facilities allotments in accordance with this section if:

12 (1) any campus of a public charter district for which the
13 charter holder has been granted a license has for two consecutive
14 school years been rated exemplary or recognized under Subchapter D,
15 Chapter 39, or has performed at a comparable level, as determined by
16 the commissioner for purposes of this section; and

17 (2) on the most recent audit of the financial operations
18 of the district conducted pursuant to Section 11A.210, the district
19 has satisfied generally accepted accounting standards of fiscal
20 management as evidenced by an unqualified opinion in the standard
21 report issued and filed pursuant to Section 11A.210.

22 (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 of
8 a public charter district campus for purposes of this section.

9 (e) Except as otherwise provided by this section, a charter
10 holder is entitled to an annual allotment in an amount determined by
11 the commissioner, not to exceed \$1,000 or a different amount provided
12 by appropriation, for each student in average daily attendance during
13 the preceding year at a campus of a public charter district for which
14 the charter holder has been granted a charter that is eligible for
15 an allotment under this section.

16 (f) A charter holder who receives funds under this section may
17 use the funds only to:

18 (1) purchase real property on which to construct an
19 instructional facility for a public charter district campus for which
20 the funds were paid under Subsection (e);

21 (2) purchase, lease, construct, expand, or renovate
22 instructional facilities for a public charter district campus for

1 which the funds were paid under Subsection (e);

2 (3) pay debt service in connection with instructional
3 facilities purchased or improved for a campus of the public charter
4 district that meets the requirements under Subsection (b); or

5 (4) maintain and operate public charter district
6 instructional facilities.

7 (g) A decision of the commissioner under Subsection (e) is
8 final and may not be appealed.

9 (h) The commissioner shall by rule establish procedures to
10 ensure that funds a charter holder claims to be using for purposes
11 of Subsection (f) (3) are used only for that purpose.

12 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
13 under Section 11A.201 or 11A.202 by a charter holder:

14 (1) are considered to be public funds for all purposes
15 under state law;

16 (2) are held in trust by the charter holder for the
17 benefit of this state and the students of the public charter
18 district;

19 (3) may be used only for a purpose for which a school may
20 use local funds under Section 45.105(c) in the case of funds received
21 under Section 11A.201, and may be used only for a purpose specified
22 under Section 11A.202(f) in the case of funds received under Section

1 11A.202; and

2 (4) pending their use, must be deposited into a bank, as
3 defined by Section 45.201, with which the charter holder has entered
4 into a depository contract under Section 11A.204.

5 (b) Funds deposited under Subsection (a) (4) may be directly
6 deposited into an account controlled by a bond trustee acting for the
7 charter holder pursuant to a bond indenture agreement requiring
8 direct deposit.

9 (c) The commissioner shall adopt rules for identifying public
10 funds in accordance with Subsection (a).

11 (d) The commissioner may bring an action in district court in
12 Travis County for injunctive or other relief to enforce this section.

13 In identifying public funds held by a charter holder, the court
14 shall use the criteria adopted by the commissioner under Subsection

15 (c). Except as otherwise provided by this subsection, the court
16 shall enter any order under this subsection concerning public funds

17 held by the charter holder necessary to best serve the interests of
18 the students of a public charter district. In the case of a public

19 charter district that has ceased to operate, the court shall enter
20 any order under this subsection concerning public funds held by the

21 charter holder necessary to best serve the interests of this state.
22 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank

1 selected as a school depository and the charter holder shall enter
2 into a depository contract, bond, or other necessary instrument
3 setting forth the duties and agreements pertaining to the depository,
4 in a form and with the content prescribed by the State Board of
5 Education.

6 (b) The depository bank shall attach to the contract and file
7 with the charter holder a bond in an initial amount equal to the
8 estimated highest daily balance, determined by the charter holder,
9 of all deposits that the charter holder will have in the depository
10 during the term of the contract, less any applicable Federal Deposit
11 Insurance Corporation insurance. The bond must be payable to the
12 charter holder and must be signed by the depository bank and by a
13 surety company authorized to engage in business in this state. The
14 depository bank shall increase the amount of the bond if the charter
15 holder determines the increase is necessary to adequately protect the
16 funds of the charter holder deposited with the depository bank.

17 (c) The bond shall be conditioned on:

18 (1) the faithful performance of all duties and
19 obligations imposed by law on the depository;

20 (2) the payment on presentation of all checks or drafts
21 on order of the charter holder, in accordance with its orders entered
22 by the charter holder according to law;

1 (3) the payment on demand of any demand deposit in the
2 depository;

3 (4) the payment, after the expiration of the period of
4 notice required, of any time deposit in the depository;

5 (5) the faithful keeping of school funds by the
6 depository and the accounting for the funds according to law; and

7 (6) the faithful paying over to the successor depository
8 all balances remaining in the accounts.

9 (d) The bond and the surety on the bond must be approved by the
10 charter holder. A premium on the depository bond may not be paid out
11 of charter holder funds related to operation of the public charter
12 district.

13 (e) The charter holder shall file a copy of the depository
14 contract and bond with the agency.

15 (f) Instead of the bond required under Subsection (b), the
16 depository bank may deposit or pledge, with the charter holder or
17 with a trustee designated by the charter holder, approved securities,
18 as defined by Section 45.201, in an amount sufficient to adequately
19 protect the funds of the charter holder deposited with the depository
20 bank. A depository bank may give a bond and deposit or pledge
21 approved securities in an aggregate amount sufficient to adequately
22 protect the funds of the charter holder deposited with the depository

1 bank. The charter holder shall periodically designate the amount of
2 approved securities or the aggregate amount of the bond and approved
3 securities necessary to adequately protect the charter holder. The
4 charter holder may not designate an amount less than the balance of
5 charter holder funds on deposit with the depository bank from day to
6 day, less any applicable Federal Deposit Insurance Corporation
7 insurance. The depository bank may substitute approved securities
8 on obtaining the approval of the charter holder. For purposes of
9 this subsection, the approved securities are valued at their market
10 value.

11 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
12 holder who accepts state funds under Section 11A.201 or 11A.202
13 agrees to be subject to all requirements, prohibitions, and sanctions
14 authorized under this chapter.

15 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE FUNDS.

16 (a) Property purchased or leased with funds received by a charter
17 holder under Section 11A.201 or 11A.202:

18 (1) is considered to be public property for all purposes
19 under state law;

20 (2) is held in trust by the charter holder for the
21 benefit of this state and the students of the public charter
22 district; and

1 (3) may be used only for a purpose for which a school
2 district may use school district property.

3 (b) The commissioner shall:

4 (1) take possession and assume control of the property
5 described by Subsection (a) of a public charter district that ceases
6 to operate; and

7 (2) supervise the disposition of the property in
8 accordance with law.

9 (c) This section does not affect the priority of a security
10 interest in or lien on property established by a creditor in
11 compliance with law if the security interest or lien arose in
12 connection with the sale or lease of the property to the charter
13 holder.

14 (d) The commissioner shall adopt rules for identifying public
15 property in accordance with Subsection (a).

16 (e) The commissioner may bring an action in district court in
17 Travis County for injunctive or other relief to enforce this section.

18 In identifying public property held by a charter holder, the court
19 shall use the criteria adopted by the commissioner under Subsection
20 (d). Except as otherwise provided by this subsection, the court
21 shall enter any order under this subsection concerning public
22 property held by the charter holder necessary to best serve the

1 interests of the students of a public charter district. In the case
2 of a public charter district that has ceased to operate, the court
3 shall enter any order under this subsection concerning public
4 property held by the charter holder necessary to best serve the
5 interests of this state. The court may order title to real or
6 personal public property held by the charter holder transferred to
7 a trust established for the purpose of managing the property or may
8 make other disposition of the property necessary to best serve the
9 interests of this state.

10 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
11 DISTRICT LAND OR FACILITIES. A municipality to which a charter is
12 granted under this chapter may borrow funds, issue obligations, or
13 otherwise spend its funds to acquire land or acquire, construct,
14 expand, or renovate school buildings or facilities and related
15 improvements for its public charter district within the city limits
16 of the municipality in the same manner the municipality is authorized
17 to borrow funds, issue obligations, or otherwise spend its funds in
18 connection with any other public works project.

19 Sec. 11A.208. TEXTBOOK FUNDING. A public charter district is
20 entitled to funding for textbooks under Chapter 31 and is subject to
21 that chapter as if the public charter district were a school
22 district.

1 Sec. 11A.209. ANNUAL BUDGET. The governing body of a public
2 charter district shall annually adopt a budget for the district.

3 Sec. 11A.210. ANNUAL AUDIT. The governing body of a public
4 charter district shall conduct an annual audit in a manner that
5 complies with Section 44.008.

6 [Sections 11A.211-11A.250 reserved for expansion]

7 SUBCHAPTER F. OPERATION OF PUBLIC SCHOOL CHARTER DISTRICT

8 Sec. 11A.251. ADMISSION POLICY. (a) A public charter district
9 may not discriminate in admission policy on the basis of sex,
10 national origin, ethnicity, religion, disability, or academic,
11 artistic, or athletic ability or the district the child would
12 otherwise attend in accordance with this code.

13 (b) A public charter district admission policy may provide for
14 the exclusion of a student who has a documented history of a criminal
15 offense, a juvenile court adjudication, or discipline problems under
16 Subchapter A, Chapter 37.

17 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to a
18 public charter district campus, the governing body of the district
19 shall:

20 (1) require the applicant to complete and submit an
21 application not later than a reasonable deadline the district
22 establishes; and

1 (2) on receipt of more acceptable applications for
2 admission under this section than available positions in the school:

3 (A) fill the available positions by lottery; or

4 (B) subject to Subsection (b), fill the available
5 positions in the order in which applications received before the
6 application deadline were received.

7 (b) A public charter district may fill applications for
8 admission under Subsection (a) (2) (B) only if the district published
9 a notice of the opportunity to apply for admission to the district.

10 A notice published under this subsection must:

11 (1) state the application deadline; and

12 (2) be published in a newspaper of general circulation in
13 the community in which the district campus is located not later than
14 the seventh day before the application deadline.

15 (c) A public charter district may exempt an applicant from the
16 requirements of Subsection (a) (2) if the applicant is:

17 (1) the child or grandchild of a member of the governing
18 body of the charter holder at the time the district's charter was
19 first granted;

20 (2) the child of an employee of the district or the
21 charter holder; or

22 (3) a sibling of a student who is enrolled in the

1 district.

2 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided by
3 Subsection (b) or as otherwise determined impracticable by the
4 commissioner, during a public charter district's first year of
5 operation, the district must have a student enrollment of at least
6 100 and not more than 500 at any time during the school year.

7 (b) A public charter district may have a student enrollment of
8 less than 100 if approved by the commissioner.

9 (c) Not later than a public charter district's third year of
10 operation, at least 25 percent of the district's students must be
11 enrolled in one or more grade levels for which assessment instruments
12 are administered under Section 39.023(a).

13 (d) The commissioner may grant a waiver from the requirements
14 of Subsection (c) for a public charter district that opens a campus
15 servicing prekindergarten or kindergarten students and agrees to:

16 (1) add at least one higher grade level class each school
17 year after opening the campus; and

18 (2) until the campus complies with Subsection (c), adopt
19 accountability measures to assess the performance of the students not
20 assessed under Section 39.023(a).

21 (e) The commissioner may grant a waiver from the requirements
22 of Subsection (c) for a public charter district that was operating

1 an open-enrollment charter school campus on January 1, 2005, serving
2 prekindergarten, kindergarten, and first, second, and third grade
3 students if the public charter district:

4 (1) adopts one or more nationally norm-referenced
5 assessment instruments approved by the commissioner;

6 (2) administers the assessment instruments to its second
7 grade students at intervals and in the manner specified by
8 commissioner rule; and

9 (3) meets the applicable standards for student
10 performance on the assessment instruments, as determined by
11 commissioner rule.

12 (f) The commissioner shall adopt rules necessary to implement
13 this section.

14 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
15 charter district may not charge tuition to an eligible student who
16 applies for admission to the district under this chapter.

17 (b) The governing body of a public charter district may require
18 a student to pay any fee that the board of trustees of a school
19 district may charge under Section 11.158(a). The governing body may
20 not require a student to pay a fee that the board of trustees of a
21 school district may not charge under Section 11.158(b).

22 Sec. 11A.255. TRANSPORTATION. A public charter district shall

1 provide transportation to each student attending the school to the
2 same extent a school district is required by law to provide
3 transportation to district students.

4 Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY ALTERNATIVE
5 EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The governing body
6 of a public charter district shall adopt a code of conduct for the
7 district or for each campus in the district.

8 (b) The code of conduct must include:

9 (1) standards for student behavior, including the types
10 of prohibited behaviors and the possible consequences of misbehavior;
11 and

12 (2) the district's due process procedures regarding
13 expulsion of a student.

14 (c) A final decision of the governing body of a public charter
15 district regarding action taken under the code of conduct may not be
16 appealed.

17 (d) A public charter district may not expel a student for a
18 reason that is not authorized by Section 37.007 or specified in the
19 district's code of conduct as conduct that may result in expulsion.

20 (e) Section 37.002 does not apply to a public charter district
21 except to the extent specified by the governing body of the public
22 charter district in the district's code of conduct.

1 [Sections 11A.257-11A.300 reserved for expansion]

2 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

3 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except as
4 otherwise required by this section or chapter, a person employed as
5 a teacher by a public charter district must hold a high school
6 diploma.

7 (b) To the extent required by federal law, including 20 U.S.C.
8 7801(11), a person employed as a teacher by a public charter district
9 must hold a baccalaureate degree.

10 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE QUALIFICATIONS.

11 (a) Each public charter district shall provide to the parent or
12 guardian of each student enrolled at a campus in the district written
13 notice of the qualifications of each professional employee, including
14 each teacher, employed at the campus.

15 (b) The notice must include:

16 (1) any professional or educational degree held by the
17 employee;

18 (2) a statement of any certification under Subchapter B,
19 Chapter 21, held by the employee; and

20 (3) any relevant experience of the employee.

21 Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. The
22 governing body of a public charter district shall obtain a complete

1 set of fingerprints from each person described by Section 21.0032(a).

2 Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF
3 CERTAIN APPLICANTS. A public charter district must comply with
4 Section 21.0032 before employing or otherwise securing the services
5 of a person as a teacher, teacher intern or trainee, librarian,
6 educational aide, administrator, or counselor, regardless of whether
7 the applicant is certified under Subchapter B, Chapter 21.

8 Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF TEXAS.

9 (a) An employee of a public charter district who qualifies for
10 membership in the Teacher Retirement System of Texas shall be covered
11 under the system to the same extent a qualified employee of a school
12 district is covered.

13 (b) For each employee of a public charter district covered
14 under the system, the public charter district is responsible for
15 making any contribution that otherwise would be the legal
16 responsibility of a school district, and the state is responsible for
17 making contributions to the same extent it would be legally
18 responsible if the employee were a school district employee.

19 Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

20 (a) This section applies only to a charter holder that on January
21 1, 2005:

22 (1) operated an open-enrollment charter school under

1 former Subchapter D, Chapter 12; and

2 (2) participated in the program under Chapter 1579,
3 Insurance Code.

4 (b) Using state funds received by the charter holder for that
5 purpose under Section 11A.2011, a charter holder each school year
6 shall pay the following employees employed by the charter holder at
7 a public charter district an amount at least equal to:

8 (1) \$1,000 for:

9 (A) classroom teachers, full-time librarians, and
10 full-time counselors certified under Subchapter B, Chapter 21; and

11 (B) full-time school nurses appropriately licensed
12 under Chapter 301, Occupations Code;

13 (2) \$500 for full-time public charter district employees,
14 other than administrators or employees described by Subdivision (1);
15 and

16 (3) \$250 for part-time public charter district employees.

17 (c) A payment under this section is in addition to wages the
18 charter holder would otherwise pay the employee during the school
19 year.

20 [Sections 11A.307-11A.350 reserved for expansion]

21 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

22 Sec. 11A.351. AUDIT. (a) To the extent consistent with this

1 section, the commissioner may audit the records of:

2 (1) a public charter district or campus;

3 (2) a charter holder; and

4 (3) a management company.

5 (b) An audit under Subsection (a) must be limited to matters
6 directly related to the management or operation of a public charter
7 district, including any financial, student, and administrative
8 records.

9 (c) Unless the commissioner has specific cause to conduct an
10 additional audit, the commissioner may not conduct more than one on-
11 site audit of a public charter district under this section during any
12 fiscal year, including any audit of financial, student, and
13 administrative records. For purposes of this subsection, an audit
14 of a charter holder or management company associated with a public
15 charter district is not considered an audit of the district.

16 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a
17 subpoena to compel the attendance and testimony of a witness or the
18 production of materials relevant to an audit or investigation under
19 this chapter.

20 (b) A subpoena may be issued throughout the state and may be
21 served by any person designated by the commissioner.

22 (c) If a person fails to comply with a subpoena issued under

1 this section, the commissioner, acting through the attorney general,
2 may file suit to enforce the subpoena in a district court in Travis
3 County or in the county in which the audit or investigation is
4 conducted. The court shall order compliance with the subpoena if the
5 court finds that good cause exists to issue the subpoena.

6 (d) This section expires September 1, 2007.

7 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take any
8 of the actions described by Subsection (b) or by Section 39.131(a),
9 to the extent the commissioner determines necessary, if a public
10 charter district, as determined by a report issued under Section
11 39.076(b):

12 (1) commits a material violation of the district's
13 charter;

14 (2) fails to satisfy generally accepted accounting
15 standards of fiscal management; or

16 (3) fails to comply with this chapter or another
17 applicable rule or law.

18 (b) The commissioner may temporarily withhold funding, suspend
19 the authority of a public charter district to operate, or take any
20 other reasonable action the commissioner determines necessary to
21 protect the health, safety, or welfare of students enrolled at a
22 district campus based on evidence that conditions at the district

1 campus present a danger to the health, safety, or welfare of the
2 students.

3 (c) After the commissioner acts under Subsection (b), the
4 public charter district may not receive funding and may not resume
5 operating until a determination is made that:

6 (1) despite initial evidence, the conditions at the
7 district campus do not present a danger of material harm to the
8 health, safety, or welfare of students; or

9 (2) the conditions at the district campus that presented
10 a danger of material harm to the health, safety, or welfare of
11 students have been corrected.

12 (d) Not later than the third business day after the date the
13 commissioner acts under Subsection (b), the commissioner shall
14 provide the charter holder an opportunity for a hearing. This
15 subsection does not apply to an action taken by the commissioner
16 under Chapter 39.

17 (e) Immediately after a hearing under Subsection (d), the
18 commissioner must cease the action under Subsection (b) or initiate
19 action under Section 11A.108.

20 Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN
21 ASSESSMENT INSTRUMENTS. (a) Using funds appropriated for the
22 Foundation School Program, the commissioner shall reduce the total

1 amount of state funds allocated to each district from any source in
2 the same manner described for a reduction in allotments under Section
3 42.253 and adopt and implement a program for supervising the
4 administration of assessment instruments under Section 39.023 during
5 the 2005-2006 school year at an open-enrollment charter school, other
6 than a school operated by an entity described by Section
7 11A.1041(a)(2), (3), or (4), at which less than 25 percent of all
8 students enrolled at the school and administered an assessment
9 instrument under Section 39.023(a), (c), or (1) performed
10 satisfactorily on:

11 (1) the assessment instrument in mathematics, as
12 determined by the school's assessment instrument results for the
13 2004-2005 school year; or

14 (2) the assessment instrument in reading or English
15 language arts, as applicable, as determined by the school's
16 assessment instrument results for the 2004-2005 school year.

17 (b) The program adopted under Subsection (a) must be designed
18 to:

19 (1) ensure that the location at which an assessment
20 instrument is administered is secure and under the supervision of
21 persons who do not have any interest in the results of the assessment
22 instrument; and

1 (2) provide direct supervision of:

2 (A) the transportation of the assessment instrument
3 materials to and from the location at which the instrument is
4 administered; and

5 (B) the administration of the assessment instrument
6 to students.

7 (c) The commissioner may adopt rules necessary to administer
8 this section and may take any action that the commissioner determines
9 necessary to ensure the integrity of the results of an assessment
10 instrument administered at an open-enrollment charter school
11 described by Subsection (a).

12 (d) After deducting the amount withheld under Subsection (a)
13 from the total amount appropriated for the Foundation School Program,
14 the commissioner shall reduce the total amount of state funds
15 allocated to each district from any source in the same manner
16 described for a reduction in allotments under Section 42.253.

17 (e) An open-enrollment charter school's failure to fully
18 cooperate with the commissioner under this section is sufficient
19 grounds for revocation of the district's charter, as determined by
20 the commissioner.

21 (f) This section expires September 1, 2006.

22 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The

1 commissioner shall periodically consult with representatives of
2 charter holders regarding the duties and mission of the agency
3 relating to the operation of public charter districts. The
4 commissioner shall determine the frequency of the consultations.

5 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing in
6 this chapter may be construed to limit the commissioner's authority
7 under Chapter 39.

8 Sec. 11A.356. RULES. The commissioner may adopt rules for the
9 administration of this chapter.

10 [Sections 11A.357-11A.400 reserved for expansion]

11 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

12 Sec. 11A.401. AUTHORIZATION. (a) In this section, "eligible
13 entity" means an organization that is exempt from taxation under
14 Section 501(a), Internal Revenue Code of 1986, as an organization
15 described by Section 501(c)(3) of that code.

16 (b) In accordance with this subchapter, the commissioner may
17 authorize not more than three charter holders to grant a charter to
18 an eligible entity to operate a blue ribbon charter campus if:

19 (1) the charter holder proposes to grant the blue ribbon
20 charter to replicate a distinctive education program;

21 (2) the charter holder has demonstrated the ability to
22 replicate the education program;

1 (3) the education program has been implemented by the
2 charter holder for at least seven school years; and

3 (4) the charter school in which the charter holder has
4 implemented the program has been rated recognized or exemplary under
5 Section 39.072 for at least five school years, including the two
6 school years preceding the proposed issuance of the blue ribbon
7 charter.

8 (b-1) An eligible entity that assumed operation of an existing
9 charter school program during the seven years preceding the proposed
10 authorization under Subsection (b) may be authorized to grant a blue
11 ribbon charter under Subsection (b) if:

12 (1) the performance level of the program at a campus
13 before and after the entity assumed operation of the program meets
14 the qualifications described by Subsection (b); and

15 (2) the entity has met the qualifications described by
16 Subsection (b) since assuming operation of the program.

17 (c) A charter holder may grant a blue ribbon charter only to
18 an applicant that meets any financial, governing, and operational
19 standards adopted by the commissioner under this subchapter.

20 (d) A charter holder may grant not more than two blue ribbon
21 charters under this subchapter.

22 Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) A blue

1 ribbon charter campus is considered a public charter district campus
2 for purposes of state and federal law.

3 (b) A blue ribbon charter granted under this subchapter is not
4 considered for purposes of the limit on the number of public charter
5 districts imposed by Section 11A.002.

6 Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE
7 RIBBON CHARTER CAMPUS. (a) The governing body of the public charter
8 district authorizing a blue ribbon charter is responsible for the
9 management and operation of the campus operated under a blue ribbon
10 charter. A blue ribbon charter campus is subject to the rules and
11 policies of the governing body of the charter holder that granted the
12 blue ribbon charter.

13 (b) For purposes of academic and financial accountability and
14 all other purposes under this chapter and Chapter 39, a blue ribbon
15 charter campus is considered a campus of the public charter district
16 operated by the charter holder that granted the blue ribbon charter.

17 (c) A charter holder is entitled to receive funding for a blue
18 ribbon charter campus as if the blue ribbon charter campus were a
19 campus of the public charter district operated by the charter holder.

20 Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The
21 commissioner by rule shall adopt an application form and procedures
22 for a charter holder to apply for authorization to grant a blue

1 ribbon charter to an eligible entity under this subchapter.

2 (b) The application must specify:

3 (1) the criteria that will be used to grant blue ribbon
4 charters;

5 (2) procedures for governance and management of campuses
6 operating under a blue ribbon charter; and

7 (3) the performance standard by which continuation of a
8 blue ribbon charter will be determined.

9 (c) A determination by the commissioner regarding an
10 application under this section is final and may not be appealed.

11 Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) The
12 commissioner may revoke a charter holder's authorization to grant a
13 blue ribbon charter or operate a campus granted a blue ribbon charter
14 if the commissioner determines that the purposes of this subchapter
15 are not being satisfied.

16 (b) On revocation of a charter holder's authority under this
17 section, the charter holder shall:

18 (1) operate a campus granted a blue ribbon charter as a
19 standard campus of the charter holder under this chapter; or

20 (2) close the campus effective at the end of the school
21 year in which the commissioner revokes the authorization.

22 Sec. 11A.406. CONTENT. (a) Each blue ribbon charter granted

1 under this subchapter must:

2 (1) describe the educational program to be offered, which
3 may be a general or specialized education program;

4 (2) provide that continuation of the charter is
5 contingent on satisfactory student performance under Subchapter B,
6 Chapter 39, and on compliance with other applicable accountability
7 provisions under Chapter 39;

8 (3) specify any basis, in addition to a basis specified
9 by this subchapter, on which the charter may be placed on probation
10 or revoked;

11 (4) prohibit discrimination in admission on the basis of
12 national origin, ethnicity, race, religion, or disability;

13 (5) describe the governing structure of the blue ribbon
14 charter campus;

15 (6) specify any procedure or requirement, in addition to
16 those under Chapter 38, that the campus will follow to ensure the
17 health and safety of students and employees; and

18 (7) describe the manner in which the campus and charter
19 holder granting the blue ribbon charter will comply with financial
20 and operational requirements, including requirements related to the
21 Public Education Information Management System (PEIMS) under Section
22 11A.158 and the audit requirements under Section 11A.210.

1 Sec. 11A.451. DEFINITIONS. In this subchapter:

2 (1) "Assets" means:

3 (A) public funds, as determined under Section
4 12.107, as that section existed on January 1, 2005; and

5 (B) public property, as determined under Section
6 12.128, as that section existed on January 1, 2005.

7 (2) "Records" means government records, as determined
8 under Section 12.1052, as that section existed on January 1, 2005.

9 Sec. 11A.452. APPLICABILITY. The commissioner shall appoint
10 a receiver under this subchapter for each open-enrollment charter
11 school that on June 1, 2005, was operating under a charter issued
12 under Subchapter D, Chapter 12, as that subchapter existed on January
13 1, 2005, and:

14 (1) is not authorized to operate as a public charter
15 district under this chapter; or

16 (2) elects not to operate as a public charter district
17 under this chapter.

18 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a) The
19 commissioner shall appoint a receiver to protect the assets and
20 direct the dissolution of open-enrollment charter schools subject to
21 this subchapter.

22 (b) The receiver shall execute a bond in an amount set by the

1 commissioner to ensure the proper performance of the receiver's
2 duties.

3 (c) Until discharged by the commissioner, the receiver shall
4 perform the duties that the commissioner directs to preserve the
5 assets and direct the dissolution of the open-enrollment charter
6 school under this subchapter.

7 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After
8 appointment and execution of bond under Section 11A.453, the receiver
9 shall take possession of:

10 (1) assets and records in the possession of the open-
11 enrollment charter school specified by the commissioner; and

12 (2) any Foundation School Program funds and any other
13 public funds received by the school's charter holder.

14 (b) On request of the receiver, the attorney general shall file
15 a suit for attachment, garnishment, or involuntary bankruptcy and
16 take any other action necessary for the dissolution of an open-
17 enrollment charter school under this subchapter.

18 (c) If the charter holder of an open-enrollment charter school
19 or an officer or employee of such a school refuses to transfer school
20 assets or records to a receiver under this subsection, the receiver
21 may ask the attorney general to petition a court for recovery of the
22 assets or records. If the court grants the petition, the court shall

1 award attorney's fees and court costs to the state.

2 (d) A record described by this section is a public school
3 record for purposes of Section 37.10(c)(2), Penal Code.

4 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
5 wind up the affairs of an open-enrollment charter school and, except
6 as provided by Subsection (b), reduce its assets to cash for the
7 purpose of discharging all existing liabilities and obligations of
8 the school. In winding up the affairs of a school, the receiver
9 shall cooperate in any bankruptcy proceeding affecting the school.
10 The receiver shall distribute any remaining balance to the
11 commissioner.

12 (b) A receiver shall offer free of charge any equipment and
13 supplies of an open-enrollment charter school dissolved under this
14 subchapter to school districts, giving priority to districts based
15 on the percentage of the charter school's students that reside in the
16 districts.

17 (c) The commissioner shall use money in the foundation school
18 fund and money received under this section to pay the costs described
19 by Section 11A.458 and discharge liabilities and obligations of open-
20 enrollment charter schools under this subchapter. The commissioner
21 shall deposit any remaining balance in the foundation school fund.

22 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of an

1 open-enrollment charter school subject to this subchapter shall be
2 transferred in the manner specified by the commissioner to a
3 custodian designated by the commissioner. The commissioner may
4 designate any appropriate entity to serve as custodian of records,
5 including the agency, a regional education service center, or a
6 school district. In designating a custodian, the commissioner shall
7 ensure that the transferred records, including student and personnel
8 records, are transferred to a custodian capable of:

9 (1) maintaining the records;

10 (2) making the records readily accessible to students,
11 parents, former school employees, and other persons entitled to
12 access; and

13 (3) complying with applicable state or federal law
14 restricting access to the records.

15 (b) The commissioner is entitled to access to any records
16 transferred to a custodian under this section as the commissioner
17 determines necessary for auditing, investigative, or monitoring
18 purposes.

19 Sec. 11A.457. LIABILITY. A receiver is not personally liable
20 for actions taken by the receiver under this subchapter.

21 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
22 authorize reimbursement of reasonable costs related to the

1 receivership, including:

2 (1) payment of fees to the receiver for the receiver's
3 services; and

4 (2) payment of fees to attorneys, accountants, or any
5 other person that provides goods or services necessary to the
6 operation of the receivership.

7 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
8 competitive bidding requirements of this code and the contracting
9 requirements of Chapter 2155, Government Code, do not apply to the
10 appointment of a receiver, attorney, accountant, or other person
11 appointed under this subchapter.

12 SECTION 4.03. Subchapter D, Chapter 12, Education Code, is
13 amended by adding Section 12.1058 to read as follows:

14 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
15 PROVISIONS. (a) An open-enrollment charter school is subject to
16 Sections 11A.201, 11A.204, 11A.205, 11A.206, 11A.210, 11A.303,
17 11A.304, 11A.352, 21.0032, and 21.058.

18 (b) The commissioner may bring an action for injunctive or
19 other relief as provided by Section 11A.203(d) to enforce Section
20 12.107.

21 (c) For purposes of this section, a reference in a law
22 described by this section to a public charter district means an open-

1 enrollment charter school.

2 SECTION 4.04. Sections 12.152 and 12.156, Education Code, are
3 amended to read as follows:

4 Sec. 12.152. AUTHORIZATION. ~~[(a)]~~ In accordance with this
5 subchapter and Chapter 11A ~~[Subchapter D]~~, the State Board of
6 Education may grant a charter on the application of a public senior
7 college or university for a public ~~[an open-enrollment]~~ charter
8 district ~~[school]~~ to operate on the campus of the public senior
9 college or university or in the same county in which the campus of
10 the public senior college or university is located.

11 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS. (a) Except
12 as otherwise provided by this subchapter, Chapter 11A ~~[Subchapter D]~~
13 applies to a college or university charter school as though the
14 college or university charter school were granted a charter under
15 that chapter ~~[subchapter]~~.

16 (b) A charter granted under this subchapter is not considered
17 for purposes of the limit on the number of public ~~[open-enrollment]~~
18 charter districts ~~[schools]~~ imposed by Section 11A.002 ~~[12.101(b)]~~.

19 (c) A college or university charter school is not subject to
20 a prohibition, restriction, or requirement relating to:

21 (1) open meetings and public information under Section
22 11A.053;

- 1 (2) maintenance of records under Section 11A.054;
2 (3) purchasing and contracting under Section 11A.055;
3 (4) conflict of interest under Section 11A.056;
4 (5) nepotism under Section 11A.057;
5 (6) composition of governing body under Section 11A.152;
6 (7) restrictions on serving as a member of a governing
7 body or as an officer or employee under Section 11A.153;
8 (8) liability of members of governing body under Section
9 11A.154;
10 (9) training for members of governing body under Section
11 11A.155;
12 (10) bylaws and annual reports under Section 11A.156;
13 (11) quarterly financial reports under Section 11A.157;
14 and
15 (12) depository bond and security requirements under
16 Section 11A.204.
17 (d) A college or university charter school and the governing
18 body of the school are subject to regulations and procedures that
19 govern a public senior college or university relating to open
20 meetings, records retention, purchasing, contracting, conflicts of
21 interest, and nepotism.

22 SECTION 4.05. Section 5.001, Education Code, is amended by

1 adding Subdivision (5-a) and amending Subdivision (6) to read as
2 follows:

3 (5-a) "Public charter campus" means a campus operated by
4 a public charter district.

5 (6) "Public charter district [~~Open-enrollment charter~~
6 ~~school]" means a public school authorized by [~~that has been granted]~~
7 a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].~~

8 SECTION 4.06. Section 7.003, Education Code, is amended to read
9 as follows:

10 Sec. 7.003. LIMITATION ON AUTHORITY. An educational function
11 not specifically delegated to the agency or the board under this code
12 is reserved to and shall be performed by school districts or [~~open-~~
13 ~~enrollment]~~ charter schools.

14 SECTION 4.07. Section 7.027(b), Education Code, as added by
15 Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is
16 amended to read as follows:

17 (b) The board of trustees of a school district or the governing
18 body of a public charter district [~~an open-enrollment charter school]~~
19 has primary responsibility for ensuring that the district [~~or school]~~
20 complies with all applicable requirements of state educational
21 programs.

22 SECTION 4.08. Section 7.055(b) (17), Education Code, is amended

1 to read as follows:

2 (17) The commissioner shall distribute funds to public
3 charter districts [~~open-enrollment charter schools~~] as required under
4 Chapter 11A [~~Subchapter D, Chapter 12~~].

5 SECTION 4.09. Section 7.102(c) (9), Education Code, is amended
6 to read as follows:

7 (9) The board may grant a charter for a public charter
8 district [~~an open-enrollment charter or approve a charter revision~~]
9 as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

10 SECTION 4.10. Section 12.002, Education Code, is amended to
11 read as follows:

12 Sec. 12.002. CLASSES OF CHARTER. The classes of charter under
13 this chapter are:

14 (1) a home-rule school district charter as provided by
15 Subchapter B;

16 (2) a campus or campus program charter as provided by
17 Subchapter C; or

18 (3) a college or university [~~an open-enrollment~~] charter
19 as provided by Subchapter E [~~D~~].

20 SECTION 4.11. Subchapter A, Chapter 21, Education Code, is
21 amended by adding Section 21.0032 to read as follows:

22 Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER

1 DISTRICT PERSONNEL; APPEAL. (a) A person may not be employed by or
2 serve as a teacher, teacher intern or teacher trainee, librarian,
3 educational aide, administrator, educational diagnostician, or
4 counselor for a public charter district unless the person has been
5 cleared by the State Board for Educator Certification following a
6 national criminal history record review and investigation under this
7 section.

8 (b) Before or immediately after employing or securing the
9 services of a person described by Subsection (a), a public charter
10 district shall send to the State Board for Educator Certification the
11 person's fingerprints and social security number. The person may be
12 employed or serve pending action by the board.

13 (c) The State Board for Educator Certification shall review and
14 investigate the person's national criminal history record
15 information, educator certification discipline history in any state,
16 and other information in the same manner as a review or investigation
17 conducted regarding an initial application for educator
18 certification. If the board finds the person would not be eligible
19 for educator certification, the board shall notify the public charter
20 district in writing that the person may not be employed or serve in
21 a capacity described by Subsection (a).

22 (d) On receipt of written notice under Subsection (c), a public

1 charter district may not employ or permit the person to serve unless
2 the person timely submits a written appeal under this section. The
3 State Board for Educator Certification shall conduct an appeal under
4 this subsection in the same manner as an appeal regarding the denial
5 of an initial application for educator certification.

6 SECTION 4.12. Sections 21.058(b) and (c), Education Code, are
7 amended to read as follows:

8 (b) Notwithstanding Section 21.041(b) (7), not later than the
9 fifth day after the date the board receives notice under Article
10 42.018, Code of Criminal Procedure, of the conviction of a person
11 described by Section 21.0032 or who holds a certificate under this
12 subchapter, the board shall:

13 (1) revoke the certificate or clearance held by the
14 person; and

15 (2) provide to the person and to any school district or
16 public charter district [~~open-enrollment charter school~~] employing
17 the person at the time of revocation written notice of:

18 (A) the revocation; and

19 (B) the basis for the revocation.

20 (c) A school district or public charter district [~~open-~~
21 ~~enrollment charter school~~] that receives notice under Subsection (b)
22 of the revocation of a certificate issued under this subchapter

1 shall:

2 (1) immediately remove the person whose certificate has
3 been revoked from campus or from an administrative office, as
4 applicable, to prevent the person from having any contact with a
5 student; and

6 (2) as soon as practicable, terminate the employment of
7 the person in accordance with the person's contract and with this
8 subchapter.

9 SECTION 4.13. Sections 22.083(b)-(d), Education Code, are
10 amended to read as follows:

11 (b) A public charter district may [~~An open-enrollment charter~~
12 ~~school shall~~] obtain from the Department of Public Safety [~~any law~~
13 ~~enforcement or criminal justice agency~~] all criminal history record
14 information that relates to:

15 (1) a person whom the district [~~school~~] intends to employ
16 in any capacity; or

17 (2) a person who has indicated, in writing, an intention
18 to serve as a volunteer with the district [~~school~~].

19 (c) A school district, public charter district [~~open-enrollment~~
20 ~~charter school~~], private school, regional education service center,
21 or shared services arrangement may obtain from a federal or state
22 [~~any~~] law enforcement or criminal justice agency all criminal history

1 record information that relates to:

2 (1) a volunteer or employee of the district, school,
3 service center, or shared services arrangement; or

4 (2) an employee of or applicant for employment by a
5 person that contracts with the district, school, service center, or
6 shared services arrangement to provide services, if:

7 (A) the employee or applicant has or will have
8 continuing duties related to the contracted services; and

9 (B) the duties are or will be performed on school
10 property or at another location where students are regularly present.

11 (d) The superintendent of a district or the director of a
12 public charter district [~~an open-enrollment charter school~~], private
13 school, regional education service center, or shared services
14 arrangement shall promptly notify the State Board for Educator
15 Certification in writing if the person obtains or has knowledge of
16 information showing that an applicant for or holder of a certificate
17 issued under Subchapter B, Chapter 21, has a reported criminal
18 history.

19 SECTION 4.14. Section 22.084, Education Code, is amended to
20 read as follows:

21 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL BUS
22 DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as provided by

1 Subsections (c) and (d), a school district, public charter district
2 [~~open-enrollment charter school~~], private school, regional education
3 service center, or shared services arrangement that contracts with
4 a person for transportation services shall obtain from the Department
5 of Public Safety [~~any law enforcement or criminal justice agency~~] all
6 criminal history record information that relates to:

- 7 (1) a person employed by the person as a bus driver; or
8 (2) a person the person intends to employ as a bus
9 driver.

10 (b) Except as provided by Subsections (c) and (d), a person
11 that contracts with a school district, public charter district [~~open-~~
12 ~~enrollment charter school~~], private school, regional education
13 service center, or shared services arrangement to provide
14 transportation services shall submit to the district, school, service
15 center, or shared services arrangement the name and other
16 identification data required to obtain criminal history record
17 information of each person described by Subsection (a). If the
18 district, school, service center, or shared services arrangement
19 obtains information that a person described by Subsection (a) has
20 been convicted of a felony or a misdemeanor involving moral
21 turpitude, the district, school, service center, or shared services
22 arrangement shall inform the chief personnel officer of the person

1 with whom the district, school, service center, or shared services
2 arrangement has contracted, and the person may not employ that person
3 to drive a bus on which students are transported without the
4 permission of the board of trustees of the district or service
5 center, the governing body of the public charter district [~~open-~~
6 ~~enrollment charter school~~], or the chief executive officer of the
7 private school or shared services arrangement.

8 (c) A commercial transportation company that contracts with a
9 school district, public charter district [~~open-enrollment charter~~
10 ~~school~~], private school, regional education service center, or shared
11 services arrangement to provide transportation services may obtain
12 from a federal or state [any] law enforcement or criminal justice
13 agency all criminal history record information that relates to:

14 (1) a person employed by the commercial transportation
15 company as a bus driver, bus monitor, or bus aide; or

16 (2) a person the commercial transportation company
17 intends to employ as a bus driver, bus monitor, or bus aide.

18 (d) If the commercial transportation company obtains
19 information that a person employed or to be employed by the company
20 has been convicted of a felony or a misdemeanor involving moral
21 turpitude, the company may not employ that person to drive or to
22 serve as a bus monitor or bus aide on a bus on which students are

1 transported without the permission of the board of trustees of the
2 district or service center, the governing body of the public charter
3 district [~~open-enrollment charter school~~], or the chief executive
4 officer of the private school or shared services arrangement.
5 Subsections (a) and (b) do not apply if information is obtained as
6 provided by Subsection (c).

7 SECTION 4.15. Section 22.085, Education Code, is amended to
8 read as follows:

9 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES. A
10 school district, public charter district [~~open-enrollment charter~~
11 ~~school~~], private school, regional education service center, or shared
12 services arrangement may discharge an employee if the district or
13 school obtains information of the employee's conviction of a felony
14 or of a misdemeanor involving moral turpitude that the employee did
15 not disclose to the State Board for Educator Certification or the
16 district, school, service center, or shared services arrangement.
17 An employee discharged under this section is considered to have been
18 discharged for misconduct for purposes of Section 207.044, Labor
19 Code.

20 SECTION 4.16. Section 22.086, Education Code, is amended to
21 read as follows:

22 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The State Board

1 for Educator Certification, a school district, a public charter
2 district [~~an open-enrollment charter school~~], a private school, a
3 regional education service center, a shared services arrangement, or
4 an employee of the board, district, school, service center, or shared
5 services arrangement is not civilly or criminally liable for making
6 a report required under this subchapter.

7 SECTION 4.161. Section 25.087, Education Code, is amended by
8 amending Subsection (b) and adding Subsection (c) to read as follows:

9 (b) A school district shall excuse a student from attending
10 school for:

11 (1) the following purposes, including travel for those
12 purposes:

13 (A) [~~purpose of~~] observing religious holy days;

14 (B) appearing at a governmental office to complete
15 paperwork required in connection with the student's application for
16 United States citizenship or to take part in a naturalization oath
17 ceremony;

18 (C) attending an appointment with the student's
19 probation officer;

20 (D) attending an adoption proceeding involving the
21 student; or

22 (E) attending a required court appearance; or

1 (2) a [~~, including traveling for that purpose. A school~~
2 ~~district shall excuse a student for~~] temporary absence resulting from
3 health care professionals if that student commences classes or
4 returns to school on the same day of the appointment.

5 (c) A student whose absence is excused under Subsection (b)
6 [~~this subsection~~] may not be penalized for that absence and shall be
7 counted as if the student attended school for purposes of calculating
8 the average daily attendance of students in the school district. A
9 student whose absence is excused under Subsection (b) [~~this~~
10 ~~subsection~~] shall be allowed a reasonable time to make up school work
11 missed on those days. If the student satisfactorily completes the
12 school work, the day of absence shall be counted as a day of
13 compulsory attendance.

14 SECTION 4.17. Section 25.088, Education Code, is amended to
15 read as follows:

16 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school attendance
17 officer may be selected by:

18 (1) the county school trustees of any county;

19 (2) the board of trustees of any school district or the
20 boards of trustees of two or more school districts jointly; or

21 (3) the governing body of a public charter district [~~an~~
22 ~~open-enrollment charter school~~].

1 SECTION 4.18. Section 25.089(a), Education Code, is amended to
2 read as follows:

3 (a) An attendance officer may be compensated from the funds of
4 the county, independent school district, or public charter district
5 [~~open-enrollment charter school~~], as applicable.

6 SECTION 4.19. Section 25.090(b), Education Code, is amended to
7 read as follows:

8 (b) If the governing body of a public charter district [~~an~~
9 ~~open-enrollment charter school~~] has not selected an attendance
10 officer for a district campus, the duties of attendance officer shall
11 be performed by the peace officers of the county in which the campus
12 [~~school~~] is located.

13 SECTION 4.20. Sections 25.093(d) and (e), Education Code, are
14 amended to read as follows:

15 (d) A fine collected under this section shall be deposited as
16 follows:

17 (1) one-half shall be deposited to the credit of the
18 operating fund of, as applicable:

19 (A) the school district in which the child attends
20 school;

21 (B) the public charter district [~~open-enrollment~~
22 ~~charter school~~] the child attends; or

1 (C) the juvenile justice alternative education
2 program that the child has been ordered to attend; and

3 (2) one-half shall be deposited to the credit of:

4 (A) the general fund of the county, if the complaint
5 is filed in the justice court or the constitutional county court; or

6 (B) the general fund of the municipality, if the
7 complaint is filed in municipal court.

8 (e) At the trial of any person charged with violating this
9 section, the attendance records of the child may be presented in
10 court by any authorized employee of the school district or public
11 charter district [~~open-enrollment charter school~~], as applicable.

12 SECTION 4.21. Sections 25.095(a) and (b), Education Code, are
13 amended to read as follows:

14 (a) A school district or public charter district [~~open-~~
15 ~~enrollment charter school~~] shall notify a student's parent in writing
16 at the beginning of the school year that if the student is absent
17 from school on 10 or more days or parts of days within a six-month
18 period in the same school year or on three or more days or parts of
19 days within a four-week period:

20 (1) the student's parent is subject to prosecution under
21 Section 25.093; and

22 (2) the student is subject to prosecution under Section

1 25.094 or to referral to a juvenile court in a county with a
2 population of less than 100,000 for conduct that violates that
3 section.

4 (b) A school district or public charter district shall notify
5 a student's parent if the student has been absent from school,
6 without excuse under Section 25.087, on three days or parts of days
7 within a four-week period. The notice must:

8 (1) inform the parent that:

9 (A) it is the parent's duty to monitor the student's
10 school attendance and require the student to attend school; and

11 (B) the parent is subject to prosecution under
12 Section 25.093; and

13 (2) request a conference between school officials and the
14 parent to discuss the absences.

15 SECTION 4.22. Sections 25.0951(a) and (b), Education Code, are
16 amended to read as follows:

17 (a) If a student fails to attend school without excuse on 10
18 or more days or parts of days within a six-month period in the same
19 school year, a school district or public charter district shall:

20 (1) file a complaint against the student or the student's
21 parent or both in a county, justice, or municipal court for an
22 offense under Section 25.093 or 25.094, as appropriate, or refer the

1 student to a juvenile court in a county with a population of less
2 than 100,000 for conduct that violates Section 25.094; or

3 (2) refer the student to a juvenile court for conduct
4 indicating a need for supervision under Section 51.03(b)(2), Family
5 Code.

6 (b) If a student fails to attend school without excuse on three
7 or more days or parts of days within a four-week period but does not
8 fail to attend school for the time described by Subsection (a), the
9 school district or public charter district may:

10 (1) file a complaint against the student or the student's
11 parent or both in a county, justice, or municipal court for an
12 offense under Section 25.093 or 25.094, as appropriate, or refer the
13 student to a juvenile court in a county with a population of less
14 than 100,000 for conduct that violates Section 25.094; or

15 (2) refer the student to a juvenile court for conduct
16 indicating a need for supervision under Section 51.03(b)(2), Family
17 Code.

18 SECTION 4.23. Section 26.006(c), Education Code, is amended to
19 read as follows:

20 (c) A student's parent is entitled to request that the school
21 district or public charter district [~~open-enrollment charter school~~]
22 the student attends allow the student to take home any textbook used

1 by the student. Subject to the availability of a textbook, the
2 school district or public charter district [~~or school~~] shall honor
3 the request. A student who takes home a textbook must return the
4 textbook to school at the beginning of the next school day if
5 requested to do so by the student's teacher. In this subsection,
6 "textbook" has the meaning assigned by Section 31.002.

7 SECTION 4.24. Sections 26.0085(a), (c), (d), and (e), Education
8 Code, are amended to read as follows:

9 (a) A school district or public charter district [~~open-~~
10 ~~enrollment charter school~~] that seeks to withhold information from
11 a parent who has requested public information relating to the
12 parent's child under Chapter 552, Government Code, and that files
13 suit as described by Section 552.324, Government Code, to challenge
14 a decision by the attorney general issued under Subchapter G, Chapter
15 552, Government Code, must bring the suit not later than the 30th
16 calendar day after the date the school district or public charter
17 district [~~open-enrollment charter school~~] receives the decision of
18 the attorney general being challenged.

19 (c) Notwithstanding any other law, a school district or public
20 charter district [~~open-enrollment charter school~~] may not appeal the
21 decision of a court in a suit filed under Subsection (a). This
22 subsection does not affect the right of a parent to appeal the

1 decision.

2 (d) If the school district or public charter district [~~open-~~
3 ~~enrollment charter school~~] does not bring suit within the period
4 established by Subsection (a), the school district or public charter
5 district [~~open-enrollment charter school~~] shall comply with the
6 decision of the attorney general.

7 (e) A school district or public charter district [~~open-~~
8 ~~enrollment charter school~~] that receives a request from a parent for
9 public information relating to the parent's child shall comply with
10 Chapter 552, Government Code. If an earlier deadline for bringing
11 suit is established under Chapter 552, Government Code, Subsection
12 (a) does not apply. This section does not affect the earlier
13 deadline for purposes of Section 552.353(b)(3), Government Code,
14 [~~532.353(b)(3)~~] for a suit brought by an officer for public
15 information.

16 SECTION 4.25. Section 28.0211(j), Education Code, is amended
17 to read as follows:

18 (j) A school district [~~or open-enrollment charter school~~] shall
19 provide students required to attend accelerated programs under this
20 section with transportation to those programs if the programs occur
21 outside of regular school hours.

22 SECTION 4.26. Section 29.010(f), Education Code, is amended to

1 read as follows:

2 (f) This section does not create an obligation for or impose
3 a requirement on a school district [~~or open-enrollment charter~~
4 ~~school~~] that is not also created or imposed under another state law
5 or a federal law.

6 SECTION 4.27. Sections 29.012(a) and (c), Education Code, are
7 amended to read as follows:

8 (a) Except as provided by Subsection (b) (2), not later than the
9 third day after the date a person 22 years of age or younger is
10 placed in a residential facility, the residential facility shall:

11 (1) if the person is three years of age or older, notify
12 the school district in which the facility is located, unless the
13 facility is a public charter district [~~an open-enrollment charter~~
14 ~~school~~]; or

15 (2) if the person is younger than three years of age,
16 notify a local early intervention program in the area in which the
17 facility is located.

18 (c) For purposes of enrollment in a school, a person who
19 resides in a residential facility is considered a resident of the
20 school district or geographical area served by the public charter
21 district campus [~~open-enrollment charter school~~] in which the
22 facility is located.

1 SECTION 4.28. Sections 29.062(c)-(e), Education Code, are
2 amended to read as follows:

3 (c) Not later than the 30th day after the date of an on-site
4 monitoring inspection, the agency shall report its findings to the
5 school district [~~or open-enrollment charter school~~] and to the
6 division of accreditation.

7 (d) The agency shall notify a school district [~~or open-~~
8 ~~enrollment charter school~~] found in noncompliance in writing, not
9 later than the 30th day after the date of the on-site monitoring.
10 The district [~~or open-enrollment charter school~~] shall take
11 immediate corrective action.

12 (e) If a school district [~~or open-enrollment charter school~~]
13 fails to satisfy appropriate standards adopted by the commissioner
14 for purposes of Subsection (a), the agency shall apply sanctions,
15 which may include the removal of accreditation, loss of foundation
16 school funds, or both.

17 SECTION 4.29. Sections 29.087(a)-(c), (e), (k), and (l),
18 Education Code, are amended to read as follows:

19 (a) The agency shall develop a process by which a school
20 district or public charter district [~~open-enrollment charter school~~]
21 may apply to the commissioner for authority to operate a program to
22 prepare eligible students to take a high school equivalency

1 examination.

2 (b) Any school district or public charter district [~~open-~~
3 ~~enrollment charter school~~] may apply for authorization to operate a
4 program under this section. As part of the application process, the
5 commissioner shall require a school district or public charter
6 district [~~or school~~] to provide information regarding the operation
7 of any similar program during the preceding five years.

8 (b-1) A school district or public charter district [~~open-~~
9 ~~enrollment charter school~~] authorized by the commissioner on or
10 before August 31, 2003, to operate a program under this section may
11 continue to operate that program in accordance with this section.

12 (c) A school district or public charter district [~~open-~~
13 ~~enrollment charter school~~] may not increase enrollment of students
14 in a program authorized by this section by more than five percent of
15 the number of students enrolled in the similar program operated by
16 the school district or public charter district [~~or school~~] during the
17 2000-2001 school year.

18 (e) A school district or public charter district [~~open-~~
19 ~~enrollment charter school~~] shall inform each student who has
20 completed a program authorized by this section of the time and place
21 at which the student may take the high school equivalency
22 examination. Notwithstanding any provision of this section, a

1 student may not take the high school equivalency examination except
2 as authorized by Section 7.111.

3 (k) The board of trustees of a school district or the governing
4 body [~~board~~] of a public charter district [~~an open-enrollment charter~~
5 ~~school~~] shall:

6 (1) hold a public hearing concerning the proposed
7 application of the school district or public charter district [~~or~~
8 ~~school~~] before applying to operate a program authorized by this
9 section; and

10 (2) subsequently hold a public hearing annually to review
11 the performance of the program.

12 (l) The commissioner may revoke a school district's or public
13 charter district's [~~open-enrollment charter school's~~] authorization
14 under this section after consideration of relevant factors, including
15 performance of students participating in the school district's or
16 public charter district's [~~or school's~~] program on assessment
17 instruments required under Chapter 39, the percentage of students
18 participating in the school district's or public charter district's
19 [~~or school's~~] program who complete the program and perform
20 successfully on the high school equivalency examination, and other
21 criteria adopted by the commissioner. A decision by the commissioner
22 under this subsection is final and may not be appealed.

1 SECTION 4.30. Sections 29.155(a)-(d), (i), and (j), Education
2 Code, are amended to read as follows:

3 (a) From amounts appropriated for the purposes of this section,
4 the commissioner may make grants to school districts and public
5 charter districts [~~open-enrollment charter schools~~] to implement or
6 expand kindergarten and prekindergarten programs by:

7 (1) operating an existing half-day kindergarten or
8 prekindergarten program on a full-day basis; or

9 (2) implementing a prekindergarten program at a campus
10 that does not have a prekindergarten program.

11 (b) A school district or public charter district [~~open-~~
12 ~~enrollment charter school~~] may use funds received under this section
13 to employ teachers and other personnel for a kindergarten or
14 prekindergarten program and acquire curriculum materials or
15 equipment, including computers, for use in kindergarten and
16 prekindergarten programs.

17 (c) To be eligible for a grant under this section, a school
18 district or public charter district [~~open-enrollment charter school~~]
19 must apply to the commissioner in the manner and within the time
20 prescribed by the commissioner.

21 (d) In awarding grants under this section, the commissioner
22 shall give priority to districts and public charter districts [~~open-~~

1 ~~enrollment charter schools~~] in which the level of performance of
2 students on the assessment instruments administered under Section
3 39.023 to students in grade three is substantially below the average
4 level of performance on those assessment instruments for all school
5 districts in the state.

6 (i) In carrying out the purposes of Subsection (g), a school
7 district or public charter district [~~open-enrollment charter school~~]
8 may use funds granted to the school district or public charter
9 district [~~or school~~] under this section [~~subsection~~] in contracting
10 with another entity, including a private entity.

11 (j) If a school district or public charter district [~~open-~~
12 ~~enrollment charter school~~] returns to the commissioner funds granted
13 under this section, the commissioner may grant those funds to another
14 entity, including a private entity, for the purposes of Subsection
15 (g).

16 SECTION 4.31. Section 29.905(b), Education Code, is amended to
17 read as follows:

18 (b) The agency shall make the program available to a school on
19 the request of the board of trustees of [~~or~~] the school district of
20 which the school is a part, or if the school is a public charter
21 district [~~an open-enrollment charter school~~], on the request of the
22 governing body of the public charter district [~~school~~].

1 SECTION 4.32. Section 31.021(b), Education Code, is amended to
2 read as follows:

3 (b) The State Board of Education shall annually set aside out
4 of the available school fund of the state an amount sufficient for
5 the board and[,] school districts[~~, and open-enrollment charter~~
6 ~~schools~~] to purchase and distribute the necessary textbooks for the
7 use of the students of this state for the following school year. The
8 board shall determine the amount of the available school fund to set
9 aside for the state textbook fund based on:

10 (1) a report by the commissioner issued on July 1 or, if
11 that date is a Saturday or Sunday, on the following Monday, stating
12 the amount of unobligated money in the fund;

13 (2) the commissioner's estimate, based on textbooks
14 selected under Section 31.101 and on attendance reports submitted
15 under Section 31.103 by school districts [~~and open-enrollment charter~~
16 ~~schools~~], of the amount of funds, in addition to funds reported under
17 Subdivision (1), that will be necessary for purchase and distribution
18 of textbooks for the following school year; and

19 (3) any amount the board determines should be set aside
20 for emergency purposes caused by unexpected increases in attendance.

21 SECTION 4.33. Section 31.027(a), Education Code, is amended to
22 read as follows:

1 (a) A publisher shall provide each school district [~~and open-~~
2 ~~enrollment charter school~~] with information that fully describes each
3 of the publisher's adopted textbooks. On request of a school
4 district, a publisher shall provide a sample copy of an adopted
5 textbook.

6 SECTION 4.34. Section 31.030, Education Code, is amended to
7 read as follows:

8 Sec. 31.030. USED TEXTBOOKS. The State Board of Education
9 shall adopt rules to ensure that used textbooks sold to school
10 districts [~~and open-enrollment charter schools~~] are not sample copies
11 that contain factual errors. The rules may provide for the
12 imposition of an administrative penalty in accordance with Section
13 31.151 against a seller of used textbooks who knowingly violates this
14 section.

15 SECTION 4.35. Section 31.101, Education Code, is amended to
16 read as follows:

17 Sec. 31.101. SELECTION AND PURCHASE OF TEXTBOOKS BY SCHOOL
18 DISTRICTS. (a) Each year, during a period established by the State
19 Board of Education, the board of trustees of each school district
20 [~~and the governing body of each open-enrollment charter school~~]
21 shall:

22 (1) for a subject in the foundation curriculum, notify

1 the State Board of Education of the textbooks selected by the board
2 of trustees [~~or governing body~~] for the following school year from
3 among the textbooks on the appropriate conforming or nonconforming
4 list; or

5 (2) for a subject in the enrichment curriculum:

6 (A) notify the State Board of Education of each
7 textbook selected by the board of trustees [~~or governing body~~] for
8 the following school year from among the textbooks on the appropriate
9 conforming or nonconforming list; or

10 (B) notify the State Board of Education that the
11 board of trustees [~~or governing body~~] has selected a textbook that
12 is not on the conforming or nonconforming list.

13 (b) If a school district [~~or open-enrollment charter school~~]
14 selects a textbook for a particular subject in the enrichment
15 curriculum and grade level that is not on the conforming or
16 nonconforming list, the state shall pay to the district [~~or school~~]
17 an amount equal to the lesser of:

18 (1) 70 percent of the cost to the district of the
19 textbook, multiplied by the number of textbooks the district [~~or~~
20 ~~school~~] needs for that subject and grade level; or

21 (2) 70 percent of the limitation established under
22 Section 31.025 for a textbook for that subject and grade level,

1 multiplied by the number of textbooks the district [~~or school~~] needs
2 for that subject and grade level.

3 (c) A school district [~~or open-enrollment charter school~~] that
4 selects a textbook that is not on the conforming or nonconforming
5 list:

6 (1) is responsible for the portion of the cost of the
7 textbook that is not paid by the state under Subsection (b); and

8 (2) may use funds received from the state under
9 Subsection (b) only for purchasing the textbook for which the funds
10 were received.

11 (d) For a textbook that is not on the conforming or
12 nonconforming list, a school district [~~or open-enrollment charter
13 school~~] must use the textbook for the period of the review and
14 adoption cycle the State Board of Education has established for the
15 subject and grade level for which the textbook is used.

16 SECTION 4.36. Section 31.102(c), Education Code, is amended to
17 read as follows:

18 (c) The board of trustees of a school district [~~or the
19 governing body of an open-enrollment charter school~~] is the legal
20 custodian of textbooks purchased as provided by this chapter for the
21 district [~~or school~~]. The board of trustees shall distribute
22 textbooks to students in the manner that the board [~~or governing~~

1 body] determines is most effective and economical.

2 SECTION 4.37. Section 31.103, Education Code, is amended to
3 read as follows:

4 Sec. 31.103. TEXTBOOK REQUISITIONS. (a) Not later than the
5 seventh day after the first school day in April, each principal shall
6 report the maximum attendance for the school to the superintendent.

7 Not later than April 25, the superintendent of a school district [~~or~~
8 ~~the chief operating officer of an open-enrollment charter school~~]
9 shall report the district's [~~or school's~~] maximum attendance to the
10 commissioner.

11 (b) A requisition for textbooks for the following school year
12 shall be based on the maximum attendance reports under Subsection
13 (a), plus an additional 10 percent, except as otherwise provided.

14 A school district [~~or open-enrollment charter school~~] shall make a
15 requisition for a textbook on the conforming or nonconforming list
16 through the commissioner to the state depository designated by the
17 publisher or as provided by State Board of Education rule, as
18 applicable, not later than June 1 of each year. The designated state
19 depository or, if the publisher or manufacturer does not have a
20 designated textbook depository in this state under Section
21 31.151(a)(6)(B), the publisher or manufacturer shall fill a
22 requisition approved by the agency at any other time in the case of

1 an emergency. As made necessary by available funds, the commissioner
2 shall reduce the additional percentage of attendance for which a
3 district [~~or school~~] may requisition textbooks. The commissioner
4 may, on application of a district [~~or school~~] that is experiencing
5 high enrollment growth, increase the additional percentage of
6 attendance for which the district [~~or school~~] may requisition
7 textbooks.

8 (c) In making a requisition under this section, a school
9 district [~~or open-enrollment charter school~~] may requisition
10 textbooks on the conforming or nonconforming list for grades above
11 the grade level in which a student is enrolled, except that the total
12 quantity of textbooks requisitioned under this section may not exceed
13 the limit prescribed by Subsection (b).

14 SECTION 4.38. Sections 31.104(a), (b), and (d), Education Code,
15 are amended to read as follows:

16 (a) The board of trustees of a school district [~~or the~~
17 ~~governing body of an open-enrollment charter school~~] may delegate to
18 an employee the authority to requisition, distribute, and manage the
19 inventory of textbooks in a manner consistent with this chapter and
20 rules adopted under this chapter.

21 (b) A school district [~~or open-enrollment charter school~~] may
22 order replacements for textbooks that have been lost or damaged

1 directly from:

2 (1) the textbook depository; or

3 (2) the textbook publisher or manufacturer if the
4 textbook publisher or manufacturer does not have a designated
5 textbook depository in this state under Section 31.151(a)(6)(B).

6 (d) Each student, or the student's parent or guardian, is
7 responsible for each textbook not returned by the student. A student
8 who fails to return all textbooks forfeits the right to free
9 textbooks until each textbook previously issued but not returned is
10 paid for by the student, parent, or guardian. As provided by policy
11 of the board of trustees [~~or governing body~~], a school district [~~or~~
12 ~~open-enrollment charter school~~] may waive or reduce the payment
13 requirement if the student is from a low-income family. The district
14 [~~or school~~] shall allow the student to use textbooks at school during
15 each school day. If a textbook is not returned or paid for, the
16 district [~~or school~~] may withhold the student's records. A district
17 [~~or school~~] may not, under this subsection, prevent a student from
18 graduating, participating in a graduation ceremony, or receiving a
19 diploma.

20 SECTION 4.39. Section 31.105, Education Code, is amended to
21 read as follows:

22 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a

1 school district [~~or governing body of an open-enrollment charter~~
2 ~~school~~] may sell textbooks, other than electronic textbooks, to a
3 student or another school at the state contract price. The district
4 shall send money from the sale of textbooks to the commissioner as
5 required by the commissioner. The commissioner shall deposit the
6 money in the state textbook fund.

7 SECTION 4.40. Section 31.106, Education Code, is amended to
8 read as follows:

9 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any textbook
10 selected under this chapter, a school district [~~or open-enrollment~~
11 ~~charter school~~] may use local funds to purchase any textbooks.

12 SECTION 4.41. Section 31.151(a), Education Code, is amended to
13 read as follows:

14 (a) A publisher or manufacturer of textbooks:

15 (1) shall furnish any textbook the publisher or
16 manufacturer offers in this state, at a price that does not exceed
17 the lowest price at which the publisher offers that textbook for
18 adoption or sale to any state, public school, or school district in
19 the United States;

20 (2) shall automatically reduce the price of a textbook
21 sold for use in a school district [~~or open-enrollment charter school~~]
22 to the extent that the price is reduced elsewhere in the United

1 States;

2 (3) shall provide any textbook or ancillary item free of
3 charge in this state to the same extent that the publisher or
4 manufacturer provides the textbook or ancillary item free of charge
5 to any state, public school, or school district in the United States;

6 (4) shall guarantee that each copy of a textbook sold in
7 this state is at least equal in quality to copies of that textbook
8 sold elsewhere in the United States and is free from factual error;

9 (5) may not become associated or connected with, directly
10 or indirectly, any combination in restraint of trade in textbooks or
11 enter into any understanding or combination to control prices or
12 restrict competition in the sale of textbooks for use in this state;

13 (6) shall:

14 (A) maintain a depository in this state or arrange
15 with a depository in this state to receive and fill orders for
16 textbooks, other than on-line textbooks or on-line textbook
17 components, consistent with State Board of Education rules; or

18 (B) deliver textbooks to a school district [~~or open-~~
19 ~~enrollment charter school~~] without a delivery charge to the school
20 district[, ~~open-enrollment charter school,~~] or state, if:

21 (i) the publisher or manufacturer does not
22 maintain or arrange with a depository in this state under Paragraph

1 (A) and the publisher's or manufacturer's textbooks and related
2 products are warehoused or otherwise stored less than 300 miles from
3 a border of this state; or

4 (ii) the textbooks are on-line textbooks or on-
5 line textbook components;

6 (7) shall, at the time an order for textbooks is
7 acknowledged, provide to school districts [~~or open-enrollment charter~~
8 ~~schools~~] an accurate shipping date for textbooks that are back-
9 ordered;

10 (8) shall guarantee delivery of textbooks at least 10
11 business days before the opening day of school of the year for which
12 the textbooks are ordered if the textbooks are ordered by a date
13 specified in the sales contract; and

14 (9) shall submit to the State Board of Education an
15 affidavit certifying any textbook the publisher or manufacturer
16 offers in this state to be free of factual errors at the time the
17 publisher executes the contract required by Section 31.026.

18 SECTION 4.42. Section 31.201(c), Education Code, is amended to
19 read as follows:

20 (c) The State Board of Education shall adopt rules under which
21 a school district [~~or open-enrollment charter school~~]
22 discontinued textbooks, other than electronic textbooks, to a

1 student, to an adult education program, or to a nonprofit
2 organization.

3 SECTION 4.43. Subchapter C, Chapter 32, Education Code, is
4 amended by adding Section 32.1011 to read as follows:

5 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS. This
6 subchapter applies to a public charter district as if the public
7 charter district were a school district.

8 SECTION 4.44. Section 32.102, Education Code, is amended to
9 read as follows:

10 Sec. 32.102. AUTHORITY. (a) As provided by this subchapter,
11 a school district [~~or open-enrollment charter school~~] may transfer
12 to a student enrolled in the district [~~or school~~]:

13 (1) any data processing equipment donated to the district
14 [~~or school~~], including equipment donated by:

15 (A) a private donor; or

16 (B) a state eleemosynary institution or a state
17 agency under Section 2175.128, Government Code;

18 (2) any equipment purchased by the district [~~or school~~],
19 to the extent consistent with Section 32.105; and

20 (3) any surplus or salvage equipment owned by the
21 district [~~or school~~].

22 (b) A school district [~~or open-enrollment charter school~~] may

1 accept:

2 (1) donations of data processing equipment for transfer
3 under this subchapter; and

4 (2) any gifts, grants, or donations of money or services
5 to purchase, refurbish, or repair data processing equipment under
6 this subchapter.

7 SECTION 4.45. Section 32.103, Education Code, is amended to
8 read as follows:

9 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
10 eligible to receive data processing equipment under this subchapter
11 only if the student does not otherwise have home access to data
12 processing equipment, as determined by the student's school district
13 [~~or open-enrollment charter school~~].

14 (b) In transferring data processing equipment to students, a
15 school district [~~or open-enrollment charter school~~] shall give
16 preference to educationally disadvantaged students.

17 SECTION 4.46. Section 32.104, Education Code, is amended to
18 read as follows:

19 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before transferring
20 data processing equipment to a student, a school district [~~or open-~~
21 ~~enrollment charter school~~] must:

22 (1) adopt rules governing transfers under this

1 subchapter, including provisions for technical assistance to the
2 student by the district [~~or school~~];

3 (2) determine that the transfer serves a public purpose
4 and benefits the district [~~or school~~]; and

5 (3) remove from the equipment any offensive,
6 confidential, or proprietary information, as determined by the
7 district [~~or school~~].

8 SECTION 4.47. Section 32.105, Education Code, is amended to
9 read as follows:

10 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school district
11 [~~or open-enrollment charter school~~] may spend public funds to:

12 (1) purchase, refurbish, or repair any data processing
13 equipment transferred to a student under this subchapter; and

14 (2) store, transport, or transfer data processing
15 equipment under this subchapter.

16 SECTION 4.48. Section 32.106, Education Code, is amended to
17 read as follows:

18 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided by
19 Subsection (b), a student who receives data processing equipment from
20 a school district [~~or open-enrollment charter school~~] under this
21 subchapter shall return the equipment to the district [~~or school~~] not
22 later than the earliest of:

1 (1) five years after the date the student receives the
2 equipment;

3 (2) the date the student graduates;

4 (3) the date the student transfers to another school
5 district [~~or open-enrollment charter school~~]; or

6 (4) the date the student withdraws from school.

7 (b) Subsection (a) does not apply if, at the time the student
8 is required to return the data processing equipment under that
9 subsection, the district [~~or school~~] determines that the equipment
10 has no marketable value.

11 SECTION 4.49. Section 33.007, Education Code, is amended to
12 read as follows:

13 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION. (a) Each
14 counselor at an elementary, middle, or junior high school, including
15 a public charter district [~~an open-enrollment charter school~~]
16 offering those grades, shall advise students and their parents or
17 guardians regarding the importance of higher education, coursework
18 designed to prepare students for higher education, and financial aid
19 availability and requirements.

20 (b) During the first school year a student is enrolled in a
21 high school or at the high school level in a public charter district
22 [~~an open-enrollment charter school~~], and again during a student's

1 senior year, a counselor shall provide information about higher
2 education to the student and the student's parent or guardian. The
3 information must include information regarding:

4 (1) the importance of higher education;

5 (2) the advantages of completing the recommended or
6 advanced high school program adopted under Section 28.025(a);

7 (3) the disadvantages of taking courses to prepare for a
8 high school equivalency examination relative to the benefits of
9 taking courses leading to a high school diploma;

10 (4) financial aid eligibility;

11 (5) instruction on how to apply for federal financial
12 aid;

13 (6) the center for financial aid information established
14 under Section 61.0776;

15 (7) the automatic admission of certain students to
16 general academic teaching institutions as provided by Section 51.803;
17 and

18 (8) the eligibility and academic performance requirements
19 for the TEXAS Grant as provided by Subchapter M, Chapter 56[~~as~~
20 ~~added by Chapter 1590, Acts of the 76th Legislature, Regular Session,~~
21 ~~1999~~].

22 SECTION 4.50. Section 33.901, Education Code, is amended to

1 read as follows:

2 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of the
3 students enrolled in one or more schools in a school district or
4 enrolled in a public charter district campus [~~an open-enrollment~~
5 ~~charter school~~] are eligible for free or reduced-price breakfasts
6 under the national school breakfast program provided for by the Child
7 Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing body
8 of the district or the public charter district [~~open-enrollment~~
9 ~~charter school~~] shall participate in the program and make the
10 benefits of the program available to all eligible students in the
11 schools or campus [~~school~~].

12 SECTION 4.51. Section 37.007(e), Education Code, is amended to
13 read as follows:

14 (e) In accordance with 20 U.S.C. Section 7151, a local
15 educational agency, including a school district, home-rule school
16 district, or public charter district [~~open-enrollment charter~~
17 ~~school~~], shall expel a student who brings a firearm, as defined by
18 18 U.S.C. Section 921, to school. The student must be expelled from
19 the student's regular campus for a period of at least one year,
20 except that:

21 (1) the superintendent or other chief administrative
22 officer of the school district or of the other local educational

1 agency, as defined by 20 U.S.C. Section 7801, may modify the length
2 of the expulsion in the case of an individual student;

3 (2) the district or other local educational agency shall
4 provide educational services to an expelled student in a disciplinary
5 alternative education program as provided by Section 37.008 if the
6 student is younger than 10 years of age on the date of expulsion; and

7 (3) the district or other local educational agency may
8 provide educational services to an expelled student who is 10 years
9 of age or older in a disciplinary alternative education program as
10 provided in Section 37.008.

11 SECTION 4.52. Section 37.008(j), Education Code, is amended to
12 read as follows:

13 (j) If a student placed in a disciplinary alternative education
14 program enrolls in another school district before the expiration of
15 the period of placement, the board of trustees of the district
16 requiring the placement shall provide to the district in which the
17 student enrolls, at the same time other records of the student are
18 provided, a copy of the placement order. The district in which the
19 student enrolls may continue the disciplinary alternative education
20 program placement under the terms of the order or may allow the
21 student to attend regular classes without completing the period of
22 placement. A school district may take any action permitted by this

1 subsection if:

2 (1) the student was placed in a disciplinary alternative
3 education program by a public charter district [~~an open-enrollment~~
4 ~~charter school~~] under Section 11A.256 [~~12.131~~] and the public charter
5 district [~~school~~] provides to the school district a copy of the
6 placement order; or

7 (2) the student was placed in a disciplinary alternative
8 education program by a school district in another state and:

9 (A) the out-of-state district provides to the school
10 district a copy of the placement order; and

11 (B) the grounds for the placement by the out-of-
12 state district are grounds for placement in the school district in
13 which the student is enrolling.

14 SECTION 4.53. Section 37.021(a)(2), Education Code, as added
15 by Chapter 631, Acts of the 78th Legislature, Regular Session, 2003,
16 is amended to read as follows:

17 (2) "District or school" includes an independent school
18 district, a home-rule school district, a campus or campus program
19 charter holder, or a public charter district [~~an open-enrollment~~
20 ~~charter school~~].

21 SECTION 4.54. Section 39.131(a), Education Code, is amended to
22 read as follows:

1 (a) If a district does not satisfy the accreditation criteria,
2 the commissioner shall take any of the following actions, listed in
3 order of severity, to the extent the commissioner determines
4 necessary:

5 (1) issue public notice of the deficiency to the board of
6 trustees;

7 (2) order a hearing conducted by the board of trustees of
8 the district for the purpose of notifying the public of the
9 unacceptable performance, the improvements in performance expected
10 by the agency, and the sanctions that may be imposed under this
11 section if the performance does not improve;

12 (3) order the preparation of a student achievement
13 improvement plan that addresses each academic excellence indicator
14 for which the district's performance is unacceptable, the submission
15 of the plan to the commissioner for approval, and implementation of
16 the plan;

17 (4) order a hearing to be held before the commissioner or
18 the commissioner's designee at which the president of the board of
19 trustees of the district and the superintendent shall appear and
20 explain the district's low performance, lack of improvement, and
21 plans for improvement;

22 (5) arrange an on-site investigation of the district;

1 (6) appoint an agency monitor to participate in and
2 report to the agency on the activities of the board of trustees or
3 the superintendent;

4 (7) appoint a conservator to oversee the operations of
5 the district;

6 (8) appoint a management team to direct the operations of
7 the district in areas of unacceptable performance or require the
8 district to obtain certain services under a contract with another
9 person;

10 (9) if a district has been rated as academically
11 unacceptable for a period of one year or more, appoint a board of
12 managers to exercise the powers and duties of the board of trustees;

13 (10) if a district has been rated as academically
14 unacceptable for a period of two years or more:

15 (A) annex the district to one or more adjoining
16 districts under Section 13.054; or

17 (B) in the case of a home-rule school district or
18 public charter district [~~open-enrollment charter school~~], order
19 closure of all programs operated under the district's [~~or school's~~]
20 charter; or

21 (11) if a district has been rated as academically
22 unacceptable for a period of two years or more due to the district's

1 dropout rates, impose sanctions designed to improve high school
2 completion rates, including:

3 (A) ordering the development of a dropout prevention
4 plan for approval by the commissioner;

5 (B) restructuring the district or appropriate school
6 campuses to improve identification of and service to students who are
7 at risk of dropping out of school, as defined by Section 29.081;

8 (C) ordering lower student-to-counselor ratios on
9 school campuses with high dropout rates; and

10 (D) ordering the use of any other intervention
11 strategy effective in reducing dropout rates, including mentor
12 programs and flexible class scheduling.

13 SECTION 4.55. Section 39.182(a), Education Code, is amended to
14 read as follows:

15 (a) Not later than December 1 of each year, the agency shall
16 prepare and deliver to the governor, the lieutenant governor, the
17 speaker of the house of representatives, each member of the
18 legislature, the Legislative Budget Board, and the clerks of the
19 standing committees of the senate and house of representatives with
20 primary jurisdiction over the public school system a comprehensive
21 report covering the preceding school year and containing:

22 (1) an evaluation of the achievements of the state

1 educational program in relation to the statutory goals for the public
2 education system under Section 4.002;

3 (2) an evaluation of the status of education in the state
4 as reflected by the academic excellence indicators adopted under
5 Section 39.051;

6 (3) a summary compilation of overall student performance
7 on academic skills assessment instruments required by Section 39.023
8 with the number and percentage of students exempted from the
9 administration of those instruments and the basis of the exemptions,
10 aggregated by grade level, subject area, campus, and district, with
11 appropriate interpretations and analysis, and disaggregated by race,
12 ethnicity, gender, and socioeconomic status;

13 (4) a summary compilation of overall performance of
14 students placed in an alternative education program established under
15 Section 37.008 on academic skills assessment instruments required by
16 Section 39.023 with the number of those students exempted from the
17 administration of those instruments and the basis of the exemptions,
18 aggregated by district, grade level, and subject area, with
19 appropriate interpretations and analysis, and disaggregated by race,
20 ethnicity, gender, and socioeconomic status;

21 (5) a summary compilation of overall performance of
22 students at risk of dropping out of school, as defined by Section

1 29.081(d), on academic skills assessment instruments required by
2 Section 39.023 with the number of those students exempted from the
3 administration of those instruments and the basis of the exemptions,
4 aggregated by district, grade level, and subject area, with
5 appropriate interpretations and analysis, and disaggregated by race,
6 ethnicity, gender, and socioeconomic status;

7 (6) an evaluation of the correlation between student
8 grades and student performance on academic skills assessment
9 instruments required by Section 39.023;

10 (7) a statement of the dropout rate of students in grade
11 levels 7 through 12, expressed in the aggregate and by grade level,
12 and a statement of the completion rates of students for grade levels
13 9 through 12;

14 (8) a statement of:

15 (A) the completion rate of students who enter grade
16 level 9 and graduate not more than four years later;

17 (B) the completion rate of students who enter grade
18 level 9 and graduate, including students who require more than four
19 years to graduate;

20 (C) the completion rate of students who enter grade
21 level 9 and not more than four years later receive a high school
22 equivalency certificate;

1 (D) the completion rate of students who enter grade
2 level 9 and receive a high school equivalency certificate, including
3 students who require more than four years to receive a certificate;
4 and

5 (E) the number and percentage of all students who
6 have not been accounted for under Paragraph (A), (B), (C), or (D);

7 (9) a statement of the projected cross-sectional and
8 longitudinal dropout rates for grade levels 9 through 12 for the next
9 five years, assuming no state action is taken to reduce the dropout
10 rate;

11 (10) a description of a systematic, measurable plan for
12 reducing the projected cross-sectional and longitudinal dropout rates
13 to five percent or less for the 1997-1998 school year;

14 (11) a summary of the information required by Section
15 29.083 regarding grade level retention of students and information
16 concerning:

17 (A) the number and percentage of students retained;
18 and

19 (B) the performance of retained students on
20 assessment instruments required under Section 39.023(a);

21 (12) information, aggregated by district type and
22 disaggregated by race, ethnicity, gender, and socioeconomic status,

1 on:

2 (A) the number of students placed in a disciplinary
3 [~~an~~] alternative education program established under Section 37.008;

4 (B) the average length of a student's placement in
5 a disciplinary [~~an~~] alternative education program established under
6 Section 37.008;

7 (C) the academic performance of students on
8 assessment instruments required under Section 39.023(a) during the
9 year preceding and during the year following placement in a
10 disciplinary [~~an~~] alternative education program; and

11 (D) the dropout rates of students who have been
12 placed in a disciplinary [~~an~~] alternative education program
13 established under Section 37.008;

14 (13) a list of each school district or campus that does
15 not satisfy performance standards, with an explanation of the actions
16 taken by the commissioner to improve student performance in the
17 district or campus and an evaluation of the results of those actions;

18 (14) an evaluation of the status of the curriculum taught
19 in public schools, with recommendations for legislative changes
20 necessary to improve or modify the curriculum required by Section
21 28.002;

22 (15) a description of all funds received by and each

1 activity and expenditure of the agency;

2 (16) a summary and analysis of the instructional
3 expenditures ratios and instructional employees ratios of school
4 districts computed under Section 44.0071;

5 (17) a summary of the effect of deregulation, including
6 exemptions and waivers granted under Section 7.056 or 39.112;

7 (18) a statement of the total number and length of
8 reports that school districts and school district employees must
9 submit to the agency, identifying which reports are required by
10 federal statute or rule, state statute, or agency rule, and a summary
11 of the agency's efforts to reduce overall reporting requirements;

12 (19) a list of each school district that is not in
13 compliance with state special education requirements, including:

14 (A) the period for which the district has not been
15 in compliance;

16 (B) the manner in which the agency considered the
17 district's failure to comply in determining the district's
18 accreditation status; and

19 (C) an explanation of the actions taken by the
20 commissioner to ensure compliance and an evaluation of the results
21 of those actions;

22 (20) a comparison of the performance of public charter

1 districts [~~open-enrollment charter schools~~] and school districts on
2 the academic excellence indicators specified in Section 39.051(b) and
3 accountability measures adopted under Section 39.051(g), with a
4 separately aggregated comparison of the performance of public charter
5 districts [~~open-enrollment charter schools~~] predominantly serving
6 students at risk of dropping out of school, as defined by Section
7 29.081(d), with the performance of school districts; and

8 (21) any additional information considered important by
9 the commissioner or the State Board of Education.

10 SECTION 4.56. Section 42.005(f), Education Code, is amended to
11 read as follows:

12 (f) A public charter district [~~An open-enrollment charter~~
13 ~~school~~] is not entitled to funding based on an adjustment under
14 Subsection (b) (2).

15 SECTION 4.57. Section 42.152(c), Education Code, is amended to
16 read as follows:

17 (c) Funds allocated under this section shall be used to fund
18 supplemental programs and services designed to eliminate any
19 disparity in performance on assessment instruments administered under
20 Subchapter B, Chapter 39, or disparity in the rates of high school
21 completion between students at risk of dropping out of school, as
22 defined by Section 29.081, and all other students. Specifically, the

1 funds, other than an indirect cost allotment established under State
2 Board of Education rule, which may not exceed 15 percent, may be used
3 to meet the costs of providing a compensatory, intensive, or
4 accelerated instruction program under Section 29.081 or an
5 alternative education program established under Section 37.008 or to
6 support a program eligible under Title I of the Elementary and
7 Secondary Education Act of 1965, as provided by Pub. L. No. 103-382
8 and its subsequent amendments, and by federal regulations
9 implementing that Act, at a campus at which at least 40 percent of
10 the students are educationally disadvantaged. In meeting the costs
11 of providing a compensatory, intensive, or accelerated instruction
12 program under Section 29.081, a district's compensatory education
13 allotment shall be used for costs supplementary to the regular
14 education program, such as costs for program and student evaluation,
15 instructional materials and equipment and other supplies required for
16 quality instruction, supplemental staff expenses, salary for teachers
17 of at-risk students, smaller class size, and individualized
18 instruction. A home-rule school district or a public charter
19 district [~~an open-enrollment charter school~~] must use funds allocated
20 under 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:

1 (1) to ensure that a sufficient amount of the funds
2 allotted under this section are available to supplement instructional
3 programs and services, no more than 18 percent of the funds allotted
4 under this section may be used to fund disciplinary alternative
5 education programs established under Section 37.008;

6 (2) the commissioner may waive the limitations of
7 Subdivision (1) upon an annual petition, by a district's board and
8 a district's site-based decision making committee, presenting the
9 reason for the need to spend supplemental compensatory education
10 funds on disciplinary alternative education programs under Section
11 37.008, provided that:

12 (A) the district in its petition reports the number
13 of students in each grade level, by demographic subgroup, not making
14 satisfactory progress under the state's assessment system; and

15 (B) the commissioner makes the waiver request
16 information available annually to the public on the agency's website;
17 and

18 (3) for purposes of this subsection, a program
19 specifically designed to serve students at risk of dropping out of
20 school, as defined by Section 29.081, is considered to be a program
21 supplemental to the regular education program, and a district may use
22 its compensatory education allotment for such a program.

1 SECTION 4.58. Section 44.008(a), Education Code, is amended to
2 read as follows:

3 (a) The board of school trustees of each school district shall
4 have its school district fiscal accounts audited annually at district
5 expense by a certified or public accountant holding a permit from the
6 Texas State Board of Public Accountancy. Except as determined
7 impracticable by the commissioner, the accountant must have completed
8 at least one peer-reviewed audit of a school district, governmental
9 entity, quasi-governmental entity, or nonprofit corporation and
10 received an unqualified opinion from the peer review. The audit must
11 be completed following the close of each fiscal year.

12 SECTION 4.59. Section 46.012, Education Code, is amended to
13 read as follows:

14 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS [~~OPEN-~~
15 ~~ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An open-~~
16 ~~enrollment charter school~~] is not entitled to an allotment under this
17 subchapter.

18 SECTION 4.60. Section 46.036, Education Code, is amended to
19 read as follows:

20 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS [~~OPEN-~~
21 ~~ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An open-~~
22 ~~enrollment charter school~~] is not entitled to an allotment under this

1 subchapter.

2 SECTION 4.61. Section 53.02(13), Education Code, is amended to
3 read as follows:

4 (13) "Authorized charter school" means a public charter
5 district [~~an open-enrollment charter school~~] that holds a charter
6 granted under Chapter 11A [~~Subchapter D, Chapter 12~~].

7 SECTION 4.62. The heading to Section 53.351, Education Code,
8 is amended to read as follows:

9 Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN-ENROLLMENT~~] CHARTER
10 SCHOOL FACILITIES.

11 SECTION 4.63. Sections 53.351(a), (c), (d), (f), and (g),
12 Education Code, are amended to read as follows:

13 (a) The Texas Public Finance Authority shall establish a
14 nonprofit corporation to issue revenue bonds on behalf of authorized
15 [~~open-enrollment~~] charter schools for the acquisition, construction,
16 repair, or renovation of educational facilities of those schools.

17 (c) The corporation has all powers granted under the Texas Non-
18 Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas
19 Civil Statutes) for the purpose of aiding authorized [~~open-~~
20 ~~enrollment~~] charter schools in providing educational facilities. The
21 corporation may make expenditures from the fund described by
22 Subsection (e) and may solicit and accept grants for deposit into the

1 fund. In addition, Sections 53.131, 53.15, 53.31, 53.32, 53.331,
2 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and govern the
3 corporation and its procedures and bonds.

4 (d) The corporation shall adopt rules governing the issuance
5 of bonds on behalf of an authorized [~~open-enrollment~~] charter school.

6 (f) A revenue bond issued under this section is not a debt of
7 the state or any state agency, political corporation, or political
8 subdivision of the state and is not a pledge of the faith and credit
9 of any of these entities. A revenue bond is payable solely from the
10 revenue of the authorized [~~open-enrollment~~] charter school on whose
11 behalf the bond is issued. A revenue bond issued under this section
12 must contain on its face a statement to the effect that:

13 (1) neither the state nor a state agency, political
14 corporation, or political subdivision of the state is obligated to
15 pay the principal of or interest on the bond; and

16 (2) neither the faith and credit nor the taxing power of
17 the state or any state agency, political corporation, or political
18 subdivision of the state is pledged to the payment of the principal
19 of or interest on the bond.

20 (g) An educational facility financed in whole or in part under
21 this section is exempt from taxation if the facility:

22 (1) is owned by an authorized [~~open-enrollment~~] charter

1 school;

2 (2) is held for the exclusive benefit of the school; and

3 (3) is held for the exclusive use of the students,
4 faculty, and staff members of the school.

5 SECTION 4.64. Section 411.097(c), Government Code, is amended
6 to read as follows:

7 (c) A public charter district [~~An open-enrollment charter~~
8 ~~school~~] is entitled to obtain from the department criminal history
9 record information maintained by the department that relates to a
10 person who:

11 (1) is a member of the governing body of the public
12 charter district [~~school~~], as defined by Section 11A.001 [~~12.1012~~],
13 Education Code; or

14 (2) has agreed to serve as a member of the governing body
15 of the public charter district [~~school~~].

16 SECTION 4.65. Sections 2175.128(a) and (b), Government Code,
17 are amended to read as follows:

18 (a) If a disposition of a state agency's surplus or salvage
19 data processing equipment is not made under Section 2175.125 or
20 2175.184, the state agency shall transfer the equipment to:

21 (1) a school district or public charter district [~~open-~~
22 ~~enrollment charter school~~] in this state under Subchapter C, Chapter

1 32, Education Code;

2 (2) an assistance organization specified by the school
3 district or public charter district; or

4 (3) the Texas Department of Criminal Justice.

5 (b) If a disposition of the surplus or salvage data processing
6 equipment of a state eleemosynary institution or an institution or
7 agency of higher education is not made under other law, the
8 institution or agency shall transfer the equipment to:

9 (1) a school district or public charter district [~~open-~~
10 ~~enrollment charter school~~] in this state under Subchapter C, Chapter
11 32, Education Code;

12 (2) an assistance organization specified by the school
13 district or public charter district; or

14 (3) the Texas Department of Criminal Justice.

15 SECTION 4.66. Section 2306.630(a), Government Code, is amended
16 to read as follows:

17 (a) Subject to Subsection (b), the following entities may apply
18 to receive a grant for an eligible project under this subchapter:

19 (1) a private, nonprofit, tax-exempt organization listed
20 in Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C.
21 Section 501(c)(3));

22 (2) a public agency that operates a community-based youth

1 employment training program;

2 (3) a community housing development organization
3 certified by the state;

4 (4) an educational facility approved by the Texas Youth
5 Commission;

6 (5) a corps-based community service organization;

7 (6) a public charter district [~~an open-enrollment charter~~
8 ~~school~~] approved by the State Board of Education [~~Texas Education~~
9 ~~Agency~~]; or

10 (7) another entity authorized by board rule.

11 SECTION 4.67. Section 1575.002(6), Insurance Code, is amended
12 to read as follows:

13 (6) "Public school" means:

14 (A) a school district;

15 (B) another educational district whose employees are
16 members of the Teacher Retirement System of Texas;

17 (C) a regional education service center established
18 under Chapter 8, Education Code; or

19 (D) a public charter district [~~an open-enrollment~~
20 ~~charter school~~] established under Chapter 11A [~~Subchapter D, Chapter~~
21 ~~12~~], Education Code.

22 SECTION 4.68. Section 1579.002(3), Insurance Code, is amended

1 to read as follows:

2 (3) "Charter school" means a public charter district [~~an~~
3 ~~open-enrollment charter school~~] established under Chapter 11A
4 [~~Subchapter D, Chapter 12~~], Education Code.

5 SECTION 4.69. Section 140.005, Local Government Code, is
6 amended to read as follows:

7 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD, OR
8 OTHER DISTRICT. The governing body of a school district, public
9 charter district [~~open-enrollment charter school~~], junior college
10 district, or a district or authority organized under Article III,
11 Section 52, or Article XVI, Section 59, of the Texas Constitution,
12 shall prepare an annual financial statement showing for each fund
13 subject to the authority of the governing body during the fiscal
14 year:

15 (1) the total receipts of the fund, itemized by source of
16 revenue, including taxes, assessments, service charges, grants of
17 state money, gifts, or other general sources from which funds are
18 derived;

19 (2) the total disbursements of the fund, itemized by the
20 nature of the expenditure; and

21 (3) the balance in the fund at the close of the fiscal
22 year.

1 SECTION 4.70. Section 140.006(c), Local Government Code, is
2 amended to read as follows:

3 (c) The presiding officer of a school district shall submit a
4 financial statement prepared under Section 140.005 to a daily,
5 weekly, or biweekly newspaper published within the boundaries of the
6 district. If a daily, weekly, or biweekly newspaper is not published
7 within the boundaries of the school district, the financial statement
8 shall be published in the manner provided by Subsections (a) and (b).

9 The financial statement of a public charter district [~~an open-~~
10 ~~enrollment charter school~~] shall be made available in the manner
11 provided by Chapter 552, Government Code.

12 SECTION 4.71. Section 375.303(2), Local Government Code, is
13 amended to read as follows:

14 (2) "Eligible project" means a program authorized by
15 Section 379A.051 and a project as defined by Sections 2(11) and
16 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
17 Vernon's Texas Civil Statutes). Notwithstanding this definition,
18 seeking a charter for or operating a public charter district [~~an~~
19 ~~open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter~~
20 ~~D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an eligible
21 project.

22 SECTION 4.72. Sections 375.308(b) and (c), Local Government

1 Code, are amended to read as follows:

2 (b) An authority may not:

3 (1) issue bonds or notes without the prior approval of
4 the governing body of the municipality that created the authority;

5 (2) seek a charter for or operate, within the boundaries
6 of the authority, a public charter district [~~an open-enrollment~~
7 ~~charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~],
8 Education Code; or

9 (3) levy ad valorem property taxes.

10 (c) A municipality may not seek a charter for or operate a
11 public charter district [~~an open-enrollment charter school~~]
12 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code,
13 within the boundaries of the authority.

14 SECTION 4.73. Section 541.201(15), Transportation Code, is
15 amended to read as follows:

16 (15) "School activity bus" means a bus designed to
17 accommodate more than 15 passengers, including the operator, that is
18 owned, operated, rented, or leased by a school district, county
19 school, public charter district [~~open-enrollment charter school~~],
20 regional education service center, or shared services arrangement and
21 that is used to transport public school students on a school-related
22 activity trip, other than on routes to and from school. The term

1 does not include a chartered bus, a bus operated by a mass transit
2 authority, or a school bus.

3 SECTION 4.74. Section 57.042(9), Utilities Code, is amended to
4 read as follows:

5 (9) "Public school" means a public elementary or
6 secondary school, including a public charter district [~~an open-~~
7 ~~enrollment charter school~~], a home-rule school district school, and
8 a school with a campus or campus program charter.

9 SECTION 4.75. Section 4(2), Chapter 22, Acts of the 57th
10 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
11 Texas Civil Statutes), is amended to read as follows:

12 (2) "Educational institution" means a school district or
13 a public charter district [~~an open-enrollment charter school~~].

14 SECTION 4.76. The following laws are repealed:

15 (1) Section 12.106, Education Code; and

16 (2) Section 40, Chapter 1504, Acts of the 77th
17 Legislature, Regular Session, 2001.

18 SECTION 4.77. Notwithstanding the repeal of Sections 12.107 and
19 12.128, Education Code, by this Act, those sections continue to apply
20 to state funds and property received or purchased by an open-
21 enrollment charter school before September 1, 2006.

22 SECTION 4.78. The changes in law made by Sections 4.04-4.78 of

1 this article apply beginning August 1, 2006, except that Sections
2 4.11, 4.12, 4.59, and 4.77 apply beginning September 1, 2005.

3 ARTICLE 5. CONFORMING AMENDMENTS

4 PART A. CONFORMING AMENDMENTS EFFECTIVE

5 SEPTEMBER 1, 2005

6 SECTION 5A.01. Section 22.004(c), Education Code, is amended
7 to read as follows:

8 (c) The cost of the coverage provided under the program
9 described by Subsection (a) shall be paid by the state, the district,
10 and the employees in the manner provided by Chapter 1579 [~~Article~~
11 ~~3.50-7~~], Insurance Code. The cost of coverage provided under a plan
12 adopted under Subsection (b) shall be shared by the employees and the
13 district using the contributions by the state described by Subchapter
14 F, Chapter 1579 [~~Section 9, Article 3.50-7~~], Insurance Code, or by
15 Chapter 1580 [~~Article 3.50-8~~], Insurance Code.

16 SECTION 5A.02. Section 822.201(c), Government Code, is amended
17 to read as follows:

18 (c) Excluded from salary and wages are:

- 19 (1) expense payments;
- 20 (2) allowances;
- 21 (3) payments for unused vacation or sick leave;
- 22 (4) maintenance or other nonmonetary compensation;

1 (5) fringe benefits;

2 (6) deferred compensation other than as provided by
3 Subsection (b) (3);

4 (7) compensation that is not made pursuant to a valid
5 employment agreement;

6 (8) payments received by an employee in a school year
7 that exceed \$5,000 for teaching a driver education and traffic safety
8 course that is conducted outside regular classroom hours;

9 (9) the benefit replacement pay a person earns as a
10 result of a payment made under Subchapter B or C, Chapter 661;

11 (10) compensation designated [~~contributions to a health~~
12 ~~reimbursement arrangement account received~~] by an employee as health
13 care supplementation under Chapter 1580 [Article 3.50-8], Insurance
14 Code, subject to the following limits:

15 (A) \$1,000, for an employee entitled to the minimum
16 salary under Section 21.402, Education Code;

17 (B) \$1,000, for a full-time support staff employee
18 entitled to a wage increase under Section 22.007(a), Education Code;
19 and

20 (C) \$500, for a part-time support staff employee
21 entitled to a wage increase under Section 22.007(b), Education Code;

22 and

1 (11) any compensation not described by Subsection (b).

2 SECTION 5A.03. This part applies beginning with the 2005-2006
3 school year.

4 PART B. CONFORMING AMENDMENTS

5 RELATED TO EDUCATION FUNDING AND EQUALIZATION

6 SECTION 5B.01. Section 7.055(b) (34), Education Code, is amended
7 to read as follows:

8 (34) The commissioner shall perform duties in connection
9 with equalization actions [~~the equalized wealth level~~] under Chapter
10 41.

11 SECTION 5B.02. Section 12.013(b), Education Code, is amended
12 to read as follows:

13 (b) A home-rule school district is subject to:

14 (1) a provision of this title establishing a criminal
15 offense;

16 (2) a provision of this title relating to limitations on
17 liability; and

18 (3) a prohibition, restriction, or requirement, as
19 applicable, imposed by this title or a rule adopted under this title,
20 relating to:

21 (A) the Public Education Information Management
22 System (PEIMS) to the extent necessary to monitor compliance with

1 this subchapter as determined by the commissioner;

2 (B) educator certification under Chapter 21 and
3 educator rights under Sections 21.407, 21.408, and 22.001;

4 (C) criminal history records under Subchapter C,
5 Chapter 22;

6 (D) student admissions under Section 25.001;

7 (E) school attendance under Sections 25.085, 25.086,
8 and 25.087;

9 (F) inter-district or inter-county transfers of
10 students under Subchapter B, Chapter 25;

11 (G) elementary class size limits under Section
12 25.112, in the case of any campus in the district that is considered
13 academically unacceptable [~~low-performing~~] under Section 39.132;

14 (H) high school graduation under Section 28.025;

15 (I) special education programs under Subchapter A,
16 Chapter 29;

17 (J) bilingual education under Subchapter B, Chapter
18 29;

19 (K) prekindergarten programs under Subchapter E,
20 Chapter 29;

21 (L) safety provisions relating to the transportation
22 of students under Sections 34.002, 34.003, 34.004, and 34.008;

1 (M) computation and distribution of state aid under
2 Chapters 31, 42, and 43;

3 (N) extracurricular activities under Section 33.081;

4 (O) health and safety under Chapter 38;

5 (P) public school accountability under Subchapters
6 B, C, D, and G, Chapter 39;

7 (Q) equalization [~~equalized wealth~~] under Section
8 42.401 [~~Chapter 41~~];

9 (R) a bond or other obligation or tax rate under
10 Chapters 42, 43, and 45; and

11 (S) purchasing under Chapter 44.

12 SECTION 5B.03. Section 21.410(h), Education Code, is amended
13 to read as follows:

14 (h) A grant a school district receives under this section is
15 in addition to any funding the district receives under Chapter 42.

16 The commissioner shall distribute funds under this section with the
17 Foundation School Program payment to which the district is entitled
18 as soon as practicable after the end of the school year as determined
19 by the commissioner. A district to which Section 42.401 [~~Chapter 41~~]
20 applies is entitled to the grants paid under this section. The
21 commissioner shall determine the timing of the distribution of grants
22 to a district that does not receive Foundation School Program

1 payments.

2 SECTION 5B.04. Section 21.411(h), Education Code, is amended
3 to read as follows:

4 (h) A grant a school district receives under this section is
5 in addition to any funding the district receives under Chapter 42.

6 The commissioner shall distribute funds under this section with the
7 Foundation School Program payment to which the district is entitled
8 as soon as practicable after the end of the school year as determined
9 by the commissioner. A district to which Section 42.401 [~~Chapter 41~~]
10 applies is entitled to the grants paid under this section. The
11 commissioner shall determine the timing of the distribution of grants
12 to a district that does not receive Foundation School Program
13 payments.

14 SECTION 5B.05. Section 21.412(h), Education Code, is amended
15 to read as follows:

16 (h) A grant a school district receives under this section is
17 in addition to any funding the district receives under Chapter 42.

18 The commissioner shall distribute funds under this section with the
19 Foundation School Program payment to which the district is entitled
20 as soon as practicable after the end of the school year as determined
21 by the commissioner. A district to which Section 42.401 [~~Chapter 41~~]
22 applies is entitled to the grants paid under this section. The

1 commissioner shall determine the timing of the distribution of grants
2 to a district that does not receive Foundation School Program
3 payments.

4 SECTION 5B.06. Section 21.413(h), Education Code, as added by
5 Section 2, Chapter 430, Acts of the 78th Legislature, Regular
6 Session, 2003, is amended to read as follows:

7 (h) A grant a school district receives under this section is
8 in addition to any funding the district receives under Chapter 42.

9 The commissioner shall distribute funds under this section with the
10 Foundation School Program payment to which the district is entitled
11 as soon as practicable after the end of the school year as determined
12 by the commissioner. A district to which Section 42.401 [~~Chapter 41~~]
13 applies is entitled to the grants paid under this section. The
14 commissioner shall determine the timing of the distribution of grants
15 to a district that does not receive Foundation School Program
16 payments.

17 SECTION 5B.07. Section 21.453(b), Education Code, is amended
18 to read as follows:

19 (b) The commissioner may allocate funds from the account to
20 regional education service centers to provide staff development
21 resources to school districts that:

22 (1) are rated academically unacceptable;

1 (2) have one or more campuses rated academically
2 unacceptable [~~as low-performing~~]; or

3 (3) are otherwise in need of assistance as indicated by
4 the academic performance of students, as determined by the
5 commissioner.

6 SECTION 5B.08. Section 29.014(d), Education Code, is amended
7 to read as follows:

8 (d) The accreditation [~~basic~~] allotment for a student enrolled
9 in a district to which this section applies is adjusted by:

10 (1) the cost of education adjustment under Section 42.102
11 for the school district in which the district is geographically
12 located; and

13 (2) the weight for a homebound student under Section
14 42.151(a).

15 SECTION 5B.09. Section 29.087(j), Education Code, is amended
16 to read as follows:

17 (j) For purposes of funding under Chapters [~~41~~] 42[~~7~~] and 46,
18 a student attending a program authorized by this section may be
19 counted in attendance only for the actual number of hours each school
20 day the student attends the program, in accordance with Sections
21 25.081 and 25.082.

22 SECTION 5B.10. Section 29.202(a), Education Code, is amended

1 to read as follows:

2 (a) A student is eligible to receive a public education grant
3 or to attend another public school in the district in which the
4 student resides under this subchapter if the student is assigned to
5 attend a public school campus:

6 (1) at which 50 percent or more of the students did not
7 perform satisfactorily on an assessment instrument administered under
8 Section 39.023(a) or (c) in any two of the preceding three years; or

9 (2) that was, at any time in the preceding three years,
10 considered academically unacceptable [~~low-performing~~] under Section
11 39.132.

12 SECTION 5B.11. Section 29.203(b), Education Code, is amended
13 to read as follows:

14 (b) A school district is entitled to the allotment provided by
15 Section 42.157 for each eligible student using a public education
16 grant. [~~If the district has a wealth per student greater than the
17 guaranteed wealth level but less than the equalized wealth level, a
18 school district is entitled under rules adopted by the commissioner
19 to additional state aid in an amount equal to the difference between
20 the cost to the district of providing services to a student using a
21 public education grant and the sum of the state aid received because
22 of the allotment under Section 42.157 and money from the available~~]

1 ~~school fund attributable to the student.]~~

2 SECTION 5B.12. Section 30.003, Education Code, is amended by
3 adding Subsection (f-1) to read as follows:

4 (f-1) The commissioner shall determine the total amount that
5 the Texas School for the Blind and Visually Impaired and the Texas
6 School for the Deaf would have received from school districts
7 pursuant to this section if H.B. No. 2, Acts of the 79th Legislature,
8 Regular Session, 2005, had not reduced the districts' share of the
9 cost of providing education services. That amount, minus any amount
10 the schools do receive from school districts, shall be set apart as
11 a separate account in the foundation school fund and appropriated to
12 those schools for educational purposes.

13 SECTION 5B.13. Section 37.0061, Education Code, is amended to
14 read as follows:

15 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
16 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
17 education services to pre-adjudicated and post-adjudicated students
18 who are confined by court order in a juvenile residential facility
19 operated by a juvenile board is entitled to count such students in
20 the district's average daily attendance for purposes of receipt of
21 state funds under the Foundation School Program. [~~If the district~~
22 ~~has a wealth per student greater than the guaranteed wealth level but~~

1 ~~less than the equalized wealth level, the district in which the~~
2 ~~student is enrolled on the date a court orders the student to be~~
3 ~~confined to a juvenile residential facility shall transfer to the~~
4 ~~district providing education services an amount equal to the~~
5 ~~difference between the average Foundation School Program costs per~~
6 ~~student of the district providing education services and the sum of~~
7 ~~the state aid and the money from the available school fund received~~
8 ~~by the district that is attributable to the student for the portion~~
9 ~~of the school year for which the district provides education services~~
10 ~~to the student.]~~

11 SECTION 5B.14. Section 87.208, Education Code, is amended to
12 read as follows:

13 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
14 regents of The Texas A&M University System administers a program that
15 is substantially similar to the Seaborne Conservation Corps as it was
16 administered by the board during the 1998-1999 school year, the
17 program is entitled, for each student enrolled, to allotments from
18 the Foundation School Program under Chapter 42 as if the program were
19 a school district, except that:

20 (1) the program has a local share applied that is
21 equivalent to the local fund assignment of the school district in
22 which the principal facilities of the program are located; and

1 (2) the district enrichment tax rate under Section 42.302
2 is the average district enrichment tax rate for the state.

3 SECTION 5B.15. Section 96.707(k), Education Code, is amended
4 to read as follows:

5 (k) For each student enrolled in the academy, the academy is
6 entitled to allotments from the Foundation School Program under
7 Chapter 42 as if the academy were a school district, except that:

8 (1) the academy has a local share applied that is
9 equivalent to the local fund assignment of the Beaumont Independent
10 School District; and

11 (2) the district enrichment tax rate under Section 42.302
12 is the average district enrichment tax rate for the state.

13 SECTION 5B.16. Section 105.301(e), Education Code, is amended
14 to read as follows:

15 (e) The academy is not subject to the provisions of this code,
16 or to the rules of the Texas Education Agency, regulating public
17 schools, except that:

18 (1) professional employees of the academy are entitled to
19 the limited liability of an employee under Section 22.0511, 22.0512,
20 or 22.052;

21 (2) a student's attendance at the academy satisfies
22 compulsory school attendance requirements; [~~and~~]

1 (3) for each student enrolled, the academy is entitled to
2 allotments from the foundation school program under Chapter 42 as if
3 the academy were a school district without a basic program [~~tier one~~]
4 local share for purposes of Section 42.253; and

5 (4) in determining funding for the academy:

6 (A) the adjustment under Section 42.102 is the
7 adjustment of the school district in which the principal facilities
8 of the academy are located; and

9 (B) the district enrichment tax rate under Section
10 42.302 is the average district enrichment tax rate for the state.

11 SECTION 5B.17. Section 317.005(f), Government Code, is amended
12 to read as follows:

13 (f) The governor or board may adopt an order under this section
14 withholding or transferring any portion of the total amount
15 appropriated to finance the foundation school program for a fiscal
16 year. The governor or board may not adopt such an order if it would
17 result in an allocation of money between particular programs or
18 statutory allotments under the foundation school program contrary to
19 the statutory proration formula provided by Section 42.253(h),
20 Education Code. The governor or board may transfer an amount to the
21 total amount appropriated to finance the foundation school program
22 for a fiscal year and may increase the accreditation [~~basic~~]

1 allotment. The governor or board may adjust allocations of amounts
2 between particular programs or statutory allotments under the
3 foundation school program only for the purpose of conforming the
4 allocations to actual pupil enrollments or attendance.

5 SECTION 5B.18. Section 2175.304(c), Government Code, is amended
6 to read as follows:

7 (c) The procedures established under Subsection (b) must give
8 preference to transferring the property directly to a public school
9 or school district or to an assistance organization designated by the
10 school district before disposing of the property in another manner.

11 If more than one public school or school district or assistance
12 organization seeks to acquire the same property on substantially the
13 same terms, the system, institution, or agency shall give preference
14 to a public school that is considered academically unacceptable under
15 Section 39.132, Education Code, [~~low-performing by the commissioner~~
16 ~~of education~~] or to a school district that has a relatively low
17 [taxable] wealth per student, as determined by the commissioner of
18 education [~~that entitles the district to an allotment of state funds~~
19 ~~under Subchapter F, Chapter 42, Education Code~~], or to the assistance
20 organization designated by such a school district.

21 SECTION 5B.19. Section 1579.251(a), Insurance Code, is amended
22 to read as follows:

1 (a) The state shall assist employees of participating school
2 districts and charter schools in the purchase of group health
3 coverage under this chapter by providing for each covered employee
4 the amount of \$900 each state fiscal year or a greater amount as
5 provided by the General Appropriations Act. The state contribution
6 shall be distributed through the school finance formulas under
7 Chapter [~~Chapters 41 and~~] 42, Education Code, in a manner the
8 commissioner of education determines appropriate [~~and used by school~~
9 ~~districts and charter schools as provided by Sections 42.2514 and~~
10 ~~42.260, Education Code~~].

11 SECTION 5B.20. Section 302.006(c), Labor Code, is amended to
12 read as follows:

13 (c) To be eligible to receive a scholarship awarded under this
14 section, a person must:

15 (1) be employed in a child-care facility, as defined by
16 Section 42.002, Human Resources Code;

17 (2) intend to obtain a credential, certificate, or degree
18 specified in Subsection (b);

19 (3) agree to work for at least 18 additional months in a
20 child-care facility, as defined by Section 42.002, Human Resources
21 Code, that accepts federal Child Care Development Fund subsidies and
22 that, at the time the person begins to fulfill the work requirement

1 imposed by this subdivision, is located:

2 (A) within the attendance zone of a public school
3 campus considered academically unacceptable [~~low-performing~~] under
4 Section 39.132, Education Code; or

5 (B) in an economically disadvantaged community, as
6 determined by the commission; and

7 (4) satisfy any other requirements adopted by the
8 commission.

9 SECTION 5B.21. Section 6.02(b), Tax Code, is amended to read
10 as follows:

11 (b) A taxing unit that has boundaries extending into two or
12 more counties may choose to participate in only one of the appraisal
13 districts. In that event, the boundaries of the district chosen
14 extend outside the county to the extent of the unit's boundaries.

15 To be effective, the choice must be approved by resolution of the
16 board of directors of the district chosen. [~~The choice of a school
17 district to participate in a single appraisal district does not apply
18 to property annexed to the school district under Subchapter C or G,
19 Chapter 41, Education Code, unless:~~

20 [~~(1) the school district taxes property other than
21 property annexed to the district under Subchapter C or G, Chapter 41,
22 Education Code, in the same county as the annexed property; or~~

1 ~~[(2) the annexed property is contiguous to property in~~
2 ~~the school district other than property annexed to the district under~~
3 ~~Subchapter C or G, Chapter 41, Education Code.]~~

4 SECTION 5B.22. Section 21.02(a), Tax Code, is amended to read
5 as follows:

6 (a) Except as provided by ~~[Subsection (b) and]~~ Sections 21.021,
7 21.04, and 21.05, tangible personal property is taxable by a taxing
8 unit if:

9 (1) it is located in the unit on January 1 for more than
10 a temporary period;

11 (2) it normally is located in the unit, even though it is
12 outside the unit on January 1, if it is outside the unit only
13 temporarily;

14 (3) it normally is returned to the unit between uses
15 elsewhere and is not located in any one place for more than a
16 temporary period; or

17 (4) the owner resides (for property not used for business
18 purposes) or maintains the owner's [his] principal place of business
19 in this state (for property used for business purposes) in the unit
20 and the property is taxable in this state but does not have a taxable
21 situs pursuant to Subdivisions (1) through (3) ~~[of this section]~~.

22 SECTION 5B.23. Section 39.901(d), Utilities Code, is amended

1 to read as follows:

2 (d) Not later than May 1 of each year, subject to Section
3 39.903(b), the commission shall transfer from the system benefit fund
4 to the foundation school fund the amount determined by the Texas
5 Education Agency under Subsection (b) to the extent that funds are
6 available. Amounts transferred from the system benefit fund under
7 this section may be appropriated only for the support of the
8 Foundation School Program and are available, in addition to any
9 amounts allocated by the General Appropriations Act, to finance
10 actions under Section ~~[41.002(b) or]~~ 42.2521, Education Code.

11 SECTION 5B.24. This part applies beginning with the 2006-2007
12 school year.

13 ARTICLE 6. PROPERTY TAX COLLECTIONS

14 SECTION 6.01. Section 31.05(a), Tax Code, is amended to read
15 as follows:

16 (a) The governing body of a taxing unit ~~[that collects its own~~
17 ~~taxes]~~ may adopt the discounts provided by Subsection (b) or
18 Subsection (c) ~~[of this section]~~, or both, in the manner required by
19 law for official action by the body. The discounts, if adopted,
20 apply only to that taxing unit's taxes ~~[for a taxing unit for which~~
21 ~~the adopting taxing unit collects taxes if the governing body of the~~
22 ~~other unit, in the manner required by law for official action by the~~

1 ~~body, adopts the discounts or approves of their application to its~~
2 ~~taxes by the collecting unit].~~ If a taxing unit adopts both
3 discounts under Subsections (b) and (c) [~~of this section~~], the
4 discounts adopted under Subsection (b) apply unless the [~~unit mails~~
5 ~~its~~] tax bills for the unit are mailed after September 30, in which
6 case only the discounts under Subsection (c) apply. A taxing unit
7 that collects taxes for another taxing unit that adopts the discounts
8 may prepare and mail separate tax bills on behalf of the adopting
9 taxing unit and may charge an additional fee for preparing and
10 mailing the separate tax bills and for collecting the taxes imposed
11 by the adopting taxing unit. If under an intergovernmental contract
12 a county assessor-collector collects taxes for a taxing unit that
13 adopts the discounts, the county assessor-collector may terminate the
14 contract if the county has adopted a discount policy that is
15 different from the discount policy adopted by the adopting taxing
16 unit.

17 SECTION 6.02. (a) Section 31.05, Tax Code, as amended by this
18 article, applies to the adoption of a discount by a taxing unit
19 beginning with the 2005 tax year, except as provided by Subsection
20 (b) of this section.

21 (b) If a taxing unit's tax bills for the 2005 tax year are
22 mailed before the effective date of this article, Section 31.05, Tax

1 Code, as amended by this article, applies to the adoption of a
2 discount by the taxing unit beginning with the 2006 tax year, and the
3 law in effect when the tax bills were mailed applies to the 2005 tax
4 year with respect to that taxing unit.

5 ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION;
6 TRANSFER OF POWERS AND DUTIES

7 SECTION 7.01. Section 21.0031(a), Education Code, is amended
8 to read as follows:

9 (a) An employee's probationary, continuing, or term contract
10 under this chapter is void if the employee:

11 (1) does not hold a certificate or permit issued under
12 Subchapter B [~~by the State Board for Educator Certification~~]; or

13 (2) fails to fulfill the requirements necessary to extend
14 the employee's temporary or emergency certificate or permit.

15 SECTION 7.02. Sections 21.004(a)-(e), Education Code, are
16 amended to read as follows:

17 (a) To the extent that funds are available, the agency[~~, the~~
18 ~~State Board for Educator Certification,~~] and the Texas Higher
19 Education Coordinating Board shall develop and implement programs to
20 identify talented students and recruit those students and persons,
21 including high school and undergraduate students, mid-career and
22 retired professionals, honorably discharged and retired military

1 personnel, and members of underrepresented gender and ethnic groups,
2 into the teaching profession.

3 (b) From available funds, the agency[, ~~the State Board for~~
4 ~~Educator Certification,~~] and the Texas Higher Education Coordinating
5 Board shall develop and distribute materials that emphasize the
6 importance of the teaching profession and inform individuals about
7 state-funded loan forgiveness and tuition assistance programs.

8 (c) The commissioner, in cooperation with the commissioner of
9 higher education [~~and the executive director of the State Board for~~
10 ~~Educator Certification,~~], shall annually identify the need for
11 teachers in specific subject areas and geographic regions and among
12 underrepresented groups. The commissioner shall give priority to
13 developing and implementing recruitment programs to address those
14 needs from the agency's discretionary funds.

15 (d) The agency[, ~~the State Board for Educator Certification,~~]
16 and the Texas Higher Education Coordinating Board shall encourage the
17 business community to cooperate with local schools to develop
18 recruiting programs designed to attract and retain capable teachers,
19 including programs to provide summer employment opportunities for
20 teachers.

21 (e) The agency[, ~~the State Board for Educator Certification,~~]
22 and the Texas Higher Education Coordinating Board shall encourage

1 major education associations to cooperate in developing a long-range
2 program promoting teaching as a career and to assist in identifying
3 local activities and resources that may be used to promote the
4 teaching profession.

5 SECTION 7.03. Section 21.006, Education Code, is amended by
6 amending Subsections (a)-(c) and (e)-(g) and adding Subsection (h)
7 to read as follows:

8 (a) In this section:

9 (1) "Abuse" [~~,"abuse"~~] has the meaning assigned by
10 Section 261.001, Family Code, and includes any sexual conduct
11 involving an educator and a student or minor.

12 (2) "Board" means the Educators' Professional Practices
13 Board.

14 (b) In addition to the reporting requirement under Section
15 261.101, Family Code, the superintendent or director of a school
16 district, regional education service center, or shared services
17 arrangement shall notify the commissioner [~~State Board for Educator~~
18 ~~Certification~~] if the superintendent or director has reasonable cause
19 to believe that:

20 (1) an educator employed by or seeking employment by the
21 district, service center, or shared services arrangement has a
22 criminal record;

1 (2) an educator's employment at the district, service
2 center, or shared services arrangement was terminated based on a
3 determination that the educator:

4 (A) abused or otherwise committed an unlawful act
5 with a student or minor;

6 (B) possessed, transferred, sold, or distributed a
7 controlled substance, as defined by Chapter 481, Health and Safety
8 Code, or by 21 U.S.C. Section 801 et seq. [~~and its subsequent~~
9 ~~amendments~~];

10 (C) illegally transferred, appropriated, or expended
11 funds or other property of the district, service center, or shared
12 services arrangement;

13 (D) attempted by fraudulent or unauthorized means to
14 obtain or alter a professional certificate or license for the purpose
15 of promotion or additional compensation; or

16 (E) committed a criminal offense or any part of a
17 criminal offense on school property or at a school-sponsored event;
18 or

19 (3) the educator resigned and reasonable evidence
20 supports a recommendation by the superintendent or director to
21 terminate the educator based on a determination that the educator
22 engaged in misconduct described by Subdivision (2).

1 (c) The superintendent or director must notify the commissioner
2 [~~State Board for Educator Certification~~] by filing a report with the
3 commissioner [~~board~~] not later than the seventh day after the date
4 the superintendent or director first learns about an alleged incident
5 of misconduct described by Subsection (b). The report must be:

6 (1) in writing; and

7 (2) in a form prescribed by the board.

8 (e) A superintendent or director who in good faith and while
9 acting in an official capacity files a report with the commissioner
10 [~~State Board for Educator Certification~~] under this section is immune
11 from civil or criminal liability that might otherwise be incurred or
12 imposed.

13 (f) The board, acting on a recommendation of the commissioner,
14 [~~State Board for Educator Certification~~] shall determine whether to
15 impose sanctions against a superintendent or director who fails to
16 file a report in violation of Subsection (c).

17 (g) The commissioner [~~State Board for Educator Certification~~]
18 shall propose rules as necessary to implement this section.

19 (h) The commissioner shall forward a report received under this
20 section to the board for use as the commissioner determines
21 appropriate in the execution of the board's duties.

22 SECTION 7.035. Subchapter A, Chapter 21, Education Code, is

1 amended by adding Section 21.007 to read as follows:

2 Sec. 21.007. RECOMMENDATION TO SANCTION. The commissioner shall
3 determine whether to recommend a sanction against an educator to the
4 board under this chapter. The board shall make a final determination
5 regarding the imposition of a sanction under this chapter.

6 SECTION 7.04. Sections 21.031 and 21.032, Education Code, are
7 amended to read as follows:

8 Sec. 21.031. PURPOSE. (a) The Educators' Professional
9 Practices [State] Board [~~for Educator Certification~~] is established
10 in the agency to [~~recognize public school educators as professionals~~
11 ~~and to grant educators the authority to govern the standards of their~~
12 ~~profession. The board shall~~] regulate and oversee [~~all aspects of~~]
13 the [~~certification, continuing education, and~~] standards of conduct
14 of public school educators.

15 (b) The commissioner shall adopt rules governing the
16 certification of educators and continuing education for educators.
17 In adopting [~~In proposing~~] rules under this subchapter, the
18 commissioner [~~board~~] shall ensure that all candidates for
19 certification or renewal of certification demonstrate the knowledge
20 and skills necessary to improve the performance of the diverse
21 student population of this state.

22 Sec. 21.032. DEFINITION. In this subchapter, "board" means the

1 Educators' Professional Practices [State] Board [~~for Educator~~
2 ~~Certification~~].

3 SECTION 7.05. The heading to Section 21.033, Education Code,
4 is amended to read as follows:

5 Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES [STATE] BOARD
6 [~~FOR EDUCATOR CERTIFICATION~~].

7 SECTION 7.06. Section 21.033, Education Code, is amended by
8 amending Subsection (a) and adding Subsections (a-1), (d), (e), and
9 (f) to read as follows:

10 (a) The board [~~State Board for Educator Certification~~] is
11 composed of 11 [~~14~~] members[~~. The commissioner of education shall~~
12 ~~appoint an employee of the agency to represent the commissioner as~~
13 ~~a nonvoting member. The commissioner of higher education shall~~
14 ~~appoint an employee of the Texas Higher Education Coordinating Board~~
15 ~~to represent the commissioner as a nonvoting member. The governor~~
16 ~~shall appoint a dean of a college of education in this state as a~~
17 ~~nonvoting member. The remaining 11 members are~~] appointed by the
18 commissioner [~~governor with the advice and consent of the senate,~~]
19 as follows:

20 (1) six [~~four~~] members must be classroom teachers,
21 appointed as provided by Subsection (a-1) [~~employed in public~~
22 ~~schools~~];

1 (2) not more than two members of the board may ~~[must]~~ be
2 ~~[public]~~ school administrators; and

3 (3) a number of other members consistent with this
4 subsection who the commissioner determines are qualified ~~[one member~~
5 ~~must be a public school counselor; and~~

6 ~~[(4) four members must be citizens, three of whom are not~~
7 ~~and have not, in the five years preceding appointment, been employed~~
8 ~~by a public school district or by an educator preparation program in~~
9 ~~an institution of higher education and one of whom is not and has not~~
10 ~~been employed by a public school district or by an educator~~
11 ~~preparation program in an institution of higher education].~~

12 (a-1) In appointing a board member under Subsection (a) (1), the
13 commissioner shall request a list of qualified candidates from each
14 of the four statewide professional educator associations in this
15 state with the largest membership of classroom teachers and shall
16 make appointments from the candidates listed. Not later than the
17 30th day after the date on which the association receives notice of
18 the commissioner's request for candidate nominations, the association
19 shall submit a list of six candidates for membership on the board.
20 If the commissioner does not receive nominations for at least 12
21 candidates the commissioner may appoint classroom teachers not
22 nominated by an association.

1 (d) The commissioner shall designate a member of the board as
2 the presiding officer of the board to serve in that capacity at the
3 pleasure of the commissioner.

4 (e) The agency shall provide administrative services for the
5 board as necessary.

6 (f) A reference in law to the State Board for Educator
7 Certification means the Educators' Professional Practices Board.

8 SECTION 7.07. Section 21.034, Education Code, is amended to
9 read as follows:

10 Sec. 21.034. TERMS; VACANCY. (a) The board members [~~appointed~~
11 ~~by the governor~~] hold office for staggered terms of six years with
12 the terms of one-third, or as near to one-third as possible, of the
13 members expiring on February 1 of each odd-numbered year. [~~A member~~
14 ~~appointed by the commissioner of education or the commissioner of~~
15 ~~higher education serves at the will of the appointing commissioner.]~~

16 (b) In the event of a vacancy during a term of a member
17 [~~appointed by the governor~~], the commissioner [~~governor~~] shall
18 appoint a replacement who meets the qualifications of the vacated
19 office to fill the unexpired portion of the term.

20 (c) A vacancy arises if a member [~~appointed by the governor~~]
21 no longer qualifies for the office to which the member was appointed,
22 as determined by the commissioner.

1 SECTION 7.075. Section 21.035(a), Education Code, is amended
2 to read as follows:

3 [~~a~~] The board is subject to Chapter 325, Government Code
4 (Texas Sunset Act). Unless continued in existence as provided by
5 that chapter, the board is abolished and this subchapter expires on
6 the date prescribed by Section 7.004 for abolishment of the agency
7 [September 1, 2005].

8 SECTION 7.08. Subchapter B, Chapter 21, Education Code, is
9 amended by adding Section 21.0391 to read as follows:

10 Sec. 21.0391. ADVISORY COMMITTEE. (a) The commissioner shall
11 appoint an advisory committee composed of holders of each class of
12 educator certificate and stakeholders as required under Chapter 2008,
13 Government Code.

14 (b) The advisory committee shall recommend educator
15 certification standards and educator preparation program standards
16 under Sections 21.044 and 21.045, and propose related rules to the
17 commissioner through negotiated rulemaking under Chapter 2008,
18 Government Code. For purposes of that chapter, the advisory
19 committee is considered to be the negotiated rulemaking committee
20 described by Section 2008.054.

21 (c) The commissioner may not finally adopt or amend a rule
22 subject to this section unless the State Board of Education has

1 failed to reject the rule or amendment by an affirmative vote of two-
2 thirds of its members. A vote under this subsection may be conducted
3 by mail ballot, provided that the State Board of Education has at
4 least 30 days' written notice of the proposed final rule adoption.

5 (d) Members of the advisory committee serve at the will of the
6 commissioner.

7 SECTION 7.09. Sections 21.041, 21.044, and 21.045, Education
8 Code, are amended to read as follows:

9 Sec. 21.041. RULES; FEES. (a) The board may adopt rules as
10 necessary for its own procedures.

11 (a-1) The board shall adopt rules that provide for the adoption
12 and amendment of an educator's code of ethics.

13 (b) The commissioner [~~board~~] shall adopt [~~propose~~] rules that:

14 (1) provide for the issuance and renewal of educator
15 certificates [~~regulation of educators and the general administration~~
16 ~~of this subchapter~~] in a manner consistent with this subchapter;

17 (2) specify the classes of educator certificates to be
18 issued, including emergency certificates;

19 (3) specify the period for which each class of educator
20 certificate is valid;

21 (4) specify the requirements for the issuance and renewal
22 of an educator certificate;

1 (5) provide for the issuance of an educator certificate
2 to a person who holds a similar certificate issued by another state
3 or foreign country, subject to Section 21.052;

4 (6) provide for special or restricted certification of
5 educators, including certification of instructors of American Sign
6 Language;

7 (7) provide for disciplinary proceedings, including the
8 suspension or revocation of an educator certificate, as provided by
9 Chapter 2001, Government Code;

10 (8) ~~[provide for the adoption, amendment, and enforcement~~
11 ~~of an educator's code of ethics;~~

12 ~~[(9)]~~ provide for continuing education requirements;

13 [and]

14 (9) [(10)] provide for certification of persons
15 performing appraisals under Subchapter H; and

16 (10) provide for the regulation of educators in a manner
17 consistent with this subchapter.

18 (c) The commissioner by rule [board] shall set [~~propose a rule~~
19 ~~adopting~~] a fee for the issuance and maintenance of an educator
20 certificate that is adequate to cover the cost of administration of
21 this subchapter, including costs related to the operation of the
22 board.

1 Sec. 21.044. EDUCATOR PREPARATION. The commissioner [~~board~~]
2 shall adopt [~~propose~~] rules establishing the training requirements
3 a person must accomplish to obtain a certificate, enter an
4 internship, or enter an induction-year program. The commissioner
5 [~~board~~] shall specify the minimum academic qualifications required
6 for a certificate.

7 Sec. 21.045. ACCOUNTABILITY SYSTEM FOR EDUCATOR PREPARATION
8 PROGRAMS. (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
9 establishing standards to govern the approval and continuing
10 accountability of all educator preparation programs based on
11 information that is disaggregated with respect to sex and ethnicity
12 and that includes:

13 (1) results of the certification examinations prescribed
14 under Section 21.048(a); and

15 (2) performance based on the appraisal system for
16 beginning teachers adopted by the commissioner [~~board~~].

17 (b) Each educator preparation program shall submit data
18 elements as required by the commissioner [~~board~~] for an annual
19 performance report to ensure access and equity. At a minimum, the
20 annual report must contain the performance data from Subsection (a)
21 and the following information, disaggregated by sex and ethnicity:

22 (1) the number of candidates who apply;

- 1 (2) the number of candidates admitted;
- 2 (3) the number of candidates retained;
- 3 (4) the number of candidates completing the program;
- 4 (5) the number of candidates employed in the profession
- 5 after completing the program; and
- 6 (6) the number of candidates retained in the profession.

7 (c) The commissioner [~~board~~] shall adopt [~~propose~~] rules

8 establishing performance standards for the Accountability System for

9 Educator Preparation for accrediting educator preparation programs.

10 At a minimum, performance standards must be based on Subsection (a).

11 The commissioner [~~board~~] shall adopt [~~propose~~] rules for the

12 sanction of educator preparation programs and shall annually review

13 the accreditation status of each educator preparation program.

14 (d) The commissioner [~~executive director of the board~~] shall

15 appoint an oversight team of educators to make recommendations and

16 provide assistance to educator preparation programs that do not meet

17 accreditation standards. If, after one year, an educator preparation

18 program has not fulfilled the recommendations of the oversight team,

19 the commissioner [~~executive director~~] shall appoint a person to

20 administer and manage the operations of the program. If the program

21 does not improve after two years, the commissioner [~~board~~] shall

22 revoke the approval of the program to prepare educators for state

1 certification.

2 SECTION 7.10. Sections 21.046(c) and (d), Education Code, are
3 amended to read as follows:

4 (c) Because an effective principal is essential to school
5 improvement, the commissioner [~~board~~] shall ensure that:

6 (1) each candidate for certification as a principal is of
7 the highest caliber; and

8 (2) multi-level screening processes, validated
9 comprehensive assessment programs, and flexible internships with
10 successful mentors exist to determine whether a candidate for
11 certification as a principal possesses the essential knowledge,
12 skills, and leadership capabilities necessary for success.

13 (d) In creating the qualifications for certification as a
14 principal, the commissioner [~~board~~] shall consider the knowledge,
15 skills, and proficiencies for principals as developed by relevant
16 national organizations and the State Board of Education.

17 SECTION 7.11. Section 21.048(a), Education Code, is amended to
18 read as follows:

19 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
20 prescribing comprehensive examinations for each class of certificate
21 issued by the board.

22 SECTION 7.12. Sections 21.0481, 21.0482, 21.0483, 21.0484, and

1 21.049, Education Code, are amended to read as follows:

2 Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. (a) To
3 ensure that there are teachers with special training to work with
4 other teachers and with students in order to improve student reading
5 performance, the commissioner [~~board~~] shall establish a master
6 reading teacher certificate.

7 (b) The board shall issue a master reading teacher certificate
8 to each eligible person.

9 (c) To be eligible for a master reading teacher certificate,
10 a person must:

11 (1) hold a reading specialist certificate issued under
12 this subchapter and satisfactorily complete a course of instruction
13 as prescribed under Subdivision (2) (B); or

14 (2) hold a teaching certificate issued under this
15 subchapter and:

16 (A) have at least three years of teaching
17 experience;

18 (B) satisfactorily complete a knowledge-based and
19 skills-based course of instruction on the science of teaching
20 children to read that includes training in:

21 (i) effective reading instruction techniques,
22 including effective techniques for students whose primary language

1 is a language other than English;

2 (ii) identification of dyslexia and related
3 reading disorders and effective reading instruction techniques for
4 students with those disorders; and

5 (iii) effective professional peer mentoring
6 techniques;

7 (C) perform satisfactorily on the master reading
8 teacher certification examination prescribed by the commissioner
9 [board]; and

10 (D) satisfy any other requirements prescribed by the
11 commissioner [board].

12 Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION. (a)

13 To ensure that there are teachers with special training to work with
14 other teachers and with students in order to improve student
15 mathematics performance, the commissioner [board] shall establish:

16 (1) a master mathematics teacher certificate to teach
17 mathematics at elementary school grade levels;

18 (2) a master mathematics teacher certificate to teach
19 mathematics at middle school grade levels; and

20 (3) a master mathematics teacher certificate to teach
21 mathematics at high school grade levels.

22 (b) The board shall issue the appropriate master mathematics

1 teacher certificate to each eligible person.

2 (c) To be eligible for a master mathematics 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 teaching experience;

7 (3) satisfactorily complete a knowledge-based course of
8 instruction on the science of teaching children mathematics that
9 includes training in mathematics instruction and professional peer
10 mentoring techniques that, through scientific testing, have been
11 proven effective;

12 (4) perform satisfactorily on the appropriate master
13 mathematics teacher certification examination prescribed by the
14 commissioner [~~board~~]; and

15 (5) satisfy any other requirements prescribed by the
16 commissioner [~~board~~].

17 (d) The course of instruction prescribed under Subsection
18 (c) (3) shall be developed by the commissioner [~~board~~] in consultation
19 with mathematics and science faculty members at institutions of
20 higher education.

21 Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION. (a)

22 To ensure that there are teachers with special training to work with

1 other teachers and with students in order to increase the use of
2 technology in each classroom, the commissioner [~~board~~] shall
3 establish a master technology teacher certificate.

4 (b) The board shall issue a master technology teacher
5 certificate to each eligible person.

6 (c) To be eligible for a master technology teacher certificate,
7 a person must:

8 (1) hold a technology applications or Technology
9 Education certificate issued under this subchapter, satisfactorily
10 complete the course of instruction prescribed under Subdivision
11 (2) (B), and satisfactorily perform on the examination prescribed
12 under Subdivision (2) (C); or

13 (2) hold a teaching certificate issued under this
14 subchapter and:

15 (A) have at least three years of teaching
16 experience;

17 (B) satisfactorily complete a knowledge-based and
18 skills-based course of instruction on interdisciplinary technology
19 applications and the science of teaching technology that includes
20 training in:

21 (i) effective technology instruction
22 techniques, including applications designed to meet the educational

1 needs of students with disabilities;

2 (ii) classroom teaching methodology that

3 engages student learning through the integration of technology;

4 (iii) digital learning competencies, including

5 Internet research, graphics, animation, website mastering, and video

6 technologies;

7 (iv) curriculum models designed to prepare

8 teachers to facilitate an active student learning environment; and

9 (v) effective professional peer mentoring

10 techniques;

11 (C) satisfactorily perform on an examination

12 developed in cooperation with the Telecommunications Infrastructure

13 Fund Board and administered at the conclusion of the course of

14 instruction prescribed under Paragraph (B); and

15 (D) satisfy any other requirements prescribed by the

16 commissioner [~~board~~].

17 (d) The commissioner [~~board~~] may provide technology

18 applications training courses under Subsection (c)(2)(B) in

19 cooperation with:

20 (1) regional education service centers; and

21 (2) other public or private entities, including any state

22 council on technology.

1 Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION. (a) To
2 ensure that there are teachers with special training to work with
3 other teachers and with students in order to improve student science
4 performance, the commissioner [~~board~~] shall establish:

5 (1) a master science teacher certificate to teach science
6 at elementary school grade levels;

7 (2) a master science teacher certificate to teach science
8 at middle school grade levels; and

9 (3) a master science teacher certificate to teach science
10 at high school grade levels.

11 (b) The board shall issue the appropriate master science
12 teacher certificate to each eligible person.

13 (c) To be eligible for a master science teacher certificate,
14 a person must:

15 (1) hold a teaching certificate issued under this
16 subchapter;

17 (2) have at least three years of teaching experience;

18 (3) satisfactorily complete a knowledge-based course of
19 instruction on the science of teaching children science that includes
20 training in science instruction and professional peer mentoring
21 techniques that, through scientific testing, have been proven
22 effective;

1 (4) perform satisfactorily on the appropriate master
2 science 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 consultation
8 with science faculty members at institutions of higher education.

9 Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a
10 continuing additional source of qualified educators, the commissioner
11 [~~board~~] shall adopt [~~propose~~] rules providing for educator
12 certification programs as an alternative to traditional educator
13 preparation programs. The rules may not provide that a person may
14 be certified under this section only if there is a demonstrated
15 shortage of educators in a school district or subject area.

16 (b) The commissioner [~~board~~] may not require a person employed
17 as a teacher in a disciplinary [~~an~~] alternative education program
18 under Section 37.008 or a juvenile justice alternative education
19 program under Section 37.011 for at least three years to complete an
20 alternative educator certification program adopted under this section
21 before taking the appropriate certification examination.

22 SECTION 7.13. Sections 21.050(a) and (b), Education Code, are

1 amended to read as follows:

2 (a) A person who applies for a teaching certificate for which
3 commissioner [~~board~~] rules require a bachelor's degree must possess
4 a bachelor's degree received with an academic major or
5 interdisciplinary academic major, including reading, other than
6 education, that is related to the curriculum as prescribed under
7 Subchapter A, Chapter 28.

8 (b) The commissioner [~~board~~] may not require more than 18
9 semester credit hours of education courses at the baccalaureate level
10 for the granting of a teaching certificate. The commissioner [~~board~~]
11 shall provide for a minimum number of semester credit hours of
12 internship to be included in the hours needed for certification. The
13 commissioner [~~board~~] may adopt [~~propose~~] rules requiring additional
14 credit hours for certification in bilingual education, English as a
15 second language, early childhood education, or special education.

16 SECTION 7.14. Section 21.051, Education Code, is amended to
17 read as follows:

18 Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS. The
19 commissioner [~~board~~] shall adopt [~~propose~~] rules providing flexible
20 options for persons for any field experience or internship required
21 for certification.

22 SECTION 7.15. Section 21.054(a), Education Code, is amended to

1 read as follows:

2 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
3 establishing a process for identifying continuing education courses
4 and programs that fulfill educators' continuing education
5 requirements.

6 SECTION 7.16. Section 21.056, Education Code, is amended to
7 read as follows:

8 Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner
9 [~~board~~] by rule shall provide for a certified educator to qualify for
10 additional certification to teach at a grade level or in a subject
11 area not covered by the educator's certificate upon satisfactory
12 completion of an examination or other assessment of the educator's
13 qualification.

14 SECTION 7.17. Section 21.057(d), Education Code, is amended to
15 read as follows:

16 (d) For purposes of this section, "inappropriately certified
17 or uncertified teacher":

18 (1) includes:

19 (A) an individual serving on an emergency
20 certificate issued under Section 21.041(b) (2); or

21 (B) an individual who does not hold any certificate
22 or permit issued under this chapter and is not employed as specified

1 by Subdivision (2) (E); and

2 (2) does not include an individual:

3 (A) who is a certified teacher assigned to teach a
4 class or classes outside his or her area of certification, as
5 determined by rules adopted [~~proposed~~] by the commissioner [~~board~~]
6 in specifying the certificate required for each assignment;

7 (B) serving on a certificate issued due to a hearing
8 impairment under Section 21.048;

9 (C) serving on a certificate issued pursuant to
10 enrollment in an approved alternative certification program under
11 Section 21.049;

12 (D) certified by another state or country and
13 serving on a certificate issued under Section 21.052;

14 (E) serving on a school district teaching permit
15 issued under Section 21.055; or

16 (F) employed under a waiver granted by the
17 commissioner pursuant to Section 7.056.

18 SECTION 7.18. Section 21.058(d), Education Code, is amended to
19 read as follows:

20 (d) A person whose certificate is revoked under Subsection (b)
21 may reapply for a certificate in accordance with commissioner [~~board~~]
22 rules.

1 SECTION 7.19. Section 21.105(c), Education Code, is amended to
2 read as follows:

3 (c) On written complaint by the employing district and
4 recommendation by the commissioner, the Educators' Professional
5 Practices [State] Board [~~for Educator Certification~~] may impose
6 sanctions against a teacher employed under a probationary contract
7 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 7.20. Section 21.160(c), Education Code, is amended to
13 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 continuing
18 contract that obligates the district to employ the person for the
19 following school year and who:

20 (1) resigns;

21 (2) fails without good cause to comply with Subsection
22 (a) or (b); and

1 (3) fails to perform the contract.

2 SECTION 7.21. Section 21.210(c), Education Code, is amended to
3 read as follows:

4 (c) On written complaint by the employing district and
5 recommendation by the commissioner, the Educators' Professional
6 Practices [State] Board [~~for Educator Certification~~] may impose
7 sanctions against a teacher who is employed under a term contract
8 that obligates the district to employ the person for the following
9 school year and who:

10 (1) resigns;

11 (2) fails without good cause to comply with Subsection
12 (a) or (b); and

13 (3) fails to perform the contract.

14 SECTION 7.22. Section 21.503, Education Code, is amended to
15 read as follows:

16 Sec. 21.503. ELIGIBILITY. A person is eligible for the program
17 if the person:

18 (1) has served in the armed forces of the United States;

19 (2) is honorably discharged, retired, or released from
20 active duty on or after October 1, 1990, after at least six years of
21 continuous active duty service immediately before the discharge,
22 retirement, or release;

1 (3) has received a baccalaureate or advanced degree from
2 a public or private institution of higher education accredited by a
3 regional accrediting agency or group that is recognized by a
4 nationally recognized accreditation board; and

5 (4) satisfies any other criteria for selection [~~jointly~~]
6 prescribed by the agency [~~and the State Board for Educator~~
7 ~~Certification~~].

8 SECTION 7.23. Section 21.504(b), Education Code, is amended to
9 read as follows:

10 (b) The agency [~~and the State Board for Educator Certification~~]
11 shall distribute the applications and information regarding the
12 program.

13 SECTION 7.24. Section 21.510(c), Education Code, is amended to
14 read as follows:

15 (c) For purposes of this section, a participant in the program
16 is not considered to be in violation of an agreement under Section
17 21.508 during any period in which the participant:

18 (1) is pursuing a full-time course of study related to
19 the field of teaching at a public or private institution of higher
20 education approved by the agency [~~State Board for Educator~~
21 ~~Certification~~];

22 (2) is serving on active duty as a member of the armed

1 forces of the United States;

2 (3) is temporarily totally disabled for a period not to
3 exceed three years as established by sworn affidavit of a qualified
4 physician;

5 (4) is unable to secure employment for a period not to
6 exceed one year because of care required by a disabled spouse;

7 (5) is seeking and unable to find full-time employment as
8 a teacher in a public elementary or secondary school for a single
9 period not to exceed 27 months; or

10 (6) satisfies the provisions of any additional
11 reimbursement exception adopted by the agency.

12 SECTION 7.25. Sections 21.551, 21.552, and 21.553, Education
13 Code, are amended to read as follows:

14 Sec. 21.551. PURPOSES. The purposes of the alternative
15 certification Teach for Texas Pilot Program are to:

16 (1) attract to the teaching profession persons who have
17 expressed interest in teaching and to support the certification of
18 those persons as teachers;

19 (2) recognize the importance of the certification process
20 governed by the commissioner [~~State Board for Educator Certification~~]
21 under Subchapter B, which requires verification of competence in
22 subject area and professional knowledge and skills;

1 (3) encourage the creation and expansion of educator
2 preparation programs that recognize the knowledge and skills gained
3 through previous educational and work-related experiences and that
4 are delivered in a manner that recognizes individual circumstances,
5 including the need to remain employed full-time while enrolled in the
6 Teach for Texas Pilot Program; and

7 (4) provide annual stipends to postbaccalaureate teacher
8 certification candidates.

9 Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [State
10 ~~Board for Educator Certification~~] by rule shall establish the Teach
11 for Texas Pilot Program consistent with the purposes provided by
12 Section 21.551.

13 Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program must
14 offer to participants financial incentives, including tuition
15 assistance and loan forgiveness. In offering a financial incentive,
16 the commissioner [State ~~Board for Educator Certification~~] shall:

17 (1) require a contract between each participant who
18 accepts a financial incentive and the agency [State ~~Board for~~
19 ~~Educator Certification~~] under which the participant is obligated to
20 teach in a public school in this state for a stated period after
21 certification;

22 (2) provide financial incentives in proportion to the

1 length of the period the participant is obligated by contract to
2 teach after certification; and

3 (3) give special financial incentives to a participant
4 who agrees in the contract to teach in an underserved area.

5 (b) Financial incentives may be paid only from funds
6 appropriated specifically for that purpose and from gifts, grants,
7 and donations solicited or accepted by the commissioner [~~State Board~~
8 ~~for Educator Certification~~] for that purpose.

9 (c) The commissioner [~~State Board for Educator Certification~~]
10 shall adopt [~~propose~~] rules establishing criteria for awarding
11 financial incentives under this section, including criteria for
12 awarding financial incentives if there are more participants than
13 funds available to provide the financial incentives.

14 SECTION 7.26. Section 21.604(b), Education Code, is amended to
15 read as follows:

16 (b) The agency [~~and the State Board for Educator Certification~~]
17 shall distribute the applications and information regarding the
18 program.

19 SECTION 7.27. Section 21.609(c), Education Code, is amended to
20 read as follows:

21 (c) For purposes of this section, a participant in the program
22 is not considered to be in violation of an agreement under Section

1 21.607 during any period in which the participant:

2 (1) is pursuing a full-time course of study related to
3 the field of teaching at an institution of higher education approved
4 by the agency [~~State Board for Educator Certification~~];

5 (2) is serving on active duty as a member of the armed
6 forces of the United States;

7 (3) is temporarily totally disabled for a period not to
8 exceed three years as established by affidavit of a qualified
9 physician;

10 (4) is unable to secure employment for a period not to
11 exceed one year because of care required by a disabled spouse;

12 (5) is seeking and unable to find full-time employment as
13 a teacher in a public elementary or secondary school for a single
14 period not to exceed 27 months; or

15 (6) satisfies the provisions of any additional
16 reimbursement exception adopted by the agency.

17 SECTION 7.28. Section 22.0512(b), Education Code, is amended
18 to read as follows:

19 (b) In this section, "disciplinary proceeding" means:

20 (1) an action brought by the school district employing a
21 professional employee of a school district to discharge or suspend
22 the employee or terminate or not renew the employee's term contract;

1 or

2 (2) an action brought by the Educators' Professional
3 Practices [State] Board [~~for Educator Certification~~] to enforce the
4 educator's code of ethics adopted under Section 21.041(a-1)
5 [~~21.041(b)-(8)~~].

6 SECTION 7.29. Section 22.082, Education Code, is amended to
7 read as follows:

8 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
9 EDUCATION AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~]. (a) The
10 agency [~~State Board for Educator Certification~~] shall obtain from any
11 law enforcement or criminal justice agency all criminal history
12 record information that relates to an applicant for or holder of a
13 certificate issued under Subchapter B, Chapter 21.

14 (b) The Educators' Professional Practices Board may obtain from
15 any law enforcement or criminal justice agency all criminal history
16 record information that relates to a holder of a certificate issued
17 under Subchapter B, Chapter 21.

18 SECTION 7.30. Section 22.083(d), Education Code, is amended to
19 read as follows:

20 (d) The superintendent of a district or the director of an
21 open-enrollment charter school, private school, regional education
22 service center, or shared services arrangement shall promptly notify

1 the Educators' Professional Practices [State] Board [~~for Educator~~
2 ~~Certification~~] in writing if the person obtains or has knowledge of
3 information showing that an applicant for or holder of a certificate
4 issued under Subchapter B, Chapter 21, has a reported criminal
5 history. The board shall notify the commissioner of the reported
6 criminal history.

7 SECTION 7.31. Sections 22.085 and 22.086, Education Code, are
8 amended to read as follows:

9 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES. A
10 school district, open-enrollment charter school, private school,
11 regional education service center, or shared services arrangement may
12 discharge an employee if the district or school obtains information
13 of the employee's conviction of a felony or of a misdemeanor
14 involving moral turpitude that the employee did not disclose to the
15 agency [~~State Board for Educator Certification~~] or the district,
16 school, service center, or shared services arrangement. An employee
17 discharged under this section is considered to have been discharged
18 for misconduct for purposes of Section 207.044, Labor Code.

19 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency, the
20 Educators' Professional Practices [State] Board [~~for Educator~~
21 ~~Certification~~], a school district, an open-enrollment charter school,
22 a private school, a regional education service center, a shared

1 services arrangement, or an employee of the agency, board, district,
2 school, service center, or shared services arrangement is not civilly
3 or criminally liable for making a report required under this
4 subchapter.

5 SECTION 7.32. Sections 29.061(a)-(c) and (e), Education Code,
6 are amended to read as follows:

7 (a) The commissioner [~~State Board for Educator Certification~~]
8 shall provide for the issuance of teaching certificates appropriate
9 for bilingual education instruction to teachers who possess a
10 speaking, reading, and writing ability in a language other than
11 English in which bilingual education programs are offered and who
12 meet the general requirements of Chapter 21. The commissioner
13 [~~board~~] shall also provide for the issuance of teaching certificates
14 appropriate for teaching English as a second language. The
15 commissioner [~~board~~] may issue emergency endorsements in bilingual
16 education and in teaching English as a second language.

17 (b) A teacher assigned to a bilingual education program must
18 be appropriately certified under Subchapter B, Chapter 21, for
19 bilingual education [~~by the board~~].

20 (c) A teacher assigned to an English as a second language or
21 other special language program must be appropriately certified under
22 Subchapter B, Chapter 21, for English as a second language [~~by the~~]

1 board].

2 (e) The agency [~~State Board for Educator Certification~~] and the
3 Texas Higher Education Coordinating Board shall develop a
4 comprehensive plan for meeting the teacher supply needs created by
5 the programs outlined in this subchapter.

6 SECTION 7.33. Sections 33.002(b) and (c), Education Code, are
7 amended to read as follows:

8 (b) A school district with 500 or more students enrolled in
9 elementary school grades shall employ a counselor certified under the
10 rules of the commissioner [~~State Board for Educator Certification~~]
11 for each elementary school in the district. A school district shall
12 employ at least one counselor for every 500 elementary school
13 students in the district.

14 (c) A school district with fewer than 500 students enrolled in
15 elementary school grades shall provide guidance and counseling
16 services to elementary school students by:

17 (1) employing a part-time counselor certified under the
18 rules of the commissioner [~~State Board for Educator Certification~~];

19 (2) employing a part-time teacher certified as a
20 counselor under the rules of the commissioner [~~State Board for
21 Educator Certification~~]; or

22 (3) entering into a shared services arrangement agreement

1 with one or more school districts to share a counselor certified
2 under the rules of the commissioner [~~State Board for Educator~~
3 ~~Certification~~].

4 SECTION 7.34. Section 37.007(g), Education Code, is amended to
5 read as follows:

6 (g) A school district shall inform each teacher who has regular
7 contact with a student through a classroom assignment of the conduct
8 of a student who has engaged in any violation listed in this section.
9 A teacher shall keep the information received in this subsection
10 confidential. The Educators' Professional Practices [State] Board
11 on recommendation of the commissioner [~~for Educator Certification~~]
12 may revoke or suspend the certification of a teacher who
13 intentionally violates this subsection.

14 SECTION 7.35. Section 61.0514, Education Code, is amended to
15 read as follows:

16 Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the
17 cooperation and advice of the commissioner of education [~~State Board~~
18 ~~for Educator Certification~~], shall adopt educator preparation
19 coursework guidelines that promote, to the greatest extent
20 practicable, the integration of subject matter knowledge with
21 classroom teaching strategies and techniques in order to maximize the
22 effectiveness and efficiency of coursework required for certification

1 under Subchapter B, Chapter 21.

2 SECTION 7.36. Section 61.077, Education Code, as amended by
3 Chapters 61, 818, and 820, Acts of the 78th Legislature, Regular
4 Session, 2003, is reenacted and amended to read as follows:

5 Sec. 61.077. P-16 COUNCIL. (a) The P-16 Council shall advise
6 the Texas Higher Education Coordinating Board and the State Board of
7 Education in coordinating postsecondary career and technology
8 activities, career and technology teacher education programs offered
9 or proposed to be offered in the colleges and universities of this
10 state, and other relevant matters, including those listed in Section
11 61.076.

12 (b) The council is composed of the commissioner of education,
13 the commissioner of higher education, and the executive director of
14 the Texas Workforce Commission[~~, and the executive director of the~~
15 ~~State Board for Educator Certification~~]. Existing members of the
16 council may appoint additional members as the members consider
17 necessary. The position of presiding officer rotates among the
18 members of the council in the order the members are listed in this
19 subsection, with each member serving as the presiding officer for one
20 two-year term.

21 (c) The council shall meet at least once each calendar quarter
22 and may hold other meetings as necessary at the call of the presiding

1 officer. Each member of the council or the member's designee shall
2 make a report of the council's activities at least twice annually to
3 the governing body of the member's agency or, in the case of the
4 commissioner of education, to the State Board of Education.

5 (d) The purposes of this council shall include the following:

6 (1) to advise the two boards on the coordination of
7 postsecondary career and technology education and the articulation
8 between postsecondary career and technology education and secondary
9 career and technology education;

10 (2) to facilitate the transfer of responsibilities for
11 the administration of postsecondary career and technology education
12 from the State Board of Education to the board in accordance with
13 Section 111(a)(I) of the Carl D. Perkins Vocational Education Act,
14 Public Law 98-524;

15 (3) to cooperate with the commissioner of higher
16 education and the State Board of Education, when it acts as the State
17 Board for Career and Technology Education, on the following:

18 (A) the transfer of federal funds to the board for
19 allotment to eligible public postsecondary institutions of higher
20 education;

21 (B) the career and technology education funding for
22 projects and institutions as determined by the board when the State

1 Board for Career and Technology Education is required by federal law
2 to endorse such determinations;

3 (C) the development and updating of the state plan
4 for career and technology education and the evaluation of programs,
5 services, and activities of postsecondary career and technology
6 education and such amendments to the state plan for career and
7 technology education as may relate to postsecondary education;

8 (D) other matters related to postsecondary career
9 and technology education; and

10 (E) the coordination of curricula, instructional
11 programs, research, and other functions as appropriate, including
12 areas listed in Section 61.076, school-to-work and school-to-college
13 transition programs, and professional development activities;

14 (4) to advise the Texas Workforce Investment Council on
15 educational policy issues related to workforce preparation; and

16 (5) to examine and make recommendations regarding the
17 alignment of secondary and postsecondary education:

18 (A) curricula; and

19 (B) testing and assessment.

20 (e) Subsection (d) (5) does not require the council to establish
21 curriculum or testing or assessment standards.

22 SECTION 7.37. Section 1001.254(a), Education Code, is amended

1 to read as follows:

2 (a) A temporary driver education instructor license may be
3 issued authorizing a person to teach or provide classroom driver
4 education training if the person:

5 (1) has completed the educational requirements prescribed
6 by Section 1001.253(d) (1);

7 (2) holds a Texas teaching certificate with an effective
8 date before February 1, 1986;

9 (3) meets all license requirements, other than successful
10 completion of the examination required under rules adopted by the
11 commissioner [~~State Board for Educator Certification~~] to revalidate
12 the teaching certificate; and

13 (4) demonstrates, in a manner prescribed by the
14 commissioner, the intention to comply with the examination
15 requirement at the first available opportunity.

16 SECTION 7.38. Article 15.27(a), Code of Criminal Procedure, is
17 amended to read as follows:

18 (a) A law enforcement agency that arrests any person or refers
19 a child to the office or official designated by the juvenile board
20 who the agency believes is enrolled as a student in a public primary
21 or secondary school, for an offense listed in Subsection (h), shall
22 attempt to ascertain whether the person is so enrolled. If the law

1 enforcement agency ascertains that the individual is enrolled as a
2 student in a public primary or secondary school, the agency shall
3 orally notify the superintendent or a person designated by the
4 superintendent in the school district in which the student is
5 enrolled of that arrest or referral within 24 hours after the arrest
6 or referral is made, or on the next school day. If the law
7 enforcement agency cannot ascertain whether the individual is
8 enrolled as a student, the agency shall orally notify the
9 superintendent or a person designated by the superintendent in the
10 school district in which the student is believed to be enrolled of
11 that arrest or detention within 24 hours after the arrest or
12 detention, or on the next school day. If the individual is a
13 student, the superintendent shall promptly notify all instructional
14 and support personnel who have responsibility for supervision of the
15 student. All personnel shall keep the information received in this
16 subsection confidential. The Educators' Professional Practices
17 [State] Board [~~for Educator Certification~~] may revoke or suspend the
18 certification of personnel who intentionally violate this subsection.
19 Within seven days after the date the oral notice is given, the law
20 enforcement agency shall mail written notification, marked "PERSONAL
21 and CONFIDENTIAL" on the mailing envelope, to the superintendent or
22 the person designated by the superintendent. Both the oral and

1 written notice shall contain sufficient details of the arrest or
2 referral and the acts allegedly committed by the student to enable
3 the superintendent or the superintendent's designee to determine
4 whether there is a reasonable belief that the student has engaged in
5 conduct defined as a felony offense by the Penal Code. The
6 information contained in the notice may be considered by the
7 superintendent or the superintendent's designee in making such a
8 determination.

9 SECTION 7.39. Article 42.018(b), Code of Criminal Procedure,
10 is amended to read as follows:

11 (b) Not later than the fifth day after the date a person who
12 holds a certificate issued under Subchapter B, Chapter 21, Education
13 Code, is convicted or granted deferred adjudication on the basis of
14 an offense, the clerk of the court in which the conviction or
15 deferred adjudication is entered shall provide to the Texas Education
16 Agency and the Educators' Professional Practices [State] Board [~~for~~
17 ~~Educator Certification~~] written notice of the person's conviction or
18 deferred adjudication, including the offense on which the conviction
19 or deferred adjudication was based.

20 SECTION 7.40. Section 411.090, Government Code, is amended to
21 read as follows:

22 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION:

1 STATE EDUCATIONAL AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~].

2 (a) The Texas Education Agency [~~State Board for Educator~~
3 ~~Certification~~] is entitled to obtain from the department any criminal
4 history record information maintained by the department about a
5 person who has applied to the commissioner [~~board~~] for a certificate
6 or holds a certificate under Subchapter B, Chapter 21, Education
7 Code.

8 (b) Criminal history record information obtained by the agency
9 [~~board~~] under Subsection (a):

10 (1) may be used for any purpose related to the issuance
11 or [~~]~~ ~~denial~~ [~~, suspension, or cancellation~~] of a certificate issued
12 under Subchapter B, Chapter 21, Education Code [~~by the board~~];

13 (2) may be provided to the Educators' Professional
14 Practices Board to be used for any purpose related to the suspension
15 or revocation of a certificate issued under Subchapter B, Chapter 21,
16 Education Code;

17 (3) may not be released to any other person except on
18 court order or with the consent of the applicant for a certificate;
19 and

20 (4) [~~(3)~~] shall be destroyed by the agency [~~board~~] after
21 the information is used for the authorized purposes.

22 (c) The Educators' Professional Practices Board is entitled to

1 obtain from the department any criminal history record information
2 maintained by the department about a person who holds a certificate
3 issued under Subchapter B, Chapter 21, Education Code.

4 (d) Criminal history record information obtained by the board
5 under Subsection (c):

6 (1) may be used for any purpose related to the suspension
7 or revocation of a certificate issued under Subchapter B, Chapter 21,
8 Education Code;

9 (2) may be provided to the Texas Education Agency to be
10 used for any purpose related to the issuance or denial of a
11 certificate under Subchapter B, Chapter 21, Education Code;

12 (3) may not be released to any other person except on
13 court order or with the consent of the holder of the certificate; and

14 (4) shall be destroyed by the board after the information
15 is used for the authorized purposes.

16 SECTION 7.41. Section 411.097(d), Government Code, is amended
17 to read as follows:

18 (d) Criminal history record information obtained by a school
19 district, charter school, private school, service center, commercial
20 transportation company, or shared services arrangement under
21 Subsection (a), (b), or (c) may not be released or disclosed to any
22 person, other than the individual who is the subject of the

1 information, the Texas Education Agency, the Educators' Professional
2 Practices [State] Board [~~for Educator Certification~~], or the chief
3 personnel officer of the transportation company, if the information
4 is obtained under Subsection (a)(2).

5 SECTION 7.42. Section 654.011(a), Government Code, is amended
6 to read as follows:

7 (a) The position classification plan and the salary rates and
8 provisions in the General Appropriations Act apply to all hourly,
9 part-time, temporary, and regular, full-time salaried employments in
10 the state departments, agencies, or judicial entities specified in
11 the articles of the General Appropriations Act that appropriate money
12 to:

- 13 (1) general government agencies;
- 14 (2) health and human services agencies;
- 15 (3) the judiciary, except for judges, district attorneys,
16 and assistant district attorneys;
- 17 (4) public safety and criminal justice agencies;
- 18 (5) natural resources agencies;
- 19 (6) business and economic development agencies;
- 20 (7) regulatory agencies; and
- 21 (8) agencies of public education, but only the Texas
22 Education Agency, the Texas School for the Blind and Visually

1 Impaired, [~~the State Board for Educator Certification,~~] the
2 Telecommunications Infrastructure Fund, and the Texas School for the
3 Deaf.

4 SECTION 7.43. Section 821.001(7), Government Code, is amended
5 to read as follows:

6 (7) "Employer" means any agents or agencies in the state
7 responsible for public education, including the governing board of
8 any school district created under the laws of this state, any county
9 school board, the board of trustees, the board of regents of any
10 college or university, or any other legally constituted board or
11 agency of any public school, but excluding the State Board of
12 Education and[~~,~~] the Texas Education Agency[~~,~~ ~~and the State Board for~~
13 ~~Educator Certification~~].

14 SECTION 7.44. Section 821.103, Government Code, is amended to
15 read as follows:

16 Sec. 821.103. CANCELLATION OF TEACHER CERTIFICATE. (a) After
17 receiving notice from the board of trustees of an offense under
18 Section 821.101 and after complying with Chapter 2001 and rules
19 adopted by the Educators' Professional Practices [State] Board [~~for~~
20 ~~Educator Certification~~], the board [~~State Board for Educator~~
21 ~~Certification~~] may cancel the teacher certificate of a person if the
22 board [~~State Board for Educator Certification~~] determines that the

1 person committed the offense.

2 (b) The Educators' Professional Practices [~~executive director~~
3 ~~of the State~~] Board [~~for Educator Certification~~] may enter into an
4 agreed sanction.

5 (c) A criminal prosecution of an offender under Section 821.101
6 is not a prerequisite to action by the Educators' Professional
7 Practices [State] Board [~~for Educator Certification or its executive~~
8 ~~director~~].

9 SECTION 7.45. Section 2054.352(a), Government Code, is
10 reenacted and amended to conform to Chapters 553, 1216, and 1275,
11 Acts of the 78th Legislature, Regular Session, 2003, and further
12 amended to read as follows:

13 (a) The following licensing entities shall participate in the
14 system established under Section 2054.353 [~~as added by Chapter 353,~~
15 ~~Acts of the 77th Legislature, Regular Session, 2001~~]:

- 16 (1) State Board of Barber Examiners;
- 17 (2) Texas Board of Chiropractic Examiners;
- 18 (3) Texas Cosmetology Commission;
- 19 (4) Court Reporters Certification Board;
- 20 (5) State Board of Dental Examiners;
- 21 (6) Texas Funeral Service Commission;
- 22 (7) Texas Board of Professional Land Surveying;

- 1 (8) Texas State Board of Medical Examiners;
- 2 (9) Board of Nurse Examiners;
- 3 (10) Texas Optometry Board;
- 4 (11) Texas Structural Pest Control Board;
- 5 (12) Texas State Board of Pharmacy;
- 6 (13) Executive Council of Physical Therapy and
7 Occupational Therapy Examiners;
- 8 (14) Texas State Board of Plumbing Examiners;
- 9 (15) Texas State Board of Podiatric Medical Examiners;
- 10 (16) Board of Tax Professional Examiners;
- 11 (17) Polygraph Examiners Board;
- 12 (18) Texas State Board of Examiners of Psychologists;
- 13 (19) State Board of Veterinary Medical Examiners;
- 14 (20) Texas Real Estate Commission;
- 15 (21) Texas Appraiser Licensing and Certification Board;
- 16 (22) Texas Department of Licensing and Regulation;
- 17 ~~(23)~~ ~~[(24)]~~ Texas State Board of Public Accountancy;
- 18 ~~(24)~~ Texas Education Agency;
- 19 (25) Educators' Professional Practices [State] Board [~~for~~
20 ~~Educator Certification~~];
- 21 (26) Texas Board of Professional Engineers;
- 22 (27) Texas Department of Health;

- 1 (28) Texas Board of Architectural Examiners;
2 (29) Texas Racing Commission;
3 (30) Commission on Law Enforcement Officer Standards and
4 Education; and
5 (31) Texas Commission on Private Security.

6 SECTION 7.46. Section 2165.104(c), Government Code, is amended
7 to read as follows:

8 (c) To the extent possible without sacrificing critical public
9 or client services, the commission may not allocate usable office
10 space, as defined by the commission, to a state agency under Article
11 I, II, V, VI, VII, or VIII of the General Appropriations Act or to
12 the Texas Higher Education Coordinating Board, the Texas Education
13 Agency, the Educators' Professional Practices [State] Board [~~for~~
14 ~~Educator Certification~~], the Telecommunications Infrastructure Fund
15 Board, or the Office of Court Administration of the Texas Judicial
16 System in an amount that exceeds an average of 135 square feet per
17 agency employee for each agency site. To the extent that any of
18 those agencies allocates its own usable office space, as defined by
19 the commission, the agency shall allocate the space to achieve the
20 required ratio. This subsection does not apply to:

- 21 (1) an agency site at which there are so few employees
22 that it is not practical to apply this subsection to that site, as

1 determined by the commission; and

2 (2) an agency site at which it is not practical to apply
3 this subsection because of the site's type of space or use of space,
4 as determined by the commission.

5 SECTION 7.47. Section 504.002(b), Occupations Code, is amended
6 to read as follows:

7 (b) This chapter does not apply to an activity or service of
8 a person who:

9 (1) is employed as a counselor by a federal institution
10 and is providing chemical dependency counseling within the scope of
11 the person's employment;

12 (2) except as provided by Section 504.057, is a student,
13 intern, or trainee pursuing a supervised course of study in
14 counseling at a regionally accredited institution of higher education
15 or training institution, if the person:

16 (A) is designated as a "counselor intern"; and

17 (B) is engaging in the activity or providing the
18 service as part of the course of study;

19 (3) is not a resident of this state, if the person:

20 (A) engages in the activity or provides the service
21 in this state for not more than 30 days during any year; and

22 (B) is authorized to engage in the activity or

1 provide the service under the law of the state of the person's
2 residence;

3 (4) is a licensed physician, psychologist, professional
4 counselor, or social worker;

5 (5) is a religious leader of a congregation providing
6 pastoral chemical dependency counseling within the scope of the
7 person's duties;

8 (6) is working for or providing counseling with a program
9 exempt under Subchapter C, Chapter 464, Health and Safety Code; or

10 (7) is a school counselor certified under Subchapter B,
11 Chapter 21, Education Code [~~by the State Board for Educator~~
12 ~~Certification~~].

13 SECTION 7.48. Sections 21.035(b) and (c), 21.039, 21.040, and
14 21.042, Education Code, are repealed.

15 SECTION 7.49. (a) The State Board for Educator Certification
16 is abolished, and all powers, duties, personnel, property, assets,
17 and obligations of the board are transferred to the Educators'
18 Professional Practices Board and the Texas Education Agency, as
19 determined appropriate by the commissioner of education. The
20 validity of a prior action of the State Board for Educator
21 Certification is not affected by the abolishment and any pending
22 activities of the State Board for Educator Certification shall be

1 deemed to have continued without interruption or material change.

2 (b) The powers and duties of the Educators' Professional
3 Practices Board, as created by this Act, shall continue to be
4 exercised by the State Board for Educator Certification until the
5 initial appointees of the Educators' Professional Practices Board
6 assume their offices, which may not be later than January 1, 2006.

7 (c) All rules of the State Board for Educator Certification
8 relating to a transferred power or duty remain in effect as rules of
9 the Educators' Professional Practices Board or commissioner of
10 education, as appropriate, until amended or repealed by the board or
11 commissioner.

12 (d) A contested case, rulemaking procedure, program, test, fee,
13 contract, review, evaluation, sanction, act, or decision of the State
14 Board for Educator Certification that is pending, completed, or in
15 effect on the effective date of this Act shall be deemed that of the
16 commissioner of education or the Educators' Professional Practices
17 Board to the extent authorized by Subchapter B, Chapter 21, Education
18 Code, as amended by this Act, or other law, until and unless a change
19 is expressly made by the commissioner or the board, as appropriate.

20 (e) As soon as practicable after the effective date of this
21 article and not later than November 1, 2005, the commissioner shall
22 make initial appointments to the Educators' Professional Practices

1 Board. In making the initial appointments, the commissioner shall
2 designate four members to serve terms expiring February 1, 2007, four
3 members to serve terms expiring February 1, 2009, and three members
4 to serve terms expiring February 1, 2011.

5 (f) A person who holds a certificate issued under Subchapter
6 B, Chapter 21, Education Code, as it existed on January 1, 2005, may
7 continue to practice under that certificate until the certificate is
8 renewed or replaced under Subchapter B, Chapter 21, Education Code,
9 as amended by this article.

10 (g) The code of ethics adopted under Subchapter B, Chapter 21,
11 Education Code, by the State Board for Educator Certification and in
12 effect on the effective date of this article remains in effect until
13 superseded by rules of the Educators' Professional Practices Board.

14 ARTICLE 8. REPEALER; TRANSITION; EFFECTIVE DATE

15 SECTION 8.01. (a) Effective September 1, 2005, the following
16 laws are repealed:

17 (1) Sections 1-3 and 57, Chapter 201, Acts of the 78th
18 Legislature, Regular Session, 2003;

19 (2) Chapter 313, Acts of the 78th Legislature, Regular
20 Session, 2003;

21 (3) Section 1.01, Chapter 366, Acts of the 78th
22 Legislature, Regular Session, 2003; and

1 (4) Sections 7.006, 8.010, 29.056(h), 37.004(g),
2 39.027(b), (c), and (f), 39.051(d), 39.073, 39.074, and 42.253(e-1),
3 Education Code.

4 (b) Effective September 1, 2006, Sections 25.0811(b) and (c),
5 Education Code, are repealed.

6 SECTION 8.02. Effective September 1, 2006, the following laws
7 are repealed:

8 (1) the following provisions of the Education Code:

9 (A) Subchapters B, C, E, F, and G, Chapter 41;

10 (B) Subchapter F, Chapter 42, as it existed on
11 November 1, 2005;

12 (C) Sections 21.402(b), 29.203(c) and (g), 31.025,
13 31.1031, 41.001, 41.002, 41.003, 41.0031, 41.007, 41.009(b), 41.011,
14 41.092, 41.099, 41.252(b), 42.103(b) and (e), 42.2514, 42.2517,
15 42.259, 42.260, 42.4101; and

16 (D) Sections 42.2512(a-1) and 42.2541, as added by
17 Part A, Article 1, of this Act;

18 (2) the following provisions of the Insurance Code:

19 (A) Section 1581.053(b); and

20 (B) Subchapter C, Chapter 1581; and

21 (3) Sections 6.02(g), 6.03(m), 21.02(b), and 25.25(k),
22 Tax Code.

1 SECTION 8.03. A school district maintenance tax rate imposed
2 under Sections 45.002 and 45.003, Education Code, before September
3 1, 2005, is void.

4 SECTION 8.04. (a) Except as provided by Subsection (b) of this
5 section, if two or more sections of this Act amend the same provision
6 of law, the sections of the Act should be harmonized, if possible,
7 so that effect may be given to each section.

8 (b) If a section of this Act repeals a provision of Chapter 12,
9 Education Code, that section prevails over a section of this Act that
10 amends the same provision.

11 SECTION 8.05. A change in law made by this Act relating to a
12 school district maintenance tax or enrichment tax under Chapter 41
13 or Chapter 42, Education Code, prevails over any similar provision
14 of H.B. No. 3, Acts of the 79th Legislature, 1st Called Session,
15 2005.

16 SECTION 8.06. Except as otherwise specifically provided by this
17 Act, this Act applies beginning with the 2005-2006 school year.

18 SECTION 8.07. Except as otherwise specifically provided by this
19 Act, this Act takes effect September 1, 2005, but only if H.B. No.
20 3, Acts of the 79th Legislature, 1st Called Session, 2005, becomes
21 law. If H.B. No. 3 does not become law, this Act has no effect.