

By: Shapiro

S.B. No. 2

Substitute the following for S.B. No. 2:

By: _____

C.S.S.B. No. 2

A BILL TO BE ENTITLED

1

AN ACT

2 relating to public education and public school finance matters;

3 making an appropriation; 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

7 SECTION 1A.01. Subtitle I, Title 2, Education Code, is
8 amended by adding Chapter 42 to read as follows:

9 CHAPTER 42. FOUNDATION SCHOOL PROGRAM

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 42.001. STATE POLICY. (a) It is the policy of this
12 state that the provision of public education is a state
13 responsibility and that a thorough and efficient system be
14 provided and substantially financed through state revenue
15 sources so that each student enrolled in the public school
16 system shall have access to programs and services that are
17 appropriate to the student's educational needs and that are
18 substantially equal to those available to any similar student,
19 notwithstanding varying local economic factors.

1 (b) The public school finance system of this state shall
2 adhere to a standard of neutrality that provides for
3 substantially equal access to similar revenue per student at
4 similar tax effort, considering all state and local revenues of
5 districts after acknowledging all legitimate student and
6 district cost differences.

7 Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. (a)
8 The purposes of the Foundation School Program set forth in this
9 chapter are to guarantee that each school district in the state
10 has:

11 (1) adequate resources to provide each eligible
12 student an accredited instructional program and facilities
13 suitable to the student's educational needs; and

14 (2) access to substantially equalized financing for an
15 enriched program.

16 (b) The Foundation School Program consists of:

17 (1) two tiers that in combination provide for:

18 (A) sufficient financing for all school districts
19 to provide an accredited program of education that is rated
20 academically acceptable or higher under Section 39.072 and meets
21 other applicable legal standards; and

22 (B) substantially equal access to funds to
23 provide an enriched program; and

24 (2) a facilities component as provided by Chapter 46.

25 Sec. 42.003. STUDENT ELIGIBILITY. (a) A student is
26 entitled to the benefits of the Foundation School Program if the
27 student is five years of age or older and under 21 years of age
28 on September 1 of the school year and has not graduated from
29 high school.

30 (b) A student to whom Subsection (a) does not apply is
31 entitled to the benefits of the Foundation School Program if the

1 student is enrolled in a prekindergarten class under Section
2 29.153.

3 (c) A child may be enrolled in the first grade if the child
4 is at least six years of age at the beginning of the school year
5 of the district or has been enrolled in the first grade or has
6 completed kindergarten in the public schools in another state
7 before transferring to a public school in this state.

8 (d) Notwithstanding Subsection (a), a student younger than
9 five years of age is entitled to the benefits of the Foundation
10 School Program if:

11 (1) the student performs satisfactorily on the
12 assessment instrument administered under Section 39.023(a) to
13 students in the third grade; and

14 (2) the district has adopted a policy for admitting
15 students younger than five years of age.

16 Sec. 42.004. ADMINISTRATION OF PROGRAM. (a) The
17 commissioner shall take such action and require such reports
18 consistent with this chapter as may be necessary to implement
19 and administer the Foundation School Program.

20 (b) The commissioner may adopt rules necessary to implement
21 and administer the Foundation School Program.

22 Sec. 42.005. AVERAGE DAILY ATTENDANCE. (a) In this
23 chapter, average daily attendance is:

24 (1) the quotient of the sum of attendance for each day
25 of the minimum number of days of instruction as described under
26 Section 25.081(a) divided by the minimum number of days of
27 instruction;

28 (2) for a district that operates under a flexible year
29 program under Section 29.0821, the quotient of the sum of
30 attendance for each actual day of instruction as permitted by
31 Section 29.0821(b)(1) divided by the number of actual days of

1 instruction as permitted by Section 29.0821(b)(1); or

2 (3) for a district that operates under a flexible
3 school day program under Section 29.0822, the sum of:

4 (A) average daily attendance as determined under
5 Subdivision (1), for students who are not served under Section
6 29.0822; and

7 (B) the average daily attendance as calculated by
8 the commissioner in accordance with Section 29.0822(d), for
9 students served under Section 29.0822.

10 (b) A school district that experiences a decline of more
11 than two percent in average daily attendance shall be funded on
12 the basis of:

13 (1) the actual average daily attendance of the
14 preceding school year, if the decline is the result of the
15 closing or reduction in personnel of a military base; or

16 (2) an average daily attendance equal to 98 percent of
17 the actual average daily attendance of the preceding school
18 year, if the decline is not the result of the closing or
19 reduction in personnel of a military base.

20 (c) The commissioner shall adjust the average daily
21 attendance of a school district that has a significant
22 percentage of students who are migratory children as defined by
23 20 U.S.C. Section 6399.

24 (d) The commissioner may adjust the average daily
25 attendance of a school district in which a disaster, flood,
26 extreme weather condition, fuel curtailment, or other calamity
27 has a significant effect on the district's attendance.

28 (e) A public charter district is not entitled to funding
29 based on an adjustment under Subsection (b).

30 Sec. 42.006. EQUALIZED FUNDING ELEMENTS. (a) The
31 Legislative Budget Board shall adopt rules, subject to

1 appropriate notice and opportunity for public comment, for the
2 calculation for each year of a biennium of the equalized funding
3 elements, in accordance with Subsection (c), necessary to
4 achieve the state policy under Section 42.001.

5 (b) Before each regular session of the legislature, the
6 board shall, as determined by the board, report the equalized
7 funding elements to the commissioner and the legislature.

8 (c) The funding elements must include:

9 (1) an accreditation allotment amount for the purposes
10 of Section 42.101 that represents the cost per student of a
11 regular education program that meets all mandates of law and
12 regulation;

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

16 (3) appropriate program cost differentials and other
17 funding elements for the programs authorized under Subchapter C,
18 with the program funding level expressed as total dollar amounts
19 for each program and the specific dollar amount to be provided
20 for each eligible student or course for the appropriate year;

21 (4) the maximum tax rate to be used in determining a
22 school district's local share under Section 42.306(a);

23 (5) the maximum district enrichment tax rate for
24 purposes of Section 42.252; and

25 (6) the amount to be appropriated for the school
26 facilities assistance program under Chapter 46.

27 (d) The board shall conduct a study of the funding elements
28 each biennium, as appropriate. The study must include a
29 determination of the projected cost to the state in the next
30 state fiscal biennium of ensuring the ability of each school
31 district to comply with all legal mandates and regulations

1 without increasing district tax rates.

2 (e) Notwithstanding Subsection (d), the board shall
3 contract for a comprehensive study of the funding elements. The
4 board shall report the results of the study to the commissioner
5 and the legislature not later than December 1, 2008. This
6 subsection expires January 1, 2009.

7 Sec. 42.007. REFERENCE TO FOUNDATION SCHOOL FUND. A
8 reference in law to the foundation school fund means the Texas
9 education fund.

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

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

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

19 [Sections 42.009-42.100 reserved for expansion]

20 SUBCHAPTER B. BASIC PROGRAM

21 Sec. 42.101. ACCREDITATION ALLOTMENT AND SPECIAL STUDENT
22 ALLOTMENTS. (a) For each student in average daily attendance,
23 a school district is entitled to an accreditation allotment of
24 \$4,600.

25 (b) An accreditation allotment in a greater amount for any
26 school year may be provided by appropriation.

27 (c) In addition to the accreditation allotment, a school
28 district is entitled to special student allotments in the manner
29 specified under Subchapter C.

30 [Sections 42.102-42.150 reserved for expansion]

31 SUBCHAPTER C. SPECIAL STUDENT ALLOTMENTS

1 Sec. 42.151. SPECIAL EDUCATION ALLOTMENTS. (a) In this
2 section:

3 (1) "Full-time equivalent student" means 30 hours of
4 contact a week between a student and special education program
5 personnel.

6 (2) "Special education program" means a program under
7 Subchapter A, Chapter 29.

8 (b) For each student in average daily attendance in a
9 special education program in a mainstream instructional
10 arrangement, a school district is entitled to an annual
11 allotment of \$4,822.

12 (c) For each full-time equivalent student in average daily
13 attendance in a special education program in an instructional
14 arrangement other than a mainstream instructional arrangement, a
15 school district is entitled to an annual allotment in the
16 following amount, based on the student's instructional
17 arrangement:

18 (1) \$17,370, for a student in a homebound
19 instructional arrangement;

20 (2) \$8,602, for a student in a hospital class
21 instructional arrangement;

22 (3) \$17,370, for a student in a speech therapy
23 instructional arrangement;

24 (4) \$8,602, for a student in a resource room
25 instructional arrangement;

26 (5) \$8,602, for a student in a self-contained, mild
27 and moderate, regular campus instructional arrangement;

28 (6) \$8,602, for a student in a self-contained, severe,
29 regular campus instructional arrangement;

30 (7) \$7,287, for a student in an off-home-campus
31 instructional arrangement;

1 (8) \$2,903, for a student in a nonpublic day school;
2 (9) \$5,533, for a student in a vocational adjustment
3 class;
4 (10) \$12,986, for a student who resides in a
5 residential care and treatment facility, other than a state
6 school, whose parent or guardian does not reside in the
7 district, and who receives educational services from a local
8 school district; and
9 (11) \$7,726, for a student who resides in a state
10 school.
11 (d) For funding purposes, the number of contact hours
12 credited per day for each special education student in the off-
13 home-campus instructional arrangement may not exceed the contact
14 hours credited per day for the multidistrict class instructional
15 arrangement in the 1992-1993 school year.
16 (e) For funding purposes, the contact hours credited per
17 day for each special education student in the resource room;
18 self-contained, mild and moderate, regular campus; and self-
19 contained, severe, regular campus instructional arrangements may
20 not exceed the average of the statewide total contact hours
21 credited per day for those three instructional arrangements in
22 the 1992-1993 school year.
23 (f) The commissioner by rule shall prescribe the
24 qualifications a special education instructional arrangement
25 must meet in order to be funded as a particular instructional
26 arrangement under this chapter. In prescribing the
27 qualifications that a mainstream instructional arrangement must
28 meet, the commissioner shall require that students with
29 disabilities and their teachers receive the direct, indirect,
30 and support services that are necessary to enrich the regular
31 classroom and enable student success.

1 (g) The commissioner shall adopt rules and procedures
2 governing contracts for residential placement of special
3 education students. The legislature shall provide by
4 appropriation for the state's share of the costs of those
5 placements.

6 (h) Funds allocated under this section, other than an
7 indirect cost allotment established under commissioner rule,
8 must be used in the special education program under Subchapter
9 A, Chapter 29.

10 (i) The agency shall encourage the placement of students in
11 special education programs, including students in residential
12 instructional arrangements, in the least restrictive environment
13 appropriate for students' educational needs.

14 (j) Each year, the agency shall make and disseminate to
15 each school district a list of those districts that maintain for
16 two successive years a ratio of full-time equivalent special
17 education students placed in partially or totally self-contained
18 classrooms to the number of full-time equivalent students placed
19 in resource room or mainstream instructional arrangements that
20 is 25 percent higher than the statewide average ratio.

21 (k) A school district that provides an extended year
22 program required by federal law for special education students
23 who may regress is entitled to receive, for each full-time
24 equivalent student in average daily attendance, funds in an
25 amount equal to 75 percent, or a lesser percentage determined by
26 the commissioner, of the sum of the accreditation allotment and
27 the additional allotment for the student's instructional
28 arrangement under this section for each day the program is
29 provided divided by the number of days in the minimum school
30 year. The total amount of state funding for extended year
31 services under this subsection may not exceed \$10 million per

1 year. A school district may use funds received under this
2 subsection only in providing an extended year program.

3 (1) From the total amount of funds appropriated for special
4 education under this chapter, the commissioner shall withhold an
5 amount specified in the General Appropriations Act and
6 distribute that amount to school districts for programs under
7 Section 29.014. The program established under that section is
8 required only in school districts in which the program is
9 financed by funds distributed under this subsection and any
10 other funds available for the program. After deducting the
11 amount withheld under this subsection from the total amount
12 appropriated for special education, the commissioner shall
13 reduce each district's allocation proportionately.

14 Sec. 42.152. ACCELERATED PROGRAMS ALLOTMENT. (a) A
15 district is entitled to:

16 (1) for each student who is educationally
17 disadvantaged or who is a student who does not have a disability
18 and resides in a residential placement facility in a district in
19 which the student's parent or legal guardian does not reside, an
20 annual allotment equal to \$877, but not less than the amount
21 equal to 19 percent of the accreditation allotment under Section
22 42.101; and

23 (2) for each full-time equivalent student who is in a
24 remedial and support program under Section 29.081 because the
25 student is pregnant, an annual allotment equal to \$10,563.

26 (b) For purposes of this section, the number of
27 educationally disadvantaged students is determined:

28 (1) by averaging the best six months' enrollment in
29 the national school lunch program of free or reduced-price
30 lunches for the preceding school year; or

31 (2) in the manner provided by commissioner rule, if no

1 campus in the district participated in the national school lunch
2 program of free or reduced-price lunches during the preceding
3 school year.

4 (c) The legislature may provide by appropriation for a
5 greater allotment than the amounts prescribed by Subsection (a).

6 (d) From the total amount of funds appropriated for
7 allotments under this section, the commissioner may, each fiscal
8 year:

9 (1) withhold an amount determined by the commissioner
10 as appropriate to finance activities under Section 39.024(d);
11 and

12 (2) withhold an amount not exceeding \$1 million each
13 fiscal year and distribute the funds to school districts that
14 incur unanticipated expenditures resulting from a significant
15 increase in the enrollment of students who do not have
16 disabilities and who reside in residential placement facilities.

17 (e) From the total amount of funds appropriated for
18 allotments under this section, the commissioner shall, each
19 fiscal year:

20 (1) withhold an amount determined by the commissioner
21 as appropriate to finance activities under Section 39.024(c);

22 (2) withhold an amount to be determined by the
23 commissioner, but not less than \$10 million, and distribute that
24 amount for programs under Section 29.085, giving preference to a
25 school district that received funds for a program under that
26 section for the preceding school year;

27 (3) withhold the amount of \$7.5 million, or a greater
28 amount as determined in the General Appropriations Act, and
29 distribute that amount for programs under Subchapter A, Chapter
30 33, giving preference to a school district that received funds
31 for a program under that subchapter for the preceding school

1 year;

2 (4) withhold the amount of \$2.5 million for transfer
3 to the investment capital fund under Section 7.024; and

4 (5) withhold an amount sufficient to finance extended
5 year programs under Section 29.082, not to exceed five percent
6 of the amounts allocated under this section, giving preference
7 to extended year programs in districts with high concentrations
8 of educationally disadvantaged students.

9 (f) After deducting the amounts withheld under Subsections
10 (d) and (e) from the total amount appropriated for the
11 allotments under this section, the commissioner shall reduce
12 each district's allocation proportionately.

13 Sec. 42.153. TRANSITIONAL PROGRAM ALLOTMENT. (a) For each
14 student in average daily attendance in a bilingual education or
15 special language program under Subchapter B, Chapter 29, a
16 district is entitled to an annual allotment of:

17 (1) if the student is enrolled below the ninth grade
18 level, \$500, but not less than the amount equal to 10 percent of
19 the accreditation allotment under Section 42.101; or

20 (2) if the student is enrolled at or above the ninth
21 grade level, \$1,000, but not less than the amount equal to 21
22 percent of the accreditation allotment under Section 42.101.

23 (b) The legislature may provide by appropriation for a
24 greater allotment than the amounts prescribed by Subsection (a).

25 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. For
26 each student in average daily attendance in an approved career
27 and technology education program in grades nine through 12 or in
28 career and technology education programs for students with
29 disabilities in grades seven through 12, a district is entitled
30 to an annual allotment of \$178 for each annual credit hour the
31 student is enrolled in the program, or a greater amount for any

1 school year provided by appropriation.

2 Sec. 42.155. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except
3 as provided by Subsection (b), for each student in average daily
4 attendance who is using a public education grant under
5 Subchapter G, Chapter 29, to attend school in a district other
6 than the district in which the student resides, the district in
7 which the student attends school is entitled to an annual
8 allotment of \$250 or a greater amount for any school year
9 provided by appropriation.

10 (b) The total number of allotments under this section to
11 which a school district is entitled may not exceed the number by
12 which the number of students using public education grants to
13 attend school in the district exceeds the number of students who
14 reside in the district and use public education grants to attend
15 school in another district.

16 Sec. 42.156. GIFTED AND TALENTED ALLOTMENT. (a) For each
17 identified student a school district serves in a program for
18 gifted and talented students that the district certifies to the
19 commissioner as complying with Subchapter D, Chapter 29, a
20 district is entitled to an annual allotment of \$526, or a
21 greater amount for any school year provided by appropriation.

22 (b) Not more than five percent of a district's students in
23 average daily attendance are eligible for funding under this
24 section.

25 (c) After each district has received allotted funds for
26 this program, the commissioner may use up to \$500,000 of the
27 funds allocated under this section for programs such as
28 MATHCOUNTS, Future Problem Solving, Odyssey of the Mind, and
29 Academic Decathlon, as long as these funds are used to train
30 personnel and provide program services. To be eligible for
31 funding under this subsection, a program must be determined by

1 the commissioner to provide services that are effective and
2 consistent with the state plan for gifted and talented
3 education.

4 [Sections 42.157-42.170 reserved for expansion]

5 Sec. 42.171. RESTRICTIONS ON USE OF ALLOTMENTS. (a) Unless
6 specifically provided otherwise by this code, but subject to
7 Section 42.172, a school district is not required to use amounts
8 allotted under this subchapter for the program for which the
9 amounts were allotted.

10 (b) Any restriction specifically imposed under this
11 subchapter on a school district's use of an amount allotted
12 under this subchapter applies equally to the amount by which the
13 allotment is adjusted under Section 42.301 or 42.302.

14 Sec. 42.172. MAINTENANCE OF EFFORT. (a) Notwithstanding
15 any other provision of this code, but subject to Subsection (b),
16 a school district may not spend in any school year for a program
17 or service listed below an amount per student in average daily
18 attendance that is less than the amount the district spent for
19 that program or service per student in average daily attendance
20 during the 2004-2005 school year:

21 (1) a special education program under Subchapter A,
22 Chapter 29;

23 (2) supplemental programs and services designed to
24 eliminate any disparity in performance on assessment instruments
25 administered under Subchapter B, Chapter 39, or disparity in the
26 rates of high school completion between students at risk of
27 dropping out of school, as defined by Section 29.081, and all
28 other students;

29 (3) a bilingual education or special language program
30 under Subchapter B, Chapter 29;

31 (4) a career and technology education program in

1 grades nine through 12 or a career and technology education
2 program for students with disabilities in grades seven through
3 12 under Sections 29.182, 29.183, and 29.184; or

4 (5) a gifted and talented program under Subchapter D,
5 Chapter 29.

6 (b) The commissioner may authorize a school district to
7 spend less than the amount required by this section if the
8 commissioner, considering the district's unique circumstances,
9 determines that the requirement imposes an undue hardship on the
10 district.

11 [Sections 42.173-42.200 reserved for expansion]

12 SUBCHAPTER D. TRANSPORTATION ALLOTMENT

13 Sec. 42.201. TRANSPORTATION ALLOTMENT. (a) Each school
14 district or county operating a regular transportation system is
15 entitled to an allotment of \$1.50 per mile for each approved
16 route mile traveled by the system.

17 (b) If the amount of an allotment under this section that a
18 school district or county receives exceeds the district's or
19 county's cost of operating the transportation system, the
20 district or county may use the excess funds for any legal
21 purpose.

22 [Sections 42.202-42.220 reserved for expansion]

23 SUBCHAPTER E. NEW INSTRUCTIONAL FACILITY ALLOTMENT

24 Sec. 42.221. NEW INSTRUCTIONAL FACILITY ALLOTMENT. A
25 school district is entitled to an additional allotment as
26 provided by this subchapter for operational expenses associated
27 with opening a new instructional facility.

28 Sec. 42.222. DEFINITIONS. In this subchapter:

29 (1) "Fast growth school district" means a school
30 district that during the five school years preceding the opening
31 of a new instructional facility has experienced an increase in

1 enrollment of:

2 (A) greater than 10 percent; or

3 (B) more than 3,500 students.

4 (2) "Instructional facility" has the meaning assigned
5 by Section 46.001.

6 Sec. 42.223. ALLOTMENT FOR FIRST YEAR OF OPERATION. (a)

7 For the first school year in which students attend a new
8 instructional facility, a school district other than a fast
9 growth school district is entitled to an allotment of \$250 for
10 each student in average daily attendance at the facility or a
11 greater amount provided by appropriation.

12 (b) For the first school year in which students attend a
13 new instructional facility, a fast growth school district is
14 entitled to an allotment of \$375 for each student in average
15 daily attendance at the facility or a greater amount provided by
16 appropriation.

17 Sec. 42.224. ALLOTMENT FOR SECOND AND THIRD YEARS OF

18 OPERATION. (a) For the second school year in which students
19 attend a new instructional facility, a school district other
20 than a fast growth school district is entitled to an allotment
21 of \$250 for each additional student in average daily attendance
22 at the facility or a greater amount provided by appropriation.

23 (b) For the second and third school years in which students
24 attend a new instructional facility, a fast growth school
25 district is entitled to an allotment of \$375 for each additional
26 student in average daily attendance at the facility or a greater
27 amount provided by appropriation.

28 (c) For purposes of this section, the number of additional
29 students in average daily attendance at a facility is the
30 difference between the number of students in average daily
31 attendance in the current year at that facility and the number

1 of students in average daily attendance at that facility in the
2 preceding year.

3 [Sections 42.225-42.250 reserved for expansion]

4 [Subchapter F reserved]

5 SUBCHAPTER G. ENRICHMENT PROGRAM

6 Sec. 42.251. PURPOSE. The purpose of the enrichment
7 program component of the Foundation School Program is to provide
8 each school district with the opportunity to supplement the
9 basic program at a level of its own choice. An allotment under
10 this subchapter may be used for any legal purpose other than
11 capital outlay or debt service.

12 Sec. 42.252. ALLOTMENT. (a) In this section, "wealth per
13 student" means a school district's taxable value of property for
14 the preceding year as determined under Subchapter M, Chapter
15 403, Government Code, divided by the number of students in
16 attendance in the district, and adjusted to reflect the effects
17 of Subchapters C and H.

18 (b) Each school district is guaranteed a specified amount
19 per student in state and local funds for each cent of enrichment
20 tax effort up to the maximum level specified in this subchapter.
21 The amount of state support, subject only to the maximum amount
22 under Section 42.253, is determined by the formula:

$$23 \quad \text{GYA} = (\text{GL} \times \text{AF} \times \text{DETR} \times 100) - \text{LR}$$

24 where:

25 "GYA" is the guaranteed amount of state enrichment funds to
26 be allocated to the district;

27 "GL" is the dollar amount guaranteed level, which is the
28 amount of district enrichment tax revenue per cent of tax effort
29 available to a school district at the 98th percentile in wealth
30 per student, as determined by the commissioner;

31 "AF" is the application factor, which is determined by the

1 commissioner by dividing the amount of the district's allotments
2 under Subchapters B and C, as adjusted in accordance with
3 Subchapter H, divided by the accreditation allotment specified
4 in Section 42.101 for the applicable year;

5 "DETR" is the district enrichment tax rate of the school
6 district, which is the district's adopted maintenance and
7 operations tax rate minus the maximum rate specified under
8 Section 42.306 or otherwise provided by appropriation for
9 purposes of that section; and

10 "LR" is the local revenue, which is determined by
11 multiplying "DETR" by the quotient of the district's taxable
12 value of property as determined under Subchapter M, Chapter 403,
13 Government Code, divided by 100.

14 (c) The percentile in wealth per student described by
15 Subsection (b) for purposes of determining the dollar amount
16 guaranteed level ("GL") applies beginning with the 2013-2014
17 school year. For the 2005-2006 through 2012-2013 school years,
18 GL is determined as follows:

19 (1) for the 2005-2006 school year, GL is determined
20 using the 90th percentile in wealth per student;

21 (2) for the 2006-2007 school year, GL is determined
22 using the 91st percentile in wealth per student;

23 (3) for the 2007-2008 school year, GL is determined
24 using the 92nd percentile in wealth per student;

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

27 (5) for the 2009-2010 school year, GL is determined
28 using the 94th percentile in wealth per student;

29 (6) for the 2010-2011 school year, GL is determined
30 using the 95th percentile in wealth per student;

31 (7) for the 2011-2012 school year, GL is determined

1 using the 96th percentile in wealth per student; and

2 (8) for the 2012-2013 school year, GL is determined
3 using the 97th percentile in wealth per student.

4 (d) This subsection and Subsection (c) expire September 1,
5 2013.

6 Sec. 42.253. DISTRICT ENRICHMENT TAX. (a) The district
7 enrichment tax rate may not exceed \$0.15 per \$100 of valuation.

8 (a-1) Notwithstanding Subsection (a), the district
9 enrichment tax rate may not exceed:

10 (1) for the 2005 and 2006 tax years, the rate of \$0.05
11 per \$100 of valuation; and

12 (2) for the 2007 and 2008 tax years, the rate of \$0.10
13 per \$100 of valuation.

14 (b) A school district's enrichment tax rate must be
15 approved by the voters in accordance with Section 45.003 of this
16 code and Section 26.08, Tax Code.

17 (c) Subsection (a-1) and this subsection expire January 1,
18 2009.

19 Sec. 42.254. COMPUTATION OF ENRICHMENT AID FOR DISTRICT ON
20 MILITARY INSTALLATION. State enrichment assistance under this
21 subchapter for a school district located on a federal military
22 installation is computed using the average district enrichment
23 tax rate and property value per student of school districts in
24 the county, as determined by the commissioner.

25 [Sections 42.255-42.300 reserved for expansion]

26 SUBCHAPTER H. ADDITIONAL ADJUSTMENTS; FINANCING THE PROGRAM

27 Sec. 42.301. COST OF EDUCATION ADJUSTMENT. (a) The
28 amounts of the accreditation allotments under Subchapter B and
29 each special student allotment under Subchapter C are adjusted
30 to reflect the geographic variation in known resource costs and
31 costs of education due to factors beyond the control of the

1 school district. The amount of the adjustment is 50 percent of
2 the total amount that would result from application of the cost
3 of education index adopted under Subsection (b), or a greater
4 amount for any school year provided by appropriation.

5 (b) The Legislative Budget Board shall adopt a cost of
6 education index based on a statistical analysis conducted on a
7 revenue neutral basis that is designed to isolate the
8 independent effects of uncontrollable factors on the
9 compensation that school districts must pay, including teacher
10 salaries and other benefits. The analysis must include, at a
11 minimum, variations in teacher characteristics, teacher work
12 environments, and the economic and social conditions of the
13 communities in which teachers reside.

14 (b-1) Notwithstanding Subsection (a), the cost of education
15 index for purposes of that subsection for the following school
16 years is determined in the following manner:

17 (1) for the 2005-2006 school year, the index shall be
18 computed giving a weight of 25 percent to the teacher fixed
19 effects index in the 2004 report commissioned by the Joint
20 Select Committee on Public School Finance of the 78th
21 Legislature and a weight of 75 percent to the index used to
22 determine a school district's adjustment for the 2004-2005
23 school year;

24 (2) for the 2006-2007 school year, the index shall be
25 computed giving a weight of 50 percent to the teacher fixed
26 effects index in the 2004 report commissioned by the Joint
27 Select Committee on Public School Finance of the 78th
28 Legislature and a weight of 50 percent to the index used to
29 determine a school district's adjustment for the 2004-2005
30 school year;

31 (3) for the 2007-2008 school year, the index shall be

1 computed giving a weight of 75 percent to the teacher fixed
2 effects index in the 2004 report commissioned by the Joint
3 Select Committee on Public School Finance of the 78th
4 Legislature and a weight of 25 percent to the index used to
5 determine a school district's adjustment for the 2004-2005
6 school year; and

7 (4) for the 2008-2009 school year, the cost of
8 education index for purposes of Subsection (a) is the teacher
9 fixed effects index in the 2004 report commissioned by the Joint
10 Select Committee on Public School Finance of the 78th
11 Legislature.

12 (c) The application of the cost of education index under
13 this section may not result in a greater difference between the
14 highest adjustment and the lowest adjustment than the difference
15 that existed between the highest and lowest adjustments under 19
16 T.A.C. Chapter 203, as that chapter existed on January 1, 2005.

17 The Legislative Budget Board shall increase the amount of the
18 lowest adjustment to satisfy this subsection.

19 (d) The Legislative Budget Board shall biennially update
20 the cost of education index required by this section. The
21 Legislative Budget Board shall submit the updated index to the
22 legislature not later than December 1 of each even-numbered
23 year.

24 (d-1) The Legislative Budget Board shall submit the initial
25 update required by Subsection (d) not later than December 1,
26 2008.

27 (d-2) Subsections (b-1) and (d-1) and this subsection
28 expire September 1, 2009.

29 (e) If the adjustment provided by this section for a school
30 year is less than the adjustment to which a school district
31 would have been entitled using the index applied during the

1 2004-2005 school year, the district's adjustment shall be
2 computed using the index applied during the 2004-2005 school
3 year.

4 Sec. 42.302. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a)

5 The amounts of the accreditation allotments under Subchapter B
6 and each special student allotment under Subchapter C of certain
7 small and mid-sized school districts are adjusted in accordance
8 with this section to reflect district costs related to the
9 district's size. In this section:

10 (1) "A" is the amount of additional funding to which a
11 district is entitled based on an adjustment under this section;

12 (2) "ADA" is the number of students in average daily
13 attendance for which the district is entitled to an
14 accreditation allotment under Section 42.101; and

15 (3) "SA" is the sum of the district's accreditation
16 allotments under Subchapter B and each special student allotment
17 under Subchapter C, as adjusted in accordance with Section
18 42.301.

19 (b) The sum of the total accreditation allotments and any
20 special student allotments under Subchapter C of a school
21 district that contains at least 300 square miles and has not
22 more than 1,600 students in average daily attendance is adjusted
23 by applying the formula:

24
$$\underline{A = ((1,600 - ADA) \times .0004) \times SA}$$

25 (c) The sum of total accreditation allotments and any
26 special student allotments under Subchapter C of a school
27 district that contains less than 300 square miles and has not
28 more than 1,600 students in average daily attendance is adjusted
29 by applying the formula:

30
$$\underline{A = ((1,600 - ADA) \times .00028) \times SA}$$

31 (c-1) Subsection (c) applies beginning with the 2007-2008

1 school year. Notwithstanding Subsection (c), the sum of total
2 accreditation allotments and any special student allotments
3 under Subchapter C of a school district that contains less than
4 300 square miles and has not more than 1,600 students in average
5 daily attendance is adjusted by applying the formula:

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

7 $A = ((1,600 - ADA) \times .00026) \times SA$; or

8 (2) for the 2006-2007 school year:

9 $A = ((1,600 - ADA) \times .00027) \times SA$

10 (d) The sum of the total accreditation allotments and any
11 special student allotments under Subchapter C of a school
12 district that offers a kindergarten through grade 12 program and
13 has less than 5,000 students in average daily attendance is
14 adjusted by applying the formula, of the following formulas,
15 that results in the greatest adjusted allotment:

16 (1) the formula in Subsection (b) or (c) for which the
17 district is eligible; or

18 $A = ((5,000 - ADA) \times .000028) \times SA$

19 (d-1) Subsection (d) applies beginning with the 2007-2008
20 school year. Notwithstanding Subsection (d), the sum of the
21 total accreditation allotments and any special student
22 allotments under Subchapter C of a school district that offers a
23 kindergarten through grade 12 program and has less than 5,000
24 students in average daily attendance is adjusted by applying the
25 formula, of the following formulas, that results in the greatest
26 adjusted allotment:

27 (1) the formula in Subsection (b) or (c-1) for which
28 the district is eligible;

29 (2) for the 2005-2006 school year:

30 $A = ((1,600 - ADA) \times .000026) \times SA$; and

31 (3) for the 2006-2007 school year:

1 A = ((1,600 - ADA) X .000027) X SA

2 (e) Subsections (c-1) and (d-1) and this subsection expire
3 September 1, 2007.

4 Sec. 42.303. SPARSITY ADJUSTMENT. Notwithstanding Sections
5 42.101 and 42.302:

6 (1) a school district that has fewer than 130 students
7 in average daily attendance is entitled to an adjusted
8 accreditation allotment on the basis of 130 students in average
9 daily attendance if the district offers a kindergarten through
10 grade 12 program and has preceding or current year's average
11 daily attendance of at least 90 students or is 30 miles or more
12 by bus route from the nearest high school district;

13 (2) a school district that offers a kindergarten
14 through grade eight program and whose preceding or current
15 year's average daily attendance was or is at least 50 students
16 or that is 30 miles or more by bus route from the nearest high
17 school district is entitled to an adjusted accreditation
18 allotment on the basis of 75 students in average daily
19 attendance; and

20 (3) a school district that offers a kindergarten
21 through grade six program and whose preceding or current year's
22 average daily attendance was or is at least 40 students or that
23 is 30 miles or more by bus route from the nearest high school
24 district is entitled to an adjusted accreditation allotment on
25 the basis of 60 students in average daily attendance.

26 Sec. 42.304. FINANCING: GENERAL RULE. (a) The sum of the
27 accreditation allotments under Subchapter B and the additional
28 allotments under Subchapters C, D, and E, as adjusted in
29 accordance with this subchapter, constitutes the tier one
30 allotments. The sum of the tier one allotments and the
31 enrichment program allotments under Subchapter G constitutes the

1 total cost of the Foundation School Program.

2 (b) The program shall be financed by:

3 (1) state funds appropriated for the purposes of
4 public school education;

5 (2) ad valorem tax revenue generated by an equalized
6 school district effort;

7 (3) ad valorem tax revenue generated by local school
8 district effort for an enrichment program in accordance with
9 Subchapter G; and

10 (4) state available school funds distributed in
11 accordance with law.

12 Sec. 42.305. ADDITIONAL STATE AID FOR AD VALOREM TAX
13 CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. For each school
14 year, a school district, including a school district that is
15 otherwise ineligible for state aid under this chapter, is
16 entitled to state aid in an amount equal to the amount of all
17 tax credits credited against ad valorem taxes of the district in
18 that year under Subchapter D, Chapter 313, Tax Code.

19 Sec. 42.3051. PROFESSIONAL AND SUPPORT STAFF SALARIES AND
20 ADDITIONAL STATE AID. (a) For the 2005-2006 school year, a
21 school district shall provide classroom teachers, full-time
22 librarians, full-time counselors certified under Subchapter B,
23 Chapter 21, and full-time school nurses with, in addition to the
24 amounts required under Section 21.402, annual salaries that are
25 increased additionally by an average of \$500.

26 (b) A school district each school year shall pay each
27 district employee, other than an administrator or an employee
28 subject to the minimum salary schedule under Section 21.402, an
29 amount at least equal to \$500. A payment under this subsection
30 is in addition to wages the district would otherwise pay the
31 employee during the school year.

1 (c) A school district, including a school district that is
2 otherwise ineligible for state aid under this chapter, is
3 entitled to state aid in an amount, as determined by the
4 commissioner, equal to the difference, if any, between:

5 (1) the sum of:

6 (A) an amount equal to the product of \$2,000
7 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
10 and entitled to a minimum salary under Section 21.402; and

11 (B) an amount equal to the product of \$500
12 multiplied by the number of district employees, other than an
13 administrator or an employee subject to the minimum salary
14 schedule under Section 21.402; and

15 (2) the amount of additional money per student to
16 which the district is entitled as a result of S.B. No. 2, Acts
17 of the 79th Legislature, 1st Called Session, 2005, other than
18 money to which the district is entitled under Subchapter G.

19 (d) A school district is not entitled to funds under
20 Subsection (c) if the amount of additional funds to which the
21 district is entitled as a result of S.B. No. 2, Acts of the 79th
22 Legislature, 1st Called Session, 2005, other than money to which
23 the district is entitled under Subchapter G, is sufficient to
24 pay the amounts described by Subsections (a) and (b), as
25 determined by the commissioner.

26 (e) A determination by the commissioner under this section
27 is final and may not be appealed.

28 (f) The commissioner may adopt rules to implement this
29 section.

30 Sec. 42.3052. CRISIS INTERVENTION FUNDING. (a) To the
31 extent consistent with this section, the commissioner may set

1 aside funds appropriated to the agency for purposes of the
2 Foundation School Program to provide temporary emergency
3 assistance to a school district responding to flood, extreme
4 weather conditions, fuel curtailment, severe financial crisis,
5 or other crisis or disaster, as determined appropriate by the
6 commissioner.

7 (b) Before setting aside funds under this section, the
8 commissioner shall notify the Legislative Budget Board and the
9 governor.

10 (c) The commissioner may not set aside funds under this
11 section if doing so would require proration of Foundation School
12 Program entitlements under this chapter.

13 Sec. 42.306. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a)
14 Each school district's share of the Foundation School Program is
15 determined by the following formula:

16
$$\underline{LS = TR \times DPV}$$

17 where:

18 "LS" is the school district's local share;

19 "TR" is a tax rate which for each hundred dollars of
20 valuation is an adopted tax rate of \$1.15, or a lesser rate for
21 any school year provided by appropriation; and

22 "DPV" is the taxable value of property in the school
23 district for the preceding tax year as determined under
24 Subchapter M, Chapter 403, Government Code.

25 (a-1) Notwithstanding Subsection (a), for the 2005-2006
26 school year, the adopted tax rate referenced in that subsection
27 is \$1.20, or a lesser rate provided by appropriation.

28 (b) The commissioner shall adjust the values reported in
29 the official report of the comptroller as required by Section
30 403.302, Government Code, to reflect reductions in taxable value
31 of property resulting from natural or economic disaster after

1 January 1 in the year in which the valuations are determined.
2 The decision of the commissioner is final. An adjustment does
3 not affect the local share of any other school district.

4 (c) A school district with a tax rate ("TR") of \$1.15 or
5 the rate otherwise provided by appropriation for purposes of
6 Subsection (a) is eligible to receive the full amount of the
7 tier one allotment to which the district is entitled under this
8 chapter.

9 (c-1) Notwithstanding Subsection (c), for the 2005-2006
10 school year, a school district with a tax rate ("TR") of \$1.20
11 or the rate otherwise provided by appropriation for purposes of
12 Subsection (a-1) is eligible to receive the full amount of the
13 tier one allotment to which the district is entitled under this
14 chapter.

15 (d) If a school district's tax rate ("TR") is less than
16 \$1.15 or the rate otherwise provided by appropriation for
17 purposes of Subsection (a), the district's tier one allotment is
18 adjusted by a percentage determined by dividing the district's
19 tax rate ("TR") by \$1.15 or the rate otherwise provided by
20 appropriation for purposes of Subsection (a) and multiplying the
21 resulting quotient by 100. The commissioner shall determine the
22 amount of the tier one allotment to which a district is entitled
23 under this subsection. The commissioner's determination is final
24 and may not be appealed.

25 (d-1) Notwithstanding Subsection (d), for the 2005-2006
26 school year, if a school district's tax rate ("TR") is less than
27 \$1.20 or the rate otherwise provided by appropriation for
28 purposes of Subsection (a-1), the district's tier one allotment
29 is adjusted by a percentage determined by dividing the
30 district's tax rate ("TR") by \$1.20 or the rate otherwise
31 provided by appropriation for purposes of Subsection (a-1) and

1 multiplying the resulting quotient by 100. The commissioner
2 shall determine the amount of the tier one allotment to which a
3 district is entitled under this subsection. The commissioner's
4 determination is final and may not be appealed.

5 (e) In implementing any provision of this title that refers
6 to a school district's tier one allotment, the tier one
7 allotment of a district described by Subsection (d) is the
8 proportionate amount provided by that subsection.

9 (e-1) Notwithstanding Subsection (e), for the 2005-2006
10 school year, in implementing any provision of this title that
11 refers to a school district's tier one allotment, the tier one
12 allotment of a district described by Subsection (d-1) is the
13 proportionate amount provided by that subsection.

14 (e-2) Subsections (a-1), (c-1), (d-1), and (e-1) and this
15 subsection expire September 1, 2006.

16 Sec. 42.307. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE
17 OF PROPERTY. (a) For purposes of Chapter 46 and this chapter,
18 and to the extent money specifically authorized to be used under
19 this section is available, the commissioner shall adjust the
20 taxable value of property in a school district that, due to
21 factors beyond the control of the board of trustees, experiences
22 a rapid decline in the tax base used in computing taxable values
23 in excess of four percent of the tax base used in the preceding
24 year.

25 (b) To the extent that a sufficient amount of money is not
26 available to fund all adjustments under this section, the
27 commissioner shall reduce adjustments in the manner provided by
28 Section 42.313(f) so that the total amount of adjustments equals
29 the amount of money available to fund the adjustments.

30 (c) A decision of the commissioner under this section is
31 final and may not be appealed.

1 Sec. 42.308. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION.

2 (a) In any school year, the commissioner may not provide
3 funding under this chapter based on a school district's taxable
4 value of property computed in accordance with Section
5 403.302(d)(2), Government Code, unless:

6 (1) funds are specifically appropriated for purposes
7 of this section; or

8 (2) the commissioner determines that the total amount
9 of state funds appropriated for purposes of the Foundation
10 School Program for the school year exceeds the amount of state
11 funds distributed to school districts in accordance with Section
12 42.313 based on the taxable values of property in school
13 districts computed in accordance with Section 403.302(d),
14 Government Code, without any deduction for residence homestead
15 exemptions granted under Section 11.13(n), Tax Code.

16 (b) In making a determination under Subsection (a)(2), the
17 commissioner shall:

18 (1) notwithstanding Section 42.313(b), reduce the
19 entitlement under this chapter of a school district whose final
20 taxable value of property is higher than the estimate under
21 Section 42.314 and make payments to school districts
22 accordingly; and

23 (2) give priority to school districts that, due to
24 factors beyond the control of the board of trustees, experience
25 a rapid decline in the tax base used in calculating taxable
26 values in excess of four percent of the tax base used in the
27 preceding year.

28 (c) In the first year of a state fiscal biennium, before
29 providing funding as provided by Subsection (a)(2), the
30 commissioner shall ensure that sufficient appropriated funds for
31 purposes of the Foundation School Program are available for the

1 second year of the biennium, including funds to be used for
2 purposes of Section 42.307.

3 (d) If the commissioner determines that the amount of funds
4 available under Subsection (a)(1) or (2) does not at least equal
5 the total amount of state funding to which districts would be
6 entitled if state funding under this chapter were based on the
7 taxable values of property in school districts computed in
8 accordance with Section 403.302(d)(2), Government Code, the
9 commissioner may, to the extent necessary, provide state funding
10 based on a uniform lesser fraction of the deduction under
11 Section 403.302(d)(2), Government Code.

12 (e) The commissioner shall notify school districts as soon
13 as practicable as to the availability of funds under this
14 section. For purposes of computing a rollback tax rate under
15 Section 26.08, Tax Code, a district shall adjust the district's
16 tax rate limit to reflect assistance received under this
17 section.

18 Sec. 42.3081. ADJUSTMENT FOR UNPAID TAXES OF MAJOR
19 TAXPAYER. (a) The commissioner shall make adjustments as
20 provided by this section to a school district's taxable value of
21 property for purposes of this chapter and Chapter 46.

22 (b) A school district that has a major taxpayer, as
23 determined by the commissioner, that because of a protest of the
24 valuation of the taxpayer's property fails to pay all or a
25 portion of the ad valorem taxes due to the district may apply to
26 the commissioner for an adjustment under this section.

27 (c) The commissioner shall recover the benefit of any
28 adjustment made under this section by making offsetting
29 adjustments in the school district's taxable value of property
30 for purposes of this chapter or Chapter 46 on a final
31 determination of the taxable value of property that was the

1 basis of the original adjustment, or in the second school year
2 following the year in which the adjustment is made, whichever is
3 earlier.

4 (d) A determination by the commissioner under this section
5 is final and may not be appealed.

6 Sec. 42.309. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT
7 OFFERING ALL GRADE LEVELS. For purposes of this chapter, the
8 taxable value of property of a school district that contracts
9 for students residing in the district to be educated in another
10 district under Section 25.039(a) is adjusted by applying the
11 formula:

$$12 \qquad \qquad \qquad \text{ADPV} = \text{DPV} - (\text{TN}/\text{MTR})$$

13 where:

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

15 "DPV" is the taxable value of property in the district for
16 the preceding tax year determined under Subchapter M, Chapter
17 403, Government Code;

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

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

25 Sec. 42.310. EFFECT OF APPRAISAL APPEAL. (a) If the final
26 determination of an appeal under Chapter 42, Tax Code, results
27 in a reduction in the taxable value of property that exceeds
28 five percent of the total taxable value of property in the
29 school district for the same tax year determined under
30 Subchapter M, Chapter 403, Government Code, the commissioner
31 shall request the comptroller to adjust its taxable property

1 value findings for that year consistent with the final
2 determination of the appraisal appeal.

3 (b) If the district would have received a greater amount
4 from the Texas education fund for the applicable school year
5 using the adjusted value, the commissioner shall add the
6 difference to subsequent distributions to the district from the
7 Texas education fund. An adjustment does not affect the local
8 share of any other district.

9 Sec. 42.311. ADDITIONAL TRANSITIONAL AID. (a)
10 Notwithstanding any other provision of this subtitle, and
11 provided that a school district imposes a tax at a minimum rate
12 specified by the commissioner, a school district is entitled to
13 the amount of state revenue necessary to maintain state and
14 local revenue per student in average daily attendance in the
15 amount equal to the sum of:

16 (1) the amount of state and local revenue per student
17 in average daily attendance for the maintenance and operation of
18 the district to which the district would have been entitled for
19 the 2005-2006 school year under Chapter 42, as that chapter
20 existed on January 1, 2005, or, if the district would have been
21 subject to Chapter 41, as that chapter existed on January 1,
22 2005, the amount to which the district would have been entitled
23 under that chapter, based on the funding elements in effect for
24 the 2004-2005 school year, and including:

25 (A) any amounts described by Rider 82, page III-
26 23, Chapter 1330, Acts of the 78th Legislature, Regular Session,
27 2003 (the General Appropriations Act);

28 (B) the portion of any profit the district
29 received during the 2004-2005 school year as a result of an
30 agreement under Subchapter E, Chapter 41, that exceeds the
31 amount of state and local revenue that would have been available

1 to the district during that school year if the district imposed
2 and received state assistance for a maintenance and operations
3 tax of \$1.50 per \$100 of valuation during that school year; and

4 (C) any amount necessary to reflect an adjustment
5 made by the commissioner under Section 42.3081; and

6 (2) an amount equal to three percent of the amount
7 described by Subdivision (1).

8 (b) The amount of revenue to which a school district is
9 entitled because of the instructional materials and technology
10 allotment under Section 31.0211 or 32.005 is not included in
11 making a determination under Subsection (a).

12 (c) The commissioner shall determine the minimum tax rate
13 for a school district under Subsection (a) on the basis of the
14 tax rate adopted by the district for maintenance and operations
15 for the 2004-2005 school year.

16 (d) The commissioner shall determine the amount of state
17 funds to which a school district is entitled under this section.
18 The commissioner's determination is final and may not be
19 appealed.

20 (e) Any amount to which a school district is entitled under
21 Subchapter G is not included in determining the amount to which
22 the district is entitled under this section.

23 Sec. 42.3111. IMPLEMENTATION OF REVENUE MAINTENANCE
24 PROVISIONS FOR DISTRICTS UNDER COUNTYWIDE EQUALIZATION SYSTEM.

25 (a) This section applies only to a school district that
26 receives local property tax revenue from a countywide
27 equalization tax imposed in accordance with former Chapter 18
28 and authorized by Section 11.301.

29 (b) In implementing any provision of this chapter that
30 entitles a school district to maintain the amount of state and
31 local revenue per student in average daily attendance that would

1 have been available to the district using the funding elements
2 under Chapters 41 and 42 in effect during the 2004-2005 school
3 year, the commissioner shall consider the tax rate of each
4 district receiving revenue from a countywide equalization tax to
5 be the sum of the equalization tax rate and the rate imposed by
6 the district.

7 Sec. 42.312. TEMPORARY LIMITATIONS ON AID. (a)

8 Notwithstanding any other provision of this subtitle, but
9 subject to Subsection (e), the commissioner shall withhold from
10 a school district the amount of state funds necessary to ensure
11 that the district does not receive an amount of state and local
12 revenue per student in average daily attendance that is greater
13 than the following percentage of the amount described by Section
14 42.311(a):

15 (1) 108 percent for the 2005-2006 school year;

16 (2) 116 percent for the 2006-2007 school year; and

17 (3) 124 percent for the 2007-2008 school year.

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

21 (c) Any amount to which a school district is entitled under
22 Subchapter G is not included in determining the amount that the
23 district may receive under this section.

24 (d) Section 42.311(b) applies to any determinations made
25 under this section.

26 (e) If the amount to which a school district is entitled
27 under Section 42.311 exceeds the amount to which the district is
28 entitled under this section, the district is entitled to the
29 greater amount.

30 (f) This section expires September 1, 2008.

31 Sec. 42.313. DISTRIBUTION OF TEXAS EDUCATION FUND. (a) For

1 each school year the commissioner shall determine:

2 (1) the amount of money to which a school district is
3 entitled under Subchapters B, C, D, and E, as adjusted in
4 accordance with this subchapter;

5 (2) the amount of money to which a school district is
6 entitled under Subchapter G;

7 (3) the amount of money allocated to a school district
8 from the available school fund;

9 (4) the amount of a school district's tier one local
10 share under Section 42.306; and

11 (5) the amount of a school district's enrichment
12 program local revenue under Section 42.252.

13 (b) Except as provided by this subsection, the commissioner
14 shall base the determinations under Subsection (a) on the
15 estimates provided to the legislature under Section 42.314 for
16 each school district for each school year. The General
17 Appropriations Act may provide alternate estimates of tax rates
18 or total taxable value of property for each school district for
19 each school year, in which case those estimates shall be used in
20 making the determinations under Subsection (a). The
21 commissioner shall reduce the entitlement of each district that
22 has a final taxable value of property for the second year of a
23 state fiscal biennium that is higher than the estimate under
24 Section 42.314 or the General Appropriations Act, as applicable.

25 A reduction under this subsection may not reduce the district's
26 entitlement below the amount to which it is entitled at its
27 actual taxable value of property.

28 (c) Each school district is entitled to an amount equal to
29 the difference for that district between the sum of Subsections
30 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
31 (a)(5).

1 (d) The commissioner shall approve warrants to each school
2 district equaling the amount of its entitlement, except as
3 provided by this section. Warrants for all money expended
4 according to this chapter shall be approved and transmitted to
5 treasurers or depositories of school districts in the same
6 manner as warrants for state available fund payments are
7 transmitted. The total amount of the warrants issued under this
8 section may not exceed the total amount appropriated for
9 Foundation School Program purposes for that fiscal year.

10 (e) If a school district demonstrates to the satisfaction
11 of the commissioner that the estimate of the district's tax
12 rate, student enrollment, or taxable value of property used in
13 determining the amount of state funds to which the district is
14 entitled are so inaccurate as to result in undue financial
15 hardship to the district, the commissioner may adjust funding to
16 that district in that school year to the extent that funds are
17 available for that year.

18 (f) If the total amount appropriated for a year is less
19 than the amount of money to which school districts are entitled
20 for that year, the commissioner shall reduce the total amount of
21 funds allocated to each district proportionately. The following
22 fiscal year, a district's entitlement under this section is
23 increased by an amount equal to the reduction made under this
24 subsection.

25 (g) Not later than March 1 each year, the commissioner
26 shall determine the actual amount of state funds to which each
27 school district is entitled under this chapter for the current
28 school year and shall compare that amount with the amount of the
29 warrants issued to each district for that year. If the amount
30 of the warrants differs from the amount to which a district is
31 entitled because of variations in the district's tax rate,

1 student enrollment, or taxable value of property, the
2 commissioner shall adjust the district's entitlement for the
3 next fiscal year accordingly.

4 (g-1) Not later than March 1 of each even-numbered year,
5 the commissioner shall identify each school district in which
6 the actual student enrollment for the current school year is at
7 least three percent higher or lower than the estimate of student
8 enrollment used to determine the amount of warrants issued to
9 the district for that year. Subject to available funding, the
10 commissioner shall adjust the district's entitlement for the
11 next fiscal year so that the district receives, during that
12 year, warrants in the amount to which the district would be
13 entitled on the basis of a student enrollment that is three
14 percent higher or lower, as applicable, than the estimate of
15 student enrollment otherwise used to determine the district's
16 entitlement. To the extent that money is available in the
17 second year of a state fiscal biennium for adjustments under
18 Subsection (g) and this subsection, the commissioner shall give
19 priority to adjustments under this subsection.

20 (h) The legislature may appropriate funds necessary for
21 increases under Subsection (g) or (g-1) from funds that the
22 comptroller, at any time during the fiscal year, finds are
23 available.

24 (i) The commissioner shall compute for each school district
25 the total amount by which the district's allocation of state
26 funds is increased or reduced under Subsection (g) or (g-1) and
27 shall certify that amount to the district.

28 (j) Notwithstanding any other provision of this chapter,
29 the commissioner may reduce the amount of funds allocated to a
30 school district under this chapter for a school year if the
31 district collects less than 98 percent of the maintenance and

1 operations taxes levied by the district during that school year.

2 Sec. 42.314. ESTIMATES REQUIRED. (a) Not later than
3 October 1 of each even-numbered year:

4 (1) the agency shall submit to the legislature an
5 estimate of the tax rate and student enrollment of each school
6 district for the following biennium; and

7 (2) the comptroller shall submit to the legislature an
8 estimate of the total taxable value of all property in the state
9 as determined under Subchapter M, Chapter 403, Government Code,
10 for the following biennium.

11 (b) The agency and the comptroller shall update the
12 information provided to the legislature under Subsection (a) not
13 later than March 1 of each odd-numbered year.

14 (c) For purposes of this section, the agency shall use the
15 estimate of student enrollment provided by the school district,
16 unless the agency's review of the estimate indicates that it is
17 inaccurate. The commissioner shall adopt criteria for use by
18 the agency in reviewing a district's estimate and shall develop
19 procedures to be used to resolve significant differences between
20 the district's estimate and any revised estimate proposed by the
21 agency. The procedures must provide a district with an
22 opportunity to demonstrate the basis of the district's estimate.

23 Sec. 42.315. FALSIFICATION OF RECORDS; REPORT. When, in
24 the opinion of the agency's director of school audits, audits or
25 reviews of accounting, enrollment, or other records of a school
26 district reveal deliberate falsification of the records, or
27 violation of the provisions of this chapter, through which the
28 district's share of state funds allocated under the authority of
29 this chapter would be, or has been, illegally increased, the
30 director shall promptly and fully report the fact to the State
31 Board of Education, the state auditor, and the appropriate

1 county attorney, district attorney, or criminal district
2 attorney.

3 Sec. 42.316. PAYMENTS FROM TEXAS EDUCATION FUND. (a) In
4 this section:

5 (1) "Category 1 school district" means a school
6 district having a wealth per student of less than one-half of
7 the statewide average wealth per student.

8 (2) "Category 2 school district" means a school
9 district having a wealth per student of at least one-half of the
10 statewide average wealth per student but not more than the
11 statewide average wealth per student.

12 (3) "Category 3 school district" means a school
13 district having a wealth per student of more than the statewide
14 average wealth per student.

15 (4) "Wealth per student" means the taxable property
16 values reported by the comptroller to the commissioner under
17 Section 42.306 divided by the number of students in average
18 daily attendance.

19 (b) Payments from the Texas education fund to each category
20 1 school district shall be made as follows:

21 (1) 15 percent of the yearly entitlement of the
22 district shall be paid in an installment to be made on or before
23 the 25th day of September of a fiscal year;

24 (2) 80 percent of the yearly entitlement of the
25 district shall be paid in eight equal installments to be made on
26 or before the 25th day of October, November, December, January,
27 March, May, June, and July; and

28 (3) five percent of the yearly entitlement of the
29 district shall be paid in an installment to be made on or before
30 the 25th day of February.

31 (c) Payments from the Texas education fund to each category

1 2 school district shall be made as follows:

2 (1) 22 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before
4 the 25th day of September of a fiscal year;

5 (2) 18 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before
7 the 25th day of October;

8 (3) 9.5 percent of the yearly entitlement of the
9 district shall be paid in an installment to be made on or before
10 the 25th day of November;

11 (4) 7.5 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before
13 the 25th day of April;

14 (5) five percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before
16 the 25th day of May;

17 (6) 10 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before
19 the 25th day of June;

20 (7) 13 percent of the yearly entitlement of the
21 district shall be paid in an installment to be made on or before
22 the 25th day of July; and

23 (8) 15 percent of the yearly entitlement of the
24 district shall be paid in an installment to be made after the
25 fifth day of September and not later than the 10th day of
26 September of the calendar year following the calendar year of
27 the payment made under Subdivision (1).

28 (d) Payments from the Texas education fund to each category
29 3 school district shall be made as follows:

30 (1) 45 percent of the yearly entitlement of the
31 district shall be paid in an installment to be made on or before

1 the 25th day of September of a fiscal year;

2 (2) 35 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before
4 the 25th day of October; and

5 (3) 20 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made after the
7 fifth day of September and not later than the 10th day of
8 September of the calendar year following the calendar year of
9 the payment made under Subdivision (1).

10 (e) The amount of any installment required by this section
11 may be modified to provide a school district with the proper
12 amount to which the district may be entitled by law and to
13 correct errors in the allocation or distribution of funds. If
14 an installment under this section is required to be equal to
15 other installments, the amount of other installments may be
16 adjusted to provide for that equality.

17 (f) Except as provided by Subsection (c)(8) or (d)(3), any
18 previously unpaid additional funds from prior years owed to a
19 district shall be paid to the district together with the
20 September payment of the current year entitlement.

21 Sec. 42.317. RECOVERY OF OVERALLOCATED FUNDS. (a) If a
22 school district has received an overallocation of state funds,
23 the agency shall, by withholding from subsequent allocations of
24 state funds or by requesting and obtaining a refund, recover
25 from the district an amount equal to the overallocation.

26 (b) If a district fails to comply with a request for a
27 refund under Subsection (a), the agency shall certify to the
28 comptroller that the amount constitutes a debt for purposes of
29 Section 403.055, Government Code. The agency shall provide to
30 the comptroller the amount of the overallocation and any other
31 information required by the comptroller. The comptroller may

1 certify the amount of the debt to the attorney general for
2 collection.

3 (c) Any amounts recovered under this section shall be
4 deposited in the Texas education fund.

5 [Sections 42.318-42.400 reserved for expansion]

6 SUBCHAPTER I. ADDITIONAL EQUALIZATION

7 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

8 (a) Except as provided by Subsection (b), a school district in
9 which the district's local share under Section 42.306 exceeds
10 the district's tier one allotment under Section 42.304 shall be
11 consolidated by the commissioner under Subchapter H, Chapter 41.

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

16 SECTION 1A.02. Section 30.003, Education Code, is amended
17 by adding Subsection (f-1) to read as follows:

18 (f-1) The commissioner shall determine the total amount
19 that the Texas School for the Blind and Visually Impaired and
20 the Texas School for the Deaf would have received from school
21 districts pursuant to this section if S.B. No. 2, Acts of the
22 79th Legislature, 1st Called Session, 2005, had not reduced the
23 districts' share of the cost of providing education services.
24 That amount, minus any amount the schools do receive from school
25 districts, shall be set aside as a separate account in the
26 foundation school fund and appropriated to those schools for
27 educational purposes.

28 SECTION 1A.03. The heading to Chapter 41, Education Code,
29 is amended to read as follows:

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

31 SECTION 1A.04. Section 41.004, Education Code, is amended

1 to read as follows:

2 Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION [PROPERTY
3 ~~WEALTH~~]. (a) Not later than July 15 of each year, using the
4 estimate of enrollment under Section 42.314 [~~42.254~~], the
5 commissioner shall review the local share and tier one allotment
6 [~~wealth per student~~] of each school district [~~districts~~] in the
7 state and shall notify:

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

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

14 [~~3~~] each district to which the commissioner proposes
15 to consolidate a district notified under Subdivision (1), if
16 necessary, under Subchapter H.

17 (b) If, before the dates provided by this subsection, a
18 district notified under Subsection (a)(1) has not purchased
19 average daily attendance credit as provided by Subchapter D
20 [~~successfully exercised one or more options under Section 41.003~~
21 ~~that reduce the district's wealth per student to a level equal~~
22 ~~to or less than the equalized wealth level~~], the commissioner
23 [~~shall order the detachment of property from that district as~~
24 ~~provided by Subchapter G. If that detachment will not reduce~~
25 ~~the district's wealth per student to a level equal to or less~~
26 ~~than the equalized wealth level, the commissioner may not detach~~
27 ~~property under Subchapter G but~~] shall order the consolidation
28 of the district with one or more other districts as provided by
29 Subchapter H. [~~An agreement under Section 41.003(1) or (2) must~~
30 ~~be executed not later than September 1 immediately following the~~
31 ~~notice under Subsection (a).~~] An election to authorize the

1 purchase of average daily attendance credit as provided by
2 Subchapter D [~~for an option under Section 41.003(3), (4), or~~
3 ~~(5)~~] must be ordered before September 1 immediately following
4 the notice under Subsection (a).

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

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

12 (1) is effective for Foundation School Program funding
13 purposes for the school year that begins in the calendar year in
14 which the [~~detachment and annexation or~~] consolidation is
15 [~~agreed to or~~] ordered; and

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

19 SECTION 1A.05. Section 41.006(a), Education Code, is
20 amended to read as follows:

21 (a) The commissioner may adopt rules necessary for the
22 implementation of this chapter. The rules may provide for the
23 commissioner to make necessary adjustments to the provisions of
24 Chapter 42, including providing for the commissioner to make an
25 adjustment in the funding element established by Section 42.252
26 [~~42.302~~], at the earliest date practicable, to the amount the
27 commissioner believes, taking into consideration options
28 exercised by school districts under Section 42.401 [~~this~~
29 ~~chapter~~] and estimates of student enrollments, will match
30 appropriation levels.

31 SECTION 1A.06. Section 41.008(a), Education Code, is

1 amended to read as follows:

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

12 SECTION 1A.07. Section 41.009(a), Education Code, is
13 amended to read as follows:

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

20 SECTION 1A.08. Section 41.010, Education Code, is amended
21 to read as follows:

22 Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax
23 increments under Chapter 311, Tax Code, is not affected by the
24 consolidation of territory [~~or tax bases or by annexation]~~ under
25 this chapter. In each tax year a school district paying a tax
26 increment from taxes on property over which the district has
27 assumed taxing power is entitled to retain the same percentage
28 of the tax increment from that property that the district in
29 which the property was located before the consolidation [~~or~~
30 ~~annexation]~~ could have retained for the respective tax year.

31 SECTION 1A.09. Section 41.013(a), Education Code, is

1 amended to read as follows:

2 (a) A [~~Except as provided by Subchapter G, a~~] decision of
3 the commissioner under this chapter may be reviewed [~~is~~
4 ~~appealable~~] under Section 7.0571 [~~7.057~~].

5 SECTION 1A.10. Section 41.091, Education Code, is amended
6 to read as follows:

7 Sec. 41.091. AGREEMENT. (a) A school district subject to
8 Section 42.401 [~~with a wealth per student that exceeds the~~
9 ~~equalized wealth level~~] may execute an agreement with the
10 commissioner to purchase attendance credits in an amount equal
11 to the difference between the district's local share under
12 Section 42.306 and the district's tier one allotment under
13 Section 42.304.

14 (b) Notwithstanding Subsection (a), for the 2005-2006,
15 2006-2007, and 2007-2008 school years, the amount of attendance
16 credits required to be purchased is equal to the greater of:

17 (1) the amount required under Subsection (a); or
18 (2) the amount equal to the percentage of the
19 district's total maintenance and operations tax revenue that
20 permits the district to retain the maximum revenue allowed under
21 Section 42.312 for the applicable school year.

22 (c) Subsection (b) and this subsection expire September 1,
23 2008 [~~sufficient, in combination with any other actions taken~~
24 ~~under this chapter, to reduce the district's wealth per student~~
25 ~~to a level that is equal to or less than the equalized wealth~~
26 ~~level~~].

27 SECTION 1A.11. Section 41.093(a), Education Code, is
28 amended to read as follows:

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

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

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

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

8 SECTION 1A.12. Section 41.251, Education Code, is amended
9 to read as follows:

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

16 SECTION 1A.13. Section 41.252, Education Code, is amended
17 by amending Subsections (a) and (c) and adding Subsection (d) to
18 read as follows:

19 (a) In selecting the districts to be consolidated with a
20 district subject to Section 42.401 [~~that has a property wealth~~
21 ~~greater than the equalized wealth level~~], the commissioner shall
22 select one or more districts with a local share under Section
23 42.306 [~~wealth per student~~] that, when consolidated, will result
24 in a consolidated district that is not subject to Section 42.401
25 [~~with a wealth per student equal to or less than the equalized~~
26 ~~wealth level~~]. In achieving that result, the commissioner shall
27 give priority to school districts in the following order:

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

31 (2) second, to the district that has the lowest local

1 share percentage [~~wealth per student~~] and is located in the same
2 county;

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

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

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

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

18 (c) In applying the selection criteria specified by
19 Subsection (a), if more than two districts are to be
20 consolidated, the commissioner shall select the third and each
21 subsequent district to be consolidated by treating the district
22 subject to Section 42.401 [~~that has a property wealth greater~~
23 ~~than the equalized wealth level~~] and the district or districts
24 previously selected for consolidation as one district.

25 (d) In this section, "local share percentage" means a
26 percentage determined by dividing a school district's local
27 share under Section 42.306 by the district's tier one allotment
28 under Section 42.304.

29 SECTION 1A.14. Section 41.257, Education Code, is amended
30 to read as follows:

31 Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS

1 AND TRANSPORTATION ALLOTMENT. The budget of the consolidated
2 district must apply the benefit of the adjustment or allotment
3 to the schools of the consolidating district to which Section
4 42.302 or 42.303 or Subchapter D, Chapter 42, [42.103, 42.105,
5 or 42.155] would have applied in the event that the consolidated
6 district still qualifies as a small or sparse district.

7 SECTION 1A.15. Section 44.004, Education Code, is amended
8 by adding Subsection (c-1) to read as follows:

9 (c-1) The notice described by Subsection (b) must state in
10 a distinct row for each of the following taxes:

11 (1) the proposed rate for the school district's
12 maintenance and operations tax described by Section 45.003,
13 under the heading "Maintenance and Operations Tax";

14 (2) the proposed rate for the school district's
15 interest and sinking fund tax described by Section 45.001, under
16 the heading "Interest and Sinking School Debt Service Tax
17 Approved by Local Voters"; and

18 (3) the proposed rate for the school district's
19 enrichment tax described by Section 42.253, under the heading
20 "Local Enrichment Tax Approved by Local Voters."

21 SECTION 1A.16. Section 45.003, Education Code, is amended
22 by adding Subsection (f) to read as follows:

23 (f) Notwithstanding any other provision of this section, a
24 district may not adopt a tax rate for the maintenance and
25 operations of the district that exceeds the sum of the maximum
26 rate for purposes of Section 42.253 and the rate specified in
27 Section 42.306 or otherwise provided for that section by
28 appropriation unless that tax rate is approved by two-thirds of
29 the qualified voters voting in an election held for that
30 purpose. A district's adoption of a rate authorized by this
31 subsection does not affect the limitation on a district's

1 entitlement to enrichment revenue provided by Section 42.253.
2 This subsection does not authorize the adoption of a tax rate
3 for the maintenance and operations of the district that exceeds
4 the maximum rate prescribed by Subsection (d). This subsection
5 expires January 1, 2009.

6 SECTION 1A.17. The heading to Section 26.08, Tax Code, is
7 amended to read as follows:

8 Sec. 26.08. SCHOOL DISTRICT TAXES AND ELECTIONS [ELECTION]
9 TO AUTHORIZE OR RATIFY SCHOOL TAXES.

10 SECTION 1A.18. Section 26.08, Tax Code, is amended by
11 amending Subsections (a), (b), (c), (e), (h), (i), and (j) and
12 adding Subsections (a-1)-(a-8) and (b-1) to read as follows:

13 (a) Except as provided by Subsection (b), a school district
14 must obtain voter authorization in an election each time the
15 district adopts a tax rate for the maintenance and operations of
16 the district that exceeds the rate levied by the district in the
17 preceding tax year.

18 (a-1) Notwithstanding Section 45.003, Education Code, and
19 except as provided by Subsection (a-3), (a-4), or (a-5), for the
20 2005 tax year, a school district may not impose a tax for the
21 maintenance and operations of the district that exceeds the
22 greater of:

23 (1) the rate equal to 80 percent of the rate adopted
24 by the district for maintenance and operations for the 2004 tax
25 year; or

26 (2) the rate necessary to ensure that the district
27 receives the amount of revenue to which the district is entitled
28 under Section 42.311, Education Code, provided that the rate may
29 not exceed \$1.20 on the \$100 valuation of taxable property.

30 (a-2) Notwithstanding Section 45.003, Education Code, and
31 except as provided by Subsection (a-3), (a-4), or (a-5), for the

1 2006 tax year, a school district may not impose a tax for the
2 maintenance and operations of the district that exceeds the
3 greater of:

4 (1) the rate equal to the sum of 77 percent of the
5 rate adopted by the district for maintenance and operations for
6 the 2004 tax year and any additional rate for enrichment
7 authorized by district voters for the 2005 tax year; or

8 (2) the rate necessary to ensure that the district
9 receives the amount of revenue to which the district is entitled
10 under Section 42.311, Education Code, provided that the rate may
11 not exceed the sum of \$1.15 on the \$100 valuation of taxable
12 property and any additional rate for enrichment authorized by
13 district voters for the 2005 tax year.

14 (a-3) For the 2005 and 2006 tax years, a school district
15 may, without holding an additional election, impose a tax for
16 the maintenance and operations of the district at a rate that
17 does not exceed the lesser of the rate of \$1.20 or the rate of
18 \$1.15 and any additional rate for enrichment authorized by
19 district voters for the 2005 tax year, as applicable for the
20 appropriate tax year, or the sum of the rate authorized by
21 Subsection (a-1) or (a-2), as applicable for the appropriate tax
22 year, and the rate of \$0.04 on the \$100 valuation of taxable
23 value, provided that the rate imposed was previously authorized
24 by voters in an election held for that purpose. A school
25 district may impose a greater rate if the greater rate is
26 approved by the voters in an election held after the effective
27 date of S.B. No. 2, Acts of the 79th Legislature, 1st Called
28 Session, 2005.

29 (a-4) For the 2005 and 2006 tax years, a school district
30 permitted by Subsection (a-1) or (a-2), as applicable for the
31 appropriate tax year, to impose a tax for the maintenance and

1 operations of the district at the rate of \$1.20 or \$1.15, as
2 applicable for the appropriate tax year, on the \$100 valuation
3 of taxable property may impose a tax for the maintenance and
4 operations of the district at a higher rate if approved by the
5 voters in an election held after the effective date of S.B. No.
6 2, Acts of the 79th Legislature, 1st Called Session, 2005.

7 (a-5) Notwithstanding any other provision of law, a school
8 district permitted by special law on January 1, 2005, to impose
9 an ad valorem tax for maintenance and operations at a rate
10 greater than \$1.50 on the \$100 valuation of taxable property in
11 the district may:

12 (1) for the 2005 tax year:

13 (A) impose a tax for the maintenance and
14 operations of the district at a rate not to exceed the rate that
15 is \$0.30 less than the rate adopted by the district for
16 maintenance and operations for the 2004 tax year, provided that,
17 notwithstanding any other provision of law, the tax authorized
18 by this subdivision may not be considered an enrichment tax for
19 purposes of Subchapter G, Chapter 42, Education Code; and

20 (B) seek voter authorization to impose a tax for
21 maintenance and operations for purposes of Subchapter G, Chapter
22 42, Education Code, at a rate greater than the rate authorized
23 by Paragraph (A), provided that the rate authorized by this
24 subdivision may not exceed the maximum tax permitted under
25 Subchapter G, Chapter 42, Education Code; and

26 (2) for the 2006 and subsequent tax years:

27 (A) continue to impose a tax for the maintenance
28 and operations of the district at a rate not to exceed the rate
29 that is \$0.35 less than the rate adopted by the district for
30 maintenance and operations for the 2004 tax year, provided that,
31 notwithstanding any other provision of law, the tax authorized

1 by this subdivision may not be considered an enrichment tax rate
2 for purposes of Subchapter G, Chapter 42, Education Code; and

3 (B) seek voter authorization to impose a tax for
4 maintenance and operations for purposes of Subchapter G, Chapter
5 42, Education Code, at a rate greater than the rate authorized
6 by Paragraph (A), provided that the rate authorized by this
7 subdivision may not exceed the maximum tax permitted under
8 Subchapter G, Chapter 42, Education Code.

9 (a-6) All actions taken by the board of trustees of a
10 school district before the effective date of S.B. No. 2, Acts of
11 the 79th Legislature, 1st Called Session, 2005, that are
12 necessary to hold an election after the effective date of that
13 Act are validated as of the effective date of that Act.

14 (a-7) A school district that has adopted a tax rate for the
15 2005 tax year before the effective date of S.B. No. 2, Acts of
16 the 79th Legislature, 1st Called Session, 2005, must adopt a new
17 tax rate for the 2005 tax year that is consistent with
18 Subsections (a-1), (a-3), (a-4), and (a-5).

19 (a-8) Subsections (a-1), (a-2), (a-3), (a-4), and (a-7) and
20 this subsection expire January 1, 2007.

21 (b) If the governing body of a school district with a
22 maintenance and operations tax rate of less than the rate
23 specified in Section 42.306 or otherwise provided by
24 appropriation for purposes of that section adopts a tax rate
25 that exceeds the district's rollback tax rate, the registered
26 voters of the district at an election held for that purpose must
27 determine whether to approve the adopted tax rate. When
28 increased expenditure of money by a school district is necessary
29 to respond to a disaster, including a tornado, hurricane, flood,
30 or other calamity, but not including a drought, that has
31 impacted a school district and the governor has requested

1 federal disaster assistance for the area in which the school
2 district is located, an election is not required under this
3 section to approve the tax rate adopted by the governing body
4 for the year following the year in which the disaster occurs.

5 (b-1) [~~(b)~~] The governing body shall order that the
6 election required by Subsection (b) be held in the school
7 district on a date not less than 30 or more than 90 days after
8 the day on which it adopted the tax rate. Section 41.001,
9 Election Code, does not apply to the election unless a date
10 specified by that section falls within the time permitted by
11 this section. At the election, the ballots shall be prepared to
12 permit voting for or against the proposition: "Approving the ad
13 valorem tax rate of \$_____ per \$100 valuation in (name of school
14 district) for the current year, a rate that is \$_____ higher per
15 \$100 valuation than the school district rollback tax rate."
16 The ballot proposition must include the adopted tax rate and the
17 difference between that rate and the rollback tax rate in the
18 appropriate places.

19 (c) If a majority of the votes cast in the election
20 required by Subsection (b) favor the proposition, the tax rate
21 for the current year is the rate that was adopted by the
22 governing body.

23 (e) For purposes of Subsection (b) [~~this section~~], local
24 tax funds dedicated to a junior college district under Section
25 45.105(e), Education Code, shall be eliminated from the
26 calculation of the tax rate adopted by the governing body of the
27 school district. However, the funds dedicated to the junior
28 college district are subject to Section 26.085.

29 (h) For purposes of Subsection (b) [~~this section~~],
30 increases in taxable values and tax levies occurring within a
31 reinvestment zone under Chapter 311 (Tax Increment Financing

1 Act), in which the district is a participant, shall be
2 eliminated from the calculation of the tax rate adopted by the
3 governing body of the school district.

4 (i) For purposes of Subsection (b) [~~this section~~], the
5 rollback tax rate of a school district is the sum of:

6 (1) the tax rate that, applied to the current total
7 value for the district, would impose taxes in an amount that,
8 when added to state funds that would be distributed to the
9 district under Chapter 42, Education Code, for the school year
10 beginning in the current tax year using that tax rate, would
11 provide the same amount of state funds distributed under Chapter
12 42 and maintenance and operations taxes of the district per
13 student in [~~weighted~~] average daily attendance for that school
14 year that would have been available to the district in the
15 preceding year if the funding elements for Chapters 41 and 42,
16 Education Code, for the current year had been in effect for the
17 preceding year;

18 (2) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable
19 value; and

20 (3) the district's current debt rate.

21 (j) For purposes of Subsection (i), the amount of state
22 funds that would have been available to a school district in the
23 preceding year is computed using the district's [~~maximum~~] tax
24 rate for that [~~the current~~] year [~~under Section 42.253(e),~~
25 ~~Education Code~~].

26 SECTION 1A.19. Section 31.01, Tax Code, is amended by
27 adding Subsection (b-1) to read as follows:

28 (b-1) In addition to other requirements of this section, a
29 tax bill or the separate statement accompanying the tax bill for
30 a school district must state in a distinct row for each of the
31 following taxes:

1 (1) the rate for the maintenance and operations tax
2 described by Section 45.003, Education Code, and the amount of
3 tax due under that tax rate, under the heading "Maintenance and
4 Operations Tax";

5 (2) the rate for the interest and sinking fund tax
6 described by Section 45.001, Education Code, and the amount of
7 tax due under that tax rate, under the heading "Interest and
8 Sinking School Debt Service Tax Approved by Local Voters"; and

9 (3) the rate for the enrichment tax described by
10 Section 42.253, Education Code, and the amount of tax due under
11 that tax rate, under the heading "Local Enrichment Tax Approved
12 by Local Voters."

13 SECTION 1A.20. Section 311.013, Tax Code, is amended by
14 adding Subsection (n) to read as follows:

15 (n) This subsection applies only to a school district whose
16 taxable value computed under Section 403.302(d), Government
17 Code, is required to be reduced in accordance with Subdivision
18 (5) of that subsection. In addition to the amount otherwise
19 required to be paid into the tax increment fund, the district
20 shall pay into the fund an amount equal to the amount by which
21 the amount of taxes the district would have been required to pay
22 into the fund for the current year if the district levied taxes
23 at the rate the district levied in 2004 exceeds the amount the
24 district is otherwise required to pay into the fund for the
25 current year, not to exceed the amount the school district is
26 projected to realize from the reduction in the school district's
27 taxable value under Section 403.302(d)(5), Government Code.
28 This subsection ceases to apply to the school district on the
29 later of the dates specified by Sections 311.017(a)(1) and (2)
30 for the reinvestment zone.

31 SECTION 1A.21. Section 403.302, Government Code, is amended

1 by amending Subsections (d) and (i) and adding Subsections (c-
2 1), (c-2), and (d-1) to read as follows:

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

11 (1) for each category of property sampled and tested
12 by the comptroller in the school district, the comptroller shall
13 use the weighted mean appraisal ratio determined by the study,
14 unless the ratio is more than four percentage points lower than
15 the weighted mean appraisal ratio determined by the comptroller
16 for that category of property in the immediately preceding
17 study, in which case the comptroller shall use the weighted mean
18 appraisal ratio determined in the immediately preceding study
19 minus four percentage points;

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

24 (3) the value estimates established under Subdivision
25 (2), together with the local tax roll value for any categories
26 not sampled and tested by the comptroller, less total deductions
27 determined by the comptroller, determines the taxable value for
28 the school district.

29 (c-2) Subsection (c-1) and this subsection expire September
30 1, 2007.

31 (d) For the purposes of this section, "taxable value" means

1 the market value of all taxable property less:

2 (1) the total dollar amount of any residence homestead
3 exemptions lawfully granted under Section 11.13(b) or (c), Tax
4 Code, in the year that is the subject of the study for each
5 school district;

6 (2) one-half of the total dollar amount of any
7 residence homestead exemptions granted under Section 11.13(n),
8 Tax Code, in the year that is the subject of the study for each
9 school district;

10 (3) the total dollar amount of any exemptions granted
11 before May 31, 1993, within a reinvestment zone under agreements
12 authorized by Chapter 312, Tax Code;

13 (4) subject to Subsection (e), the total dollar amount
14 of any captured appraised value of property that:

15 (A) is within a reinvestment zone created on or
16 before May 31, 1999, or is proposed to be included within the
17 boundaries of a reinvestment zone as the boundaries of the zone
18 and the proposed portion of tax increment paid into the tax
19 increment fund by a school district are described in a written
20 notification provided by the municipality or the board of
21 directors of the zone to the governing bodies of the other
22 taxing units in the manner provided by Section 311.003(e), Tax
23 Code, before May 31, 1999, and within the boundaries of the zone
24 as those boundaries existed on September 1, 1999, including
25 subsequent improvements to the property regardless of when made;

26 (B) generates taxes paid into a tax increment
27 fund created under Chapter 311, Tax Code, under a reinvestment
28 zone financing plan approved under Section 311.011(d), Tax Code,
29 on or before September 1, 1999; and

30 (C) is eligible for tax increment financing under
31 Chapter 311, Tax Code;

1 (5) for a school district for which a deduction from
2 taxable value is made under Subdivision (4), an amount equal to
3 the taxable value required to generate revenue when taxed at the
4 school district's current tax rate in an amount that, when added
5 to the taxes of the district paid into a tax increment fund as
6 described by Subdivision (4)(B), is equal to the total amount of
7 taxes the district would have paid into the tax increment fund
8 if the district levied taxes at the rate the district levied in
9 2004;

10 (6) the total dollar amount of any exemptions granted
11 under Section 11.251, Tax Code;

12 (7) [~~+6~~] the difference between the comptroller's
13 estimate of the market value and the productivity value of land
14 that qualifies for appraisal on the basis of its productive
15 capacity, except that the productivity value estimated by the
16 comptroller may not exceed the fair market value of the land;

17 (8) [~~+7~~] the portion of the appraised value of
18 residence homesteads of individuals who receive a tax limitation
19 under Section 11.26, Tax Code, on which school district taxes
20 are not imposed in the year that is the subject of the study,
21 calculated as if the residence homesteads were appraised at the
22 full value required by law;

23 (9) [~~+8~~] a portion of the market value of property
24 not otherwise fully taxable by the district at market value
25 because of:

26 (A) action required by statute or the
27 constitution of this state that, if the tax rate adopted by the
28 district is applied to it, produces an amount equal to the
29 difference between the tax that the district would have imposed
30 on the property if the property were fully taxable at market
31 value and the tax that the district is actually authorized to

1 impose on the property, if this subsection does not otherwise
2 require that portion to be deducted; or

3 (B) action taken by the district under Subchapter
4 B or C, Chapter 313, Tax Code;

5 (10) [~~9~~] the market value of all tangible personal
6 property, other than manufactured homes, owned by a family or
7 individual and not held or used for the production of income;

8 (11) [~~10~~] the appraised value of property the
9 collection of delinquent taxes on which is deferred under
10 Section 33.06, Tax Code;

11 (12) [~~11~~] the portion of the appraised value of
12 property the collection of delinquent taxes on which is deferred
13 under Section 33.065, Tax Code; and

14 (13) [~~12~~] the amount by which the market value of a
15 residence homestead to which Section 23.23, Tax Code, applies
16 exceeds the appraised value of that property as calculated under
17 that section.

18 (d-1) For a school district for which in the study for the
19 2004 tax year a deduction from taxable value is made under
20 Subsection (d)(5), the comptroller shall certify to the
21 commissioner of education a final taxable value for the 2004 tax
22 year, calculated as if the reduction in the school district's ad
23 valorem tax rate and the method of calculating the amount of the
24 deduction from taxable value under Subsection (d)(5) required by
25 S.B. No. 2, Acts of the 79th Legislature, 1st Called Session,
26 2005, took effect January 1, 2004. This subsection expires
27 September 1, 2006.

28 (i) If the comptroller determines in the annual study that
29 the market value of property in a school district as determined
30 by the appraisal district that appraises property for the school
31 district, less the total of the amounts and values listed in

1 Subsection (d) as determined by that appraisal district, is
2 valid, the comptroller, in determining the taxable value of
3 property in the school district under Subsection (d), shall for
4 purposes of Subsection (d)(13) [~~(d)(12)~~] subtract from the
5 market value as determined by the appraisal district of
6 residence homesteads to which Section 23.23, Tax Code, applies
7 the amount by which that amount exceeds the appraised value of
8 those properties as calculated by the appraisal district under
9 Section 23.23, Tax Code. If the comptroller determines in the
10 annual study that the market value of property in a school
11 district as determined by the appraisal district that appraises
12 property for the school district, less the total of the amounts
13 and values listed in Subsection (d) as determined by that
14 appraisal district, is not valid, the comptroller, in
15 determining the taxable value of property in the school district
16 under Subsection (d), shall for purposes of Subsection (d)(13)
17 [~~(d)(12)~~] subtract from the market value as estimated by the
18 comptroller of residence homesteads to which Section 23.23, Tax
19 Code, applies the amount by which that amount exceeds the
20 appraised value of those properties as calculated by the
21 appraisal district under Section 23.23, Tax Code.

22 PART B. SCHOOL FACILITIES

23 SECTION 1B.01. Subchapter A, Chapter 46, Education Code, is
24 amended by adding Section 46.014 to read as follows:

25 Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES. (a)
26 The Legislative Budget Board, in cooperation with the agency,
27 shall study existing instructional facilities in this state.

28 (b) The study of instructional facilities must include an
29 examination of the following objectives and any other objectives
30 determined appropriate by the Legislative Budget Board and the
31 agency:

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

3 (2) information relating to the condition of existing
4 instructional facilities, including dates of the most recent
5 major renovations;

6 (3) a determination of the number of school districts
7 and campuses that have student populations that exceed the state
8 average for enrollment growth, including if appropriate a
9 determination of:

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

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

14 (C) the number of instructional facilities that
15 are serving a number of students that exceeds the maximum
16 capacity of the facility;

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

20 (5) a determination of the extent of a school
21 district's bonded indebtedness relating to facilities or
22 replacement costs.

23 (c) The Legislative Budget Board and the agency shall
24 determine the appropriate methodology for use in conducting the
25 study required by this section.

26 (d) Not later than December 1, 2006, the Legislative Budget
27 Board and the agency shall submit to the legislature a report
28 based on the study required by this section. This section
29 expires January 15, 2007.

30 PART C. SOCIAL SECURITY CONTRIBUTIONS

31 SECTION 1C.01. Subchapter B, Chapter 606, Government Code,

1 is amended by adding Section 606.0261 to read as follows:

2 Sec. 606.0261. PAYMENT OF SCHOOL DISTRICT CONTRIBUTIONS.

3 (a) Subject to Subsection (b), the state shall pay 50 percent
4 of the total costs incurred by a school district in making
5 contributions for social security coverage for the district's
6 employees.

7 (b) Payment of state assistance under this section is
8 limited to:

9 (1) school districts that covered district employees
10 under the social security program before January 1, 2005; and

11 (2) contributions made on behalf of employees in a
12 class of employees the district covered under the social
13 security program before January 1, 2005.

14 (c) Using funds appropriated for the purpose, the
15 commissioner of education shall distribute money to which school
16 districts are entitled under this section in accordance with
17 rules adopted by the commissioner.

18 ARTICLE 2. EDUCATION REFORM

19 PART A. EDUCATION EMPLOYEES

20 SECTION 2A.01. Subchapter E, Chapter 11, Education Code, is
21 amended by adding Section 11.203 to read as follows:

22 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR

23 PRINCIPALS. (a) The agency shall develop and implement a school
24 leadership pilot program for principals in cooperation with a
25 nonprofit corporation that has substantial experience in
26 developing best practices to improve leadership skills, student
27 achievement, student graduation rates, and teacher retention.

28 (b) The agency shall consult business schools, departments,
29 or programs at institutions of higher education to develop
30 program course work that focuses on management and business
31 training.

1 (c) A principal or a person interested in becoming a
2 principal may apply for participation in the program, in a form
3 and manner determined by the commissioner.

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

9 (e) To pay the costs of administering the program, the
10 commissioner shall retain a portion of the total amount of funds
11 allotted under the Foundation School Program that the
12 commissioner considers appropriate to finance activities under
13 this section and shall reduce the total amount of state funds
14 allocated to each district from any source in the same manner
15 described for a reduction in allotments under Section 42.313.

16 (f) To implement and administer the program, the
17 commissioner may accept grants, gifts, and donations from public
18 and private entities.

19 (g) The commissioner may adopt rules necessary to
20 administer this section.

21 (h) This section expires September 1, 2010.

22 SECTION 2A.02. Section 21.045, Education Code, is amended
23 by amending Subsection (a) and adding Subsection (e) to read as
24 follows:

25 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
26 establishing standards to govern the approval and continuing
27 accountability of all educator preparation programs based on
28 information that is disaggregated with respect to sex and
29 ethnicity and that includes:

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

1 (2) performance based on the appraisal system for
2 beginning teachers adopted by the commissioner;

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

7 (4) retention rates of beginning teachers in the
8 profession [board].

9 (e) The agency shall annually report student performance
10 data to the commissioner for purposes of Subsection (a)(3). The
11 agency shall provide the data to the commissioner in a manner
12 that protects the names of individual students.

13 SECTION 2A.03. Subchapter B, Chapter 21, Education Code, is
14 amended by adding Section 21.0461 to read as follows:

15 Sec. 21.0461. TEMPORARY CERTIFICATE FOR SUPERINTENDENT OR
16 PRINCIPAL. (a) The board may issue a temporary certificate
17 under this section for:

18 (1) assistant principal;

19 (2) principal; or

20 (3) superintendent.

21 (b) A candidate for certification under this section must:

22 (1) hold a baccalaureate or advanced degree from an
23 institution of higher education;

24 (2) have significant management and leadership
25 experience, as determined by the board of trustees of the school
26 district that will employ the person under the temporary
27 certificate; and

28 (3) perform satisfactorily on the appropriate
29 examination prescribed under Section 21.048.

30 (c) A school district may require that a person who is
31 employed by the district and who holds a certificate issued

1 under this section complete a training program.

2 (d) A certificate issued to a person under this section is
3 valid only in the school district in which the person is
4 initially employed after receiving the certificate.

5 (e) A certificate issued under this section:

6 (1) expires on the third anniversary of the date on
7 which the certificate was issued; and

8 (2) is not renewable.

9 (f) The board shall issue a standard certificate to a
10 person who holds a temporary certificate issued under this
11 section if the school district employing the person under the
12 temporary certificate:

13 (1) has employed the person for at least three years
14 in the capacity for which the person seeks a standard
15 certificate; and

16 (2) has recommended the person to the board and
17 favorably reviewed, primarily using objective measures of
18 student performance and improvement in the district, the
19 person's performance.

20 (g) A school district employing a person who holds a
21 temporary certificate issued under this section must provide the
22 person with intensive support during the person's first year of
23 employment with the district, including:

24 (1) mentoring; and

25 (2) intensive, high-quality professional development.

26 SECTION 2A.04. Section 21.104(a), Education Code, is
27 amended to read as follows:

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

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

31 or

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

6 SECTION 2A.05. Subchapter C, Chapter 21, Education Code, is
7 amended by adding Section 21.1041 to read as follows:

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

12 (b) If the teacher desires a hearing after receiving notice
13 of the proposed discharge, the teacher shall notify the board of
14 trustees in writing, not later than the 15th day after the date
15 the teacher receives the notice of the proposed action. The
16 board shall provide for a hearing to be held not later than the
17 15th day after the date the board receives the request for a
18 hearing unless the parties agree in writing to a different date.

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

22 (1) be represented by a representative of the
23 teacher's choice;

24 (2) hear the evidence supporting the reason for the
25 discharge;

26 (3) cross-examine adverse witnesses; and

27 (4) present evidence.

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

30 (1) take the appropriate action to discharge the
31 teacher or allow the teacher to complete the probationary

1 contract term; and

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

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

10 SECTION 2A.06. Subchapter E, Chapter 21, Education Code, is
11 amended by adding Section 21.2111 to read as follows:

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

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

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

26 (1) be represented by a representative of the
27 teacher's choice;

28 (2) hear the evidence supporting the reason for the
29 discharge;

30 (3) cross-examine adverse witnesses; and

31 (4) present evidence.

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

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

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

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

13 SECTION 2A.07. Section 21.251, Education Code, is amended
14 to read as follows:

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

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

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

23 (3) suspend the teacher without pay.

24 (b) This subchapter does not apply to:

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

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

31 (3) a decision to terminate a teacher's probationary

1 contract or term contract before the end of the contract period
2 for a financial exigency that requires a reduction in personnel.

3 SECTION 2A.08. Section 21.301(a), Education Code, is
4 amended to read as follows:

5 (a) Not later than the 20th day after the date the board of
6 trustees or board subcommittee announces its decision under
7 Section 21.259, ~~[e]~~ the board advises the teacher of its
8 decision not to renew the teacher's contract under Section
9 21.208, or the board advises the teacher of its decision to
10 terminate the teacher's probationary contract under Section
11 21.1041(c) or (d) or term contract under Section 21.2111(c) or
12 (d), the teacher may appeal the decision by filing a petition
13 for review with the commissioner.

14 SECTION 2A.09. Section 21.303(a), Education Code, is
15 amended to read as follows:

16 (a) If the board of trustees decided not to renew a
17 teacher's term contract or decided to terminate a teacher's
18 probationary contract under Section 21.1041(c) or (d) or term
19 contract under Section 21.2111(c) or (d), the commissioner may
20 not substitute the commissioner's judgment for that of the board
21 of trustees unless the decision was arbitrary, capricious, or
22 unlawful or is not supported by substantial evidence.

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

26 (a) Except as provided by Subsection (d)~~[(e)],~~ or (f), a
27 school district must pay each classroom teacher, full-time
28 librarian, full-time counselor certified under Subchapter B, or
29 full-time school nurse not less than the minimum monthly salary,
30 based on the employee's level of experience, prescribed by
31 Subsection (c) [determined by the following formula:

1 [MS = SF x FS

2 [where:

3 ["MS" is the minimum monthly salary;

4 ["SF" is the applicable salary factor specified by

5 Subsection (c); and

6 ["FS" is the amount, as determined by the commissioner under

7 Subsection (b), of state and local funds per weighted student

8 available to a district eligible to receive state assistance

9 under Section 42.302 with an enrichment tax rate, as defined by

10 Section 42.302, equal to the maximum rate authorized under

11 Section 42.303, except that the amount of state and local funds

12 per weighted student does not include the amount attributable to

13 the increase in the guaranteed level made by H.B. No. 3343, Acts

14 of the 77th Legislature, Regular Session, 2001].

15 (c) The minimum monthly salary under this section is

16 [~~factors per step are~~] as follows:

Years	0	1	2
Experience			
<u>Monthly Salary</u>	<u>\$2,574</u>	<u>\$2,631</u>	<u>\$2,689</u>
	[.5656]	[.5790]	[.5924]
[Factor]			
Years	3	4	5
Experience			
<u>Monthly Salary</u>	<u>\$2,746</u>	<u>\$2,867</u>	<u>\$2,988</u>
	[.6058]	[.6340]	[.6623]
[Factor]			
Years	6	7	8
Experience			
<u>Monthly Salary</u>	<u>\$3,109</u>	<u>\$3,222</u>	<u>\$3,328</u>
	[.6906]	[.7168]	[.7416]
[Factor]			
Years	9	10	11
Experience			
<u>Monthly Salary</u>	<u>\$3,429</u>	<u>\$3,523</u>	<u>\$3,614</u>
	[.7651]	[.7872]	[.8082]
[Factor]			
Years	12	13	14
Experience			
<u>Monthly Salary</u>	<u>\$3,699</u>	<u>\$3,778</u>	<u>\$3,855</u>
	[.8281]	[.8467]	[.8645]
[Factor]			
Years	15	16	17
Experience			
<u>Monthly Salary</u>	<u>\$3,926</u>	<u>\$3,994</u>	<u>\$4,058</u>
	[.8811]	[.8970]	[.9119]

[Factor]			
Years Experience	18	19	20 and over
Monthly Salary	\$4,118	\$4,176	\$4,230
	[.9260]	[.9394]	[.9520]

~~[Factor]~~

1 (c-1) Notwithstanding Subsection (a), for the 2005-2006
2 school year, a classroom teacher, full-time librarian, full-time
3 counselor certified under Subchapter B, or full-time school
4 nurse is entitled to a monthly salary that is at least equal to
5 the sum of:

6 (1) the monthly salary the employee would have
7 received for the 2005-2006 school year under the district's
8 salary schedule for the 2004-2005 school year, if that schedule
9 had been in effect for the 2005-2006 school year, including any
10 local supplement and any money representing a career ladder
11 supplement the employee would have received in the 2005-2006
12 school year; and

13 (2) \$150.

14 (c-2) Subsection (c-1) and this subsection expire September
15 1, 2007.

16 (d) A classroom teacher, full-time librarian, full-time
17 counselor certified under Subchapter B, or full-time school
18 nurse employed by a school district in the 2005-2006 [~~2000-2001~~]
19 school year is, as long as the employee is employed by the same
20 district, entitled to a salary that is at least equal to the
21 salary the employee received for the 2005-2006 [~~2000-2001~~]
22 school year.

23 SECTION 2A.11. Subchapter I, Chapter 21, Education Code, is
24 amended by adding Section 21.4021 to read as follows:

25 Sec. 21.4021. STATE POLICY REGARDING TEACHER COMPENSATION
26 ABOVE MINIMUM SALARY SCHEDULE. (a) It is the policy of this
27 state that each school district may compensate and have the
28 ability to compensate any teacher in an amount greater than the

1 amounts required by Sections 21.402 and 21.403 based on the
2 teacher's ability to improve the academic achievement of
3 students.

4 (b) In determining a teacher's compensation, a school
5 district may and should consider:

6 (1) the teacher's ability to improve the academic
7 achievement of the teacher's students;

8 (2) the grade level or subject the teacher is assigned
9 to teach;

10 (3) skills required beyond basic teaching skills; and

11 (4) the assignment of the teacher, including whether
12 the teacher is assigned to a subject or school that is difficult
13 to staff.

14 (c) A school district can and should provide additional
15 compensation to a teacher who substantially contributes to
16 improvement in student achievement.

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

19 Sec. 21.458. MENTORS. (a) Each school district may assign
20 a mentor teacher to each classroom teacher who has less than two
21 years of teaching experience. A teacher assigned as a mentor
22 must:

23 (1) teach in the same school;

24 (2) to the extent practicable, teach the same subject
25 or grade level, as applicable; and

26 (3) meet the qualifications prescribed by commissioner
27 rules adopted under Subsection (b).

28 (b) The commissioner shall adopt rules necessary to
29 administer this section, including rules concerning the duties
30 and qualifications of a teacher who serves as a mentor. The
31 rules concerning qualifications must require that to serve as a

1 mentor a teacher must:

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

4 (2) complete a mentor training program provided by the
5 district; and

6 (3) have at least three complete years of teaching
7 experience with a proven record of assisting students, as a
8 whole, in achieving growth in student performance.

9 (c) The commissioner shall develop proposed rules under
10 Subsection (b) by negotiated rulemaking as provided by Chapter
11 2008, Government Code.

12 (d) From the funds appropriated to the agency for purposes
13 of this section, the commissioner shall adopt rules and provide
14 funding to school districts that assign mentor teachers under
15 this section. Funding provided to districts under this
16 subsection may be used only for providing:

17 (1) mentor teacher stipends;

18 (2) scheduled time for mentor teachers to provide
19 mentoring to assigned classroom teachers; and

20 (3) mentoring support through providers of mentor
21 training.

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

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

27 SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

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

29 The commissioner shall establish an educator excellence
30 incentive program under which school districts, in accordance
31 with locally developed plans approved by the commissioner,

1 provide incentive payments to employees who demonstrate superior
2 success in growth in student achievement.

3 (b) Each year a school district shall use an amount equal
4 to at least one percent of the district's total professional
5 staff payroll to provide incentive payments to employees in
6 accordance with this subchapter.

7 (c) Incentive payments under this subchapter may be used
8 to:

9 (1) encourage classroom teachers to:

10 (A) teach at campuses with high percentages of
11 educationally disadvantaged students;

12 (B) receive appropriate certification to teach in
13 a curriculum subject area in which the district is experiencing
14 a shortage of qualified teachers, as determined by the
15 commissioner; or

16 (C) serve as mentors to new teachers in
17 accordance with Section 21.458; or

18 (2) further the goals of any other locally designed
19 performance incentive program intended to improve student
20 achievement.

21 (d) The commissioner shall adopt rules necessary to
22 implement this subchapter. In adopting rules, the commissioner
23 shall:

24 (1) encourage local flexibility in designing incentive
25 plans that promote student achievement; and

26 (2) for purposes of Subsection (b), determine which
27 staff members are included as professional staff.

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

29 (a) A school district shall develop a local incentive plan for
30 rewarding successful incremental growth in student achievement
31 in the district and submit the plan to the commissioner for

1 approval.

2 (b) A local incentive plan must be designed to reward
3 individuals, campuses, or organizational units such as grade
4 levels at elementary schools or academic departments at high
5 schools.

6 (c) A local incentive plan must provide for incentive
7 payments to classroom teachers and may provide for incentive
8 payments to other employees.

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

18 (e) A local incentive plan must:

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

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

23 (f) The campus-level planning and decision-making committee
24 shall determine the appropriate distribution of funds received
25 by a campus under this subchapter.

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

29 (b) The district shall indicate that any incentive payment
30 distributed is considered a payment for performance and not an
31 entitlement as part of an employee's salary.

1 Sec. 21.654. DECISION BY BOARD OF TRUSTEES. A decision by
2 the board of trustees or the board's designee in providing an
3 incentive payment under a local incentive plan approved under
4 this subchapter is final and may not be appealed.

5 SECTION 2A.14. Subchapter B, Chapter 22, Education Code, is
6 amended by adding Section 22.056 to read as follows:

7 Sec. 22.056. PROFESSIONAL LIABILITY INSURANCE FOR CLASSROOM
8 TEACHERS. (a) Using funds appropriated for the purpose or
9 otherwise available to the commissioner for the purpose, the
10 commissioner shall make available to each classroom teacher, at
11 no cost to the teacher, professional liability insurance to
12 provide the costs of defense and indemnification protection from
13 claims for damages arising out of any act or omission that is
14 incident to or within the scope of the duties of the teacher's
15 position of employment.

16 (b) The commissioner shall obtain the insurance required to
17 be made available by this section:

18 (1) in an amount determined appropriate by the
19 commissioner; and

20 (2) from one or more insurers authorized to engage in
21 the business of insurance in this state.

22 (c) The insurance required to be made available by this
23 section is in addition to the liability insurance provided by
24 the employing school district under a general liability policy.

25 (d) The commissioner may adopt rules necessary to implement
26 this section.

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

29 Sec. 29.019. SPEECH-LANGUAGE INSTRUCTION: ASSISTANTS. (a)
30 This section applies to an assistant who:

31 (1) has at least three years of experience in speech

1 therapy, as determined by the State Board of Examiners for
2 Speech-Language Pathology and Audiology; and

3 (2) is supervised by a licensed speech-language
4 pathologist.

5 (b) An assistant described by Subsection (a) may attend, as
6 related services personnel, a student admission, review, and
7 dismissal committee meeting if the meeting involves a student
8 for whom the assistant provides services. If an assistant
9 attends a meeting as provided by this section, the supervising
10 speech-language pathologist is not required to attend the
11 meeting, except as provided by Subsection (c).

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

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

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

21 (d) This section:

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

25 (2) is not a waiver of a school district's sovereign
26 immunity.

27 SECTION 2A.16. (a) As soon as possible after the effective
28 date of this Act, the commissioner of education shall review the
29 rules adopted under Section 21.044, Education Code, relating to
30 educator training requirements and revise those rules as
31 necessary to ensure that the training requirements are

1 sufficient to produce educators capable of:

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

5 (2) complying with certification standards in this
6 state; and

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

9 (b) In conducting the review required by Subsection (a) of
10 this section, the commissioner of education shall give specific
11 attention to the degree to which educator training requirements
12 prepare educators to serve students of limited English
13 proficiency and students with learning disabilities.

14 SECTION 2A.17. Sections 21.104, 21.251, 21.301, and
15 21.303, Education Code, as amended by this Act, and Sections
16 21.1041 and 21.2111, Education Code, as added by this Act, apply
17 only to a discharge under a probationary or term contract for
18 which written notice of the proposed discharge is given to a
19 teacher on or after the effective date of this Act. A discharge
20 under a probationary or term contract for which written notice
21 of the proposed discharge is given to a teacher before the
22 effective date of this Act is governed by the law in effect when
23 the notice is given, and the former law is continued in effect
24 for that purpose.

25 PART B. STATE AND REGIONAL GOVERNANCE

26 SECTION 2B.01. Chapter 1, Education Code, is amended by
27 adding Section 1.005 to read as follows:

28 Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT
29 INFORMATION. (a) In this section, "center" means a center for
30 education research authorized by this section.

31 (b) The commissioner of education and the commissioner of

1 higher education may establish not more than three centers for
2 education research for conducting research described by
3 Subsections (e) and (f).

4 (c) A center may be established as part of:

5 (1) the Texas Education Agency;

6 (2) the Texas Higher Education Coordinating Board; or

7 (3) a public junior college, public senior college or

8 university, or public state college, as those terms are defined

9 by Section 61.003.

10 (d) A center may be operated under a memorandum of

11 understanding between the commissioner of education, the

12 commissioner of higher education, and the governing board of an

13 educational institution described by Subsection (c)(3). The

14 memorandum of understanding must require the commissioner of

15 education, or a person designated by the commissioner, and the

16 commissioner of higher education, or a person designated by the

17 commissioner, to provide direct, joint supervision of the center

18 under this section.

19 (e) A center shall conduct research for the benefit of

20 education in this state, including research relating to the

21 impact of state and federal education programs, the performance

22 of educator preparation programs, public school finance, and the

23 best practices of school districts with regard to classroom

24 instruction, bilingual education programs, special language

25 programs, and business practices.

26 (f) The commissioner of education and the commissioner of

27 higher education:

28 (1) under the memorandum of understanding described by

29 Subsection (d), may require a center to conduct certain research

30 projects considered of particular importance to the state, as

31 determined by the commissioners; and

1 (2) not later than the 45th day before the date a
2 research project required to be conducted under this subsection
3 is scheduled to begin, shall notify the governor, the
4 Legislative Budget Board, and the governing body of the
5 educational institution in which the center is established that
6 the research project is required.

7 (g) In conducting research under this section, a center:

8 (1) may use data on student performance, including
9 data that is confidential under the Family Educational Rights
10 and Privacy Act of 1974 (20 U.S.C. Section 1232g), the center
11 has collected from the Texas Education Agency, the Texas Higher
12 Education Coordinating Board, the State Board for Educator
13 Certification, any public or private institution of higher
14 education, and any school district; and

15 (2) shall comply with rules adopted by the
16 commissioner of education and the commissioner of higher
17 education to protect the confidentiality of student information,
18 including rules establishing procedures to ensure that
19 confidential student information is not duplicated or removed
20 from a center in an unauthorized manner.

21 (h) The commissioner of education and the commissioner of
22 higher education may:

23 (1) accept gifts and grants to be used in operating
24 one or more centers; and

25 (2) by rule impose reasonable fees, as appropriate,
26 for the use of a center's research, resources, or facilities.

27 (i) This section does not authorize the disclosure of
28 student information that may not be disclosed under the Family
29 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
30 1232g).

31 (j) The commissioner of education and the commissioner of

1 higher education shall adopt rules as necessary to implement
2 this section.

3 SECTION 2B.02. Section 7.004, Education Code, as amended by
4 H.B. No. 1116, Acts of the 79th Legislature, Regular Session,
5 2005, is amended to read as follows:

6 Sec. 7.004. SUNSET PROVISION. (a) The Texas Education
7 Agency is subject to Chapter 325, Government Code (Texas Sunset
8 Act). Unless continued in existence as provided by that
9 chapter, the agency is abolished September 1, 2007. In the
10 review of the agency by the Sunset Advisory Commission, as
11 required by this section, the sunset commission shall limit its
12 review to the appropriateness of recommendations made by the
13 sunset commission to the 79th Legislature. In the Sunset
14 Advisory Commission's report to the 80th Legislature, the sunset
15 commission may include any recommendations it considers
16 appropriate.

17 (b) A review conducted under Chapter 325, Government Code
18 (Texas Sunset Act), in accordance with this section must include
19 a review of the regional education service centers under Chapter
20 8.

21 SECTION 2B.03. Subchapter A, Chapter 7, Education Code, is
22 amended by adding Sections 7.007 and 7.008 to read as follows:

23 Sec. 7.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
24 (PEIMS). (a) Each school district shall participate in the
25 Public Education Information Management System (PEIMS) and shall
26 provide through that system information required for the
27 administration of this code.

28 (b) Each school district shall use a uniform accounting
29 system adopted by the commissioner for the data required to be
30 reported for the Public Education Information Management System.

31 (c) Annually, the commissioner shall review the Public

1 Education Information Management System and shall repeal or
2 amend rules that require school districts to provide information
3 through the system that is not necessary. In reviewing and
4 revising the system, the commissioner shall develop rules to
5 ensure that the system:

6 (1) provides useful, accurate, and timely information
7 on student demographics and academic performance, personnel, and
8 school district finances;

9 (2) contains only the data necessary for the
10 legislature and the agency to perform their legally authorized
11 functions in overseeing the public education system; and

12 (3) does not contain any information related to
13 instructional methods, except as required by federal law.

14 (d) The commissioner's rules must ensure that the Public
15 Education Information Management System links student
16 performance data to other related information for purposes of
17 efficient and effective allocation of school resources.

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

21 (b) Each school district, public charter district, and
22 institution of higher education shall participate in an
23 electronic student records system that satisfies standards
24 approved by the commissioner of education and the commissioner
25 of higher education.

26 (c) The electronic student records system must permit an
27 authorized state or district official or an authorized
28 representative of an institution of higher education to
29 electronically transfer to and from an educational institution
30 in which a student is enrolled and retrieve student transcripts,
31 including information concerning a student's:

- 1 (1) course or grade completion;
- 2 (2) teachers of record;
- 3 (3) assessment instrument results;
- 4 (4) receipt of special education services, including
5 placement in a special education program and the individualized
6 program developed; and
- 7 (5) individual graduation plans.

8 (d) The commissioner of education or the commissioner of
9 higher education may solicit and accept grant funds to maintain
10 the electronic student records system and to make the system
11 available to school districts, public charter districts, and
12 institutions of higher education.

13 (e) A private or independent institution of higher
14 education may participate in the electronic student records
15 system under this section. If a private or independent
16 institution of higher education elects to participate, the
17 institution must provide the funding to participate in the
18 system.

19 (f) Any person involved in the transfer and retrieval of
20 student information under this section is subject to any state
21 or federal law governing the release of or providing access to
22 any confidential information to the same extent as the
23 educational institution from which the data is collected. A
24 person may not release or distribute the data to any other
25 person in a form that contains confidential information.

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

29 SECTION 2B.04. Subchapter B, Chapter 7, Education Code, is
30 amended by adding Section 7.0211 to read as follows:

31 Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. The agency may

1 receive gifts, grants, or donations from any public or private
2 source to perform any educational function the agency is
3 authorized to perform by law.

4 SECTION 2B.05. Section 7.028, Education Code, as renumbered
5 by Section 23.001(9), H.B. No. 2018, Acts of the 79th
6 Legislature, Regular Session, 2005, is amended to read as
7 follows:

8 Sec. 7.028. LIMITATION ON COMPLIANCE MONITORING. (a)
9 Except as provided by Section 29.001(5), 29.010(a), [~~39.074~~] or
10 39.075, the agency may monitor compliance with requirements
11 applicable to a process or program provided by a school
12 district, campus, program, or school granted charters under
13 Chapter 11A or 12, including the process described by Subchapter
14 F, Chapter 11, or a program described by Subchapter B, C, D, E,
15 F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section
16 38.003, and the use of funds provided for such a program under
17 Subchapter C, Chapter 42, only as necessary to ensure:

18 (1) compliance with federal law and regulations;
19 (2) financial accountability, including compliance
20 with grant requirements; and

21 (3) data integrity for purposes of:

22 (A) the Public Education Information Management
23 System (PEIMS); and

24 (B) accountability under Chapter 39.

25 (b) The board of trustees of a school district or the
26 governing body of a public charter district [~~an open-enrollment~~
27 ~~charter school~~] has primary responsibility for ensuring that the
28 district or school complies with all applicable requirements of
29 state educational programs.

30 SECTION 2B.06. Subchapter B, Chapter 7, Education Code, is
31 amended by adding Section 7.033 to read as follows:

1 Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent
2 permissible under Section 7.028, the agency shall develop and
3 implement a comprehensive, integrated monitoring system for
4 monitoring school district and charter school overall
5 performance under and compliance with federal and state
6 education laws. The system must incorporate performance and
7 compliance information collected by various agency divisions for
8 each school district and charter school, including information
9 relating to:

- 10 (1) data integrity;
11 (2) the performance of district or school programs;
12 (3) financial accountability;
13 (4) academic accountability;
14 (5) previous history of compliance;
15 (6) complaints issues; and
16 (7) governance issues.

17 SECTION 2B.07. Sections 7.057(a) and (d), Education Code,
18 are amended to read as follows:

19 (a) Except as provided by Subsection (e) or Section 7.0571,
20 a person may appeal in writing to the commissioner if the person
21 is aggrieved by:

- 22 (1) the school laws of this state; or
23 (2) actions or decisions of any school district board
24 of trustees that violate:

- 25 (A) the school laws of this state; or
26 (B) a provision of a written employment contract
27 between the school district and a school district employee, if a
28 violation causes or would cause monetary harm to the employee.

29 (d) Except as provided by Section 7.0571, a [A] person
30 aggrieved by an action of the agency or decision of the
31 commissioner may appeal to a district court in Travis County.

1 An appeal must be made by serving the commissioner with citation
2 issued and served in the manner provided by law for civil suits.

3 The petition must state the action or decision from which the
4 appeal is taken. At trial, the court shall determine all issues
5 of law and fact, except as provided by Section 33.081(g).

6 SECTION 2B.08. Subchapter C, Chapter 7, Education Code, is
7 amended by adding Section 7.0571 to read as follows:

8 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The
9 commissioner shall adopt rules under which a school district,
10 public charter district, or other person that wishes to
11 challenge an agency decision made under Chapter 39, 41, 42, or
12 46 must petition the commissioner for an informal review by the
13 commissioner of the decision.

14 (b) The commissioner may limit a review under this section
15 to a written submission of any issue identified by the
16 commissioner.

17 (c) A decision under this section is final and may not be
18 appealed under Section 7.057 or any other law.

19 SECTION 2B.09. Chapter 7, Education Code, is amended by
20 adding Subchapter E to read as follows:

21 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

22 Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The
23 agency shall implement a comprehensive performance-based grant
24 system to collect and report grant performance and spending
25 information and to use that information in making future grants.

26 (b) The grant system must:

27 (1) connect grant activities and funding to student
28 academic performance; and

29 (2) provide for efficient grant application and
30 reporting procedures for grant programs administered by the
31 agency.

1 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall
2 ensure that:

3 (1) the mission, purpose, and objectives of each
4 agency grant program support student academic performance or
5 another public education mission, objective, or goal specified
6 under Sections 4.001 and 4.002;

7 (2) each agency grant program coordinates with other
8 grant programs administered by the agency;

9 (3) grant programs with similar objectives have common
10 performance measures; and

11 (4) the most efficient methods for coordinating grant
12 objectives, grant activities, academic performance measures, and
13 funding are used in the agency's grant application and reporting
14 systems.

15 Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may
16 use existing data to identify and notify an eligible school
17 district or charter school of the opportunity to apply for a
18 state-funded discretionary grant.

19 Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS.
20 The agency shall develop one or more consolidated applications
21 to be used by school districts and charter schools in applying
22 for any state-funded formula grant administered by the agency.

23 Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency
24 shall ensure that information relating to the grant system is
25 available to the legislature and the public.

26 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The
27 agency, in coordination with regional education service centers,
28 shall use data relating to grant programs, including grant
29 spending and performance information, to identify successful
30 grant programs. Based on the identification of successful grant
31 programs, each regional education service center shall provide

1 information concerning those programs to the school districts in
2 the service center's region.

3 (b) This section applies beginning with the 2009-2010
4 school year. This subsection expires June 1, 2010.

5 Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In
6 developing the performance-based grant system, the agency shall:

7 (1) identify each area of data collected for grant
8 programs and the method in which the agency collects the data;

9 (2) determine whether grant data that a school
10 district or charter school is required to collect is useful and
11 supports:

12 (A) a grant program's objectives; and

13 (B) the goals for academic performance and
14 accountability or another public education mission, objective,
15 or goal;

16 (3) determine whether grant data is analyzed and
17 disseminated efficiently; and

18 (4) review the agency's policies, procedures, and
19 reporting requirements relating to grant programs administered
20 by the agency to simplify and make more efficient the grant
21 application, award, and reporting processes for school districts
22 and charter schools.

23 (b) This section expires June 1, 2010.

24 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL
25 YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the
26 agency shall provide the legislature with a status report
27 concerning the agency's development of the grant system. The
28 report may suggest any statutory changes needed to facilitate a
29 full transition to a performance-based grant system.

30 (b) Beginning with the 2009-2010 school year, the agency
31 shall make the performance-based grant system fully available to

1 school districts and charter schools.

2 (c) This section expires June 1, 2010.

3 SECTION 2B.10. Subchapter A, Chapter 8, Education Code, is
4 amended by adding Section 8.0031 to read as follows:

5 Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS.

6 (a) The commissioner shall adopt rules prescribing training for
7 members of regional education service center boards of
8 directors. The training curriculum may include:

9 (1) an overview of this code and any rules adopted
10 under this code;

11 (2) a review of recent state and federal education
12 legislation, rules, and regulations;

13 (3) a review of the powers and duties of a regional
14 education service center board of directors; and

15 (4) a review of any statewide or regional strategic
16 planning applicable to regional education service centers.

17 (b) A member of a regional education service center board
18 of directors must complete any training required by commissioner
19 rule.

20 SECTION 2B.11. Sections 8.051(b), (c), and (d), Education
21 Code, are amended to read as follows:

22 (b) Each regional education service center shall annually
23 develop and submit to the commissioner for approval a plan for
24 improvement. Each plan must include the purposes and
25 description of the services the center will provide to:

26 (1) campuses rated academically unacceptable
27 ~~[identified as low-performing based on the indicators adopted]~~
28 under Section 39.072 ~~[39.051]~~;

29 (2) the lowest-performing campuses in the region; and

30 (3) other campuses.

31 (c) Each regional education service center shall provide

1 services that enable school districts to operate more
2 efficiently and economically, including collecting and
3 disseminating:

4 (1) best practices information as provided by Section
5 7.010; and

6 (2) information concerning successful grant programs
7 to school districts as provided by Section 7.156.

8 (d) Each regional education service center shall maintain
9 core services for purchase by school districts and campuses.
10 The core services are:

11 (1) training and assistance in teaching each subject
12 area assessed under Section 39.023;

13 (2) training and assistance in providing each program
14 that qualifies for a special education, compensatory education,
15 bilingual education, or gifted and talented student funding
16 allotment under Subchapter C, Chapter 42 [~~Section 42.151,~~
17 ~~42.152, 42.153, or 42.156~~];

18 (3) assistance specifically designed for a school
19 district or campus rated academically unacceptable under Section
20 39.072 [~~39.072(a) or a campus whose performance is considered~~
21 ~~unacceptable based on the indicators adopted under Section~~
22 ~~39.051~~];

23 (4) training and assistance to teachers,
24 administrators, members of district boards of trustees, and
25 members of site-based decision-making committees;

26 (5) assistance specifically designed for a school
27 district that is considered out of compliance with state or
28 federal special education requirements, based on the agency's
29 most recent compliance review of the district's special
30 education programs; and

31 (6) assistance in complying with state laws and rules.

1 SECTION 2B.12. Section 8.102, Education Code, is amended to
2 read as follows:

3 Sec. 8.102. DATA REPORTING. (a) Each regional education
4 service center shall report audited or budgeted financial
5 information and any other information requested by the
6 commissioner for use in assessing the performance of the center.

7 The commissioner shall develop a uniform system for regional
8 education service centers to report audited financial data, to
9 report information on the indicators adopted under Section
10 8.101, and to provide information on client satisfaction with
11 services provided under Subchapter B.

12 (b) The uniform system for reporting required by Subsection
13 (a) must require regional education service centers to:

14 (1) use standard accepted cost accounting practices
15 approved by the commissioner for reporting all expenditures; and

16 (2) identify and report each expenditure separately by
17 purpose as educational, support, or administrative.

18 SECTION 2B.13. Section 8.103, Education Code, is amended to
19 read as follows:

20 Sec. 8.103. ANNUAL EVALUATION. (a) The commissioner shall
21 conduct an annual evaluation of each executive director and
22 regional education service center. Each evaluation must
23 include:

24 (1) an audit of the center's finances;

25 (2) a review of the center's performance on the
26 indicators adopted under Section 8.101;

27 (3) a review of client satisfaction with services
28 provided under Subchapter B; and

29 (4) a review of any other factor the commissioner
30 determines to be appropriate.

31 (b) In the audit conducted under Subsection (a)(1), the

1 commissioner shall verify that the regional education service
2 center has identified each expenditure separately by purpose as
3 educational, support, or administrative as required by Section
4 8.102(b).

5 (c) The commissioner shall make the annual evaluation for a
6 fiscal year available to the public not later than January 1
7 following that fiscal year. The commissioner shall provide a
8 copy of the annual evaluation to any person who submits a
9 written request to the commissioner.

10 SECTION 2B.14. 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
13 than December 1, 2005, the commissioner shall evaluate the
14 feasibility of including a uniform indicator under Section
15 39.202(b) that measures effective administrative management
16 through the use of cooperative shared service arrangements. If
17 the commissioner determines that the adoption of a uniform
18 indicator described by this subsection is feasible, the
19 commissioner by rule shall include the indicator in the
20 financial accountability rating system under Subchapter I,
21 Chapter 39, for school districts beginning with the 2006-2007
22 school year. This subsection expires September 1, 2007.

23 (b) Each regional education service center shall:

24 (1) notify each school district served by the center
25 regarding the opportunities available through the center for
26 cooperative shared service arrangements within the center's
27 service area; and

28 (2) evaluate the need for cooperative shared service
29 arrangements within the center's service area and consider
30 expanding center-sponsored cooperative shared service
31 arrangements.

1 (c) A school district that enters into an agreement for a
2 cooperative shared service arrangement described by Subsection
3 (a) is entitled to keep any money the district saves as a result
4 of reduced costs or increased efficiencies under the
5 arrangement.

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

13 (e) The commissioner may:

14 (1) adopt by rule reasonable incentives to encourage
15 school districts and public charter districts to enter into
16 agreements for a cooperative shared service arrangement; and

17 (2) require a district or a public charter district to
18 enter into an agreement for a cooperative shared service
19 arrangement if the commissioner determines that the financial
20 management performance of the district is unsatisfactory.

21 SECTION 2B.15. Subchapter A, Chapter 29, Education Code, is
22 amended by adding Sections 29.0162, 29.0163, and 29.0164 to read
23 as follows:

24 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE
25 PROCESS HEARINGS. (a) The agency shall make available to a
26 parent, student, school district, attorney, or other interested
27 person, and shall place on the agency's Internet website,
28 comprehensive, easily understood information concerning the
29 special education due process hearing process.

30 (b) The information described by Subsection (a) must
31 include:

1 (1) a description of the steps in the due process
2 hearing process;

3 (2) the text of any applicable administrative,
4 procedural, or evidentiary rule;

5 (3) a description of any notice requirements;

6 (4) an explanation of options for alternative dispute
7 resolution, including mediation;

8 (5) an explanation of a resolution session;

9 (6) answers to frequently asked questions; and

10 (7) other sources of information, including electronic
11 sources of information, such as special education case law
12 available on the Internet.

13 Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION
14 CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) The agency
15 shall collect and at least biennially analyze any information,
16 including complaint information, relating to the performance of
17 a special education hearing officer for use in assessing:

18 (1) the effectiveness of the due process hearing
19 process; and

20 (2) the performance of a special education hearing
21 officer.

22 (b) The agency shall use the information described by
23 Subsection (a) in determining whether to renew a contract with a
24 special education hearing officer.

25 Sec. 29.0164. SPECIAL EDUCATION HEARING OFFICER: CONFLICT
26 OF INTEREST PROVISIONS. A special education hearing officer may
27 not accept employment or compensation from a school district
28 that is a party to a hearing over which the hearing officer is
29 presiding.

30 SECTION 2B.16. Section 37.008, Education Code, is amended
31 by adding Subsection (o) to read as follows:

1 (o) For purposes of accountability under Chapter 39, a
2 student placed in a disciplinary alternative education program
3 is reported as if the student were enrolled at the student's
4 assigned campus in the student's regularly assigned education
5 program, including a special education program.

6 PART C. SCHOOL DISTRICT GOVERNANCE AND
7 OTHER OPERATIONS

8 SECTION 2C.01. Subchapter A, Chapter 7, Education Code, is
9 amended by adding Section 7.011 to read as follows:

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

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

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

24 (1) the amount of an award;

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

27 (3) expenditures related to an award; and

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

31 (d) The commissioner shall adopt rules as necessary to

1 administer this section. The rules adopted under this
2 subsection must ensure that:

3 (1) the funds management information system includes:

4 (A) the information described by Subsection (c)
5 for all funding sources for services described by Section 29.095
6 for students at risk of dropping out of school, excluding
7 funding information relating to a compensatory, intensive, or
8 accelerated instruction program under Section 29.081, a
9 disciplinary alternative education program established under
10 Section 37.008, or a program eligible under Title I of the
11 Elementary and Secondary Education Act of 1965, as provided by
12 Pub. L. No. 103-382; and

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

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

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

25 SECTION 2C.02. Section 7.056(e), Education Code, as amended
26 by S.B. No. 658, Acts of the 79th Legislature, Regular Session,
27 2005, is amended to read as follows:

28 (e) Except as provided by Subsection (f), a school campus
29 or district may not receive an exemption or waiver under this
30 section from:

31 (1) a prohibition on conduct that constitutes a

1 criminal offense;

2 (2) a requirement imposed by federal law or rule,
3 including a requirement for special education or bilingual
4 education programs; or

5 (3) a requirement, restriction, or prohibition
6 relating to:

7 (A) essential knowledge or skills under Section
8 28.002 or minimum graduation requirements under Section 28.025;

9 (B) public school accountability as provided by
10 Subchapters B, C, D, and G, Chapter 39;

11 (C) extracurricular activities under Section
12 33.081 or participation in a University Interscholastic League
13 area, regional, or state competition under Section 33.0812;

14 (D) health and safety under Chapter 38;

15 (E) purchasing under Subchapter B, Chapter 44;

16 (F) elementary school class size limits, except
17 as provided by Section 25.112;

18 (G) removal of a disruptive student from the
19 classroom under Subchapter A, Chapter 37;

20 (H) at-risk programs under Subchapter C, Chapter
21 29;

22 (I) prekindergarten programs under Subchapter E,
23 Chapter 29;

24 (J) educator rights and benefits under
25 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under
26 Subchapter A, Chapter 22;

27 (K) special education programs under Subchapter
28 A, Chapter 29; [~~or~~]

29 (L) bilingual education programs under Subchapter
30 B, Chapter 29; or

31 (M) the requirements for the first and last day

1 of instruction under Section 25.0811, except as provided by that
2 section.

3 SECTION 2C.03. Subchapter C, Chapter 11, Education Code, is
4 amended by adding Section 11.066 to read as follows:

5 Sec. 11.066. REMOVAL FOR FAILURE TO ATTEND BOARD MEETINGS.

6 (a) It is a ground for removal of a trustee of an independent
7 school district that the trustee is absent from more than half
8 of the regularly scheduled board of trustees meetings during a
9 calendar year that the member is eligible to attend, unless the
10 absence is excused by a majority vote of the board of trustees.

11 (b) If the superintendent of the school district has
12 knowledge that a ground for removal under this section exists,
13 the superintendent shall notify the board of trustees. On a
14 determination that a potential ground for removal exists, the
15 board shall notify the appropriate county or district attorney
16 or the attorney general.

17 SECTION 2C.04. Subchapter D, Chapter 11, Education Code, is
18 amended by adding Section 11.1511 to read as follows:

19 Sec. 11.1511. ELECTRONIC NOTICE FOR PUBLIC HEARINGS OR

20 MEETINGS PERMITTED. (a) Instead of publishing notice for a
21 public hearing or public meeting in the manner prescribed by
22 statute, a school district may publish any required notice on
23 its Internet website if authorized by rule adopted by the
24 trustees of the independent school district.

25 (b) A school district that publishes notice under this
26 section must have a link on its Internet website that is clearly
27 identified as the link to public notices for public hearings or
28 public meetings.

29 SECTION 2C.05. Section 11.201, Education Code, is amended
30 by adding Subsection (e) to read as follows:

31 (e) A superintendent may not receive any financial benefit

1 for personal services performed by the superintendent for any
2 business entity that conducts business with or solicits business
3 from the school district. Any financial benefit received by the
4 superintendent for performing personal services for any other
5 entity must be approved by the board of trustees on a case-by-
6 case basis in an open meeting.

7 SECTION 2C.06. Section 25.031, Education Code, is amended
8 to read as follows:

9 Sec. 25.031. ASSIGNMENTS AND TRANSFERS IN DISCRETION OF
10 GOVERNING BOARD. (a) In conformity with this subchapter, the
11 board of trustees of a school district or the board of county
12 school trustees or a school employee designated by the board may
13 assign and transfer any student from one school facility or
14 classroom to another within its jurisdiction.

15 (b) A student who transfers to a school campus other than
16 the campus the student would normally attend based on the
17 student's residence may not be subsequently transferred out of a
18 class at that campus before the end of a semester if the only
19 purpose of the subsequent transfer is to comply with the limit
20 in Section 25.112. A school district is not required to apply
21 for an exception under Section 25.112(d) for the class in which
22 the student is enrolled.

23 SECTION 2C.07. Effective August 1, 2006, the heading to
24 Section 25.0811, Education Code, is amended to read as follows:

25 Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

26 SECTION 2C.08. Effective August 1, 2006, Section
27 25.0811(a), Education Code, is amended to read as follows:

28 [~~a~~] A school district shall [~~may not~~] begin instruction
29 for students for a school year on the first Tuesday after Labor
30 Day. The school year must end not later than June 7 unless:

31 (1) the district operates a year-round system under

1 Section 25.084; or

2 (2) the commissioner grants a waiver to extend the
3 school year at a campus as the result of a disaster, flood,
4 extreme weather condition, fuel curtailment, or other calamity
5 that caused a closure of the campus for a significant period
6 [before the week in which August 21 falls. For purposes of this
7 subsection, Sunday is considered the first day of the week].

8 SECTION 2C.09. Subchapter C, Chapter 29, Education Code, is
9 amended by adding Sections 29.095, 29.096, and 29.097 to read as
10 follows:

11 Sec. 29.095. CONSOLIDATED FUNDING FOR PROGRAMS AND SERVICES
12 FOR STUDENTS AT RISK OF DROPPING OUT OF SCHOOL. (a) In this
13 section, "student at risk of dropping out of school" has the
14 meaning described by Section 29.081.

15 (b) To enable school districts and public charter districts
16 to provide supplemental programs and services for the benefit of
17 students at risk of dropping out of school, the commissioner
18 each school year shall award funds to a school district or
19 public charter district in accordance with a streamlined and
20 simplified grant process developed by the commissioner. To the
21 extent practicable, the grant process developed by the
22 commissioner under this subsection must comply with Subchapter
23 E, Chapter 7.

24 (c) The commissioner shall consolidate funding from the
25 following currently funded programs and types of services,
26 excluding early childhood care and education programs and
27 accelerated reading or mathematics initiatives under Section
28 28.006, 28.007, or 28.0211:

29 (1) an optional extended year program under Section
30 29.082;

31 (2) a basic skills program for high school students

1 under Section 29.086;

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

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

6 (d) The commissioner may include grants under Section 7.024
7 as part of one or more consolidated grant application processes
8 developed under this section. The commissioner shall ensure
9 that a grant applied for under a consolidated application
10 process under this section and awarded under Section 7.024 is
11 used only for the purposes of Section 7.024.

12 (e) The commissioner may redistribute the funding of
13 programs described under Subsection (c) as necessary to
14 accomplish the purpose of improving the achievement of students
15 at risk of dropping out of school.

16 (f) A school district or public charter district that
17 receives an award of funds under this section may use the funds
18 to provide academic and support services to students at risk of
19 dropping out of school, including:

20 (1) services designed to provide intensive academic
21 instruction to increase student success and high school
22 completion;

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

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

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

29 (5) any academic or support services for pregnant or
30 parenting students, including basic instruction and health and
31 life skills training and support for pregnant or parenting

1 students;

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

4 (7) programs or services designed to promote the
5 involvement of parents of students at risk of dropping out of
6 school; and

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

11 (g) The agency shall make available research-based guidance
12 to school districts and public charter districts to enable
13 successful implementation of the academic and support services
14 described by Subsection (f) that assist students at risk of
15 dropping out of school to succeed in school.

16 (h) Not later than November 1 of each year, a school
17 district or public charter district may submit an application
18 for funding for programs or services under this section. The
19 school district or public charter district must include an
20 assessment of needs for students at risk of dropping out of
21 school, a comprehensive plan for providing services for those
22 students based on the agency's research-based implementation
23 guidance provided under Subsection (g), and a report of all
24 sources of funding for providing services for those students.
25 The commissioner shall distribute an award of funds in the form
26 of a block grant not later than March 15 of each year.

27 Sec. 29.096. COST-OUTCOME ANALYSIS. (a) The agency and
28 the Legislative Budget Board shall jointly develop a request for
29 proposals for a qualified third party to conduct a comprehensive
30 cost-outcome analysis of federal and state funding for programs
31 targeting students at risk of dropping out of school, as

1 described by Section 29.081, and the impact of those programs on
2 student achievement outcomes. In order to be qualified under
3 this section, a party must at a minimum have experience in
4 educational program evaluation and statistical analysis of
5 public education data.

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

11 (1) a methodology for assessing the cost-effectiveness
12 of individual school districts and public charter districts in
13 providing services to students at risk of dropping out of
14 school;

15 (2) performance measures that can be used to assess
16 the effectiveness of school districts and public charter
17 districts in administering academic and social service programs
18 for students at risk of dropping out of school;

19 (3) a methodology for evaluating best practices in
20 providing effective services for students at risk of dropping
21 out of school;

22 (4) a statistical methodology for:

23 (A) controlling for differences among individual
24 school districts and public charter districts that are not
25 related to funding streams included in the cost-outcome
26 analysis; and

27 (B) disaggregating data by peer groups;

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

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

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

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

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

10 (B) make recommendations for the potential use of
11 the data, including the best methods to disseminate the
12 information to parents and school districts and public charter
13 districts; and

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

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

21 (d) During the state fiscal biennium beginning September 1,
22 2005, the commissioner shall retain an amount not to exceed
23 \$500,000 from the total amount of funds allotted under the
24 Foundation School Program to finance the comprehensive cost-
25 outcome analysis and shall reduce the total amount of state
26 funds allocated to each district from any source in the same
27 manner described for a reduction in allotments under Section
28 42.313.

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

30 Sec. 29.097. TEMPORARY PROVISION: COMMISSIONER'S COST-
31 OUTCOME ANALYSIS. (a) The commissioner shall adopt a cost-

1 outcome analysis methodology for use in assessing the
2 effectiveness of school districts and public charter districts
3 in providing services for students at risk of dropping out of
4 school, as described by Section 29.081. The commissioner shall
5 use the adopted methodology until the commissioner determines
6 that an alternate methodology approved by the agency and the
7 Legislative Budget Board under Section 29.096(b) more accurately
8 portrays the cost-effectiveness of the analyzed services.

9 (b) The methodology adopted by the commissioner must
10 include the following components:

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

14 (2) a format for reporting all state, federal, local,
15 and private sources of funding and total expenditures for
16 supplemental services for students at risk of dropping out of
17 school, reported by school district, public charter district,
18 and statewide; and

19 (3) a system for scoring and ranking school districts
20 and public charter districts, including criteria for
21 establishing school district and public charter district peer
22 groups for comparison purposes.

23 (c) Based on the cost-outcome analysis methodology, the
24 commissioner shall use the ranking system under Subsection
25 (b)(3) to determine annually the level at which school districts
26 and public charter districts are cost-effective in serving
27 students at risk of dropping out of school.

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

30 (1) report the methodology and the results of the
31 cost-outcome analysis to the lieutenant governor, the speaker of

1 the house of representatives, and the presiding officer of the
2 standing committee of each house of the legislature with primary
3 jurisdiction over public education; and

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

6 (e) This section expires on the earlier of the approval of
7 a cost-outcome methodology by the agency and the Legislative
8 Budget Board under Section 29.096(b) or September 1, 2010.

9 SECTION 2C.10. Subchapter D, Chapter 33, Education Code, is
10 amended by adding Section 33.087 to read as follows:

11 Sec. 33.087. ELIGIBILITY OF STUDENTS PARTICIPATING IN JOINT
12 CREDIT OR CONCURRENT ENROLLMENT PROGRAMS. A student otherwise
13 eligible to participate in an extracurricular activity or a
14 University Interscholastic League competition is not ineligible
15 because the student is enrolled in a course offered for joint
16 high school and college credit or in a course offered under a
17 concurrent enrollment program, regardless of the location at
18 which the course is provided.

19 SECTION 2C.11. Section 44.031(g), Education Code, is
20 amended to read as follows:

21 (g) Except as provided by Section 44.045, notice [Notice]
22 of the time by when and place where the bids or proposals, or
23 the responses to a request for qualifications, will be received
24 and opened shall be published in the county in which the
25 district's central administrative office is located, once a week
26 for at least two weeks before the deadline for receiving bids,
27 proposals, or responses to a request for qualifications. If
28 there is not a newspaper in that county, the advertising shall
29 be published in a newspaper in the county nearest the county
30 seat of the county in which the district's central
31 administrative office is located. In a two-step procurement

1 process, the time and place where the second-step bids,
2 proposals, or responses will be received are not required to be
3 published separately.

4 SECTION 2C.12. Section 44.033(b), Education Code, is
5 amended to read as follows:

6 (b) Except as provided by Section 44.045, for [Før] each
7 12-month period, the district shall publish a notice in two
8 successive issues of any newspaper of general circulation in the
9 county in which the school is located. If there is no newspaper
10 in the county in which the school is located, the advertising
11 shall be published in a newspaper in the county nearest the
12 county seat of the county in which the school is located,
13 specifying the categories of personal property to be purchased
14 under this section and soliciting the names, addresses, and
15 telephone numbers of vendors that are interested in supplying
16 any of the categories to the district. For each category, the
17 district shall create a vendor list consisting of each vendor
18 that responds to the published notice and any additional vendors
19 the district elects to include.

20 SECTION 2C.13. Subchapter B, Chapter 44, Education Code, is
21 amended by adding Section 44.045 to read as follows:

22 Sec. 44.045. ELECTRONIC NOTICE. Instead of the detailed
23 notice required under Sections 44.031(g) and 44.033(b), a school
24 district may publish an abbreviated notice that states the
25 universal resource locator of the publicly accessible Internet
26 website where the detailed notice is published. The detailed
27 notice must be continuously available on the website for
28 whichever of the following periods is longer:

29 (1) the two weeks before the deadline for receiving
30 bids, proposals, or responses to a request for qualifications;
31 or

1 (2) the period required for the printed publication of
2 the detailed notice.

3 SECTION 2C.14. Subchapter Z, Chapter 271, Local Government
4 Code, is amended by adding Section 271.908 to read as follows:

5 Sec. 271.908. ELECTRONIC NOTICE BY SCHOOL DISTRICT. Instead
6 of the detailed notice required by Sections 271.055 and 272.001,
7 a school district may publish an abbreviated notice that states
8 the universal resource locator of the publicly accessible
9 Internet website where the detailed notice is published. The
10 detailed notice must be continuously available on the website
11 for whichever of the following periods is longer:

12 (1) the 14 days before the school district takes the
13 action for which the notice is required; or

14 (2) the period required for the printed publication of
15 the detailed notice.

16 SECTION 2C.15. Section 272.001(a), Local Government Code,
17 is amended to read as follows:

18 (a) Except for the types of land and interests covered by
19 Subsection (b), (g), (h), (i), or (j), and except as provided by
20 Sections [~~Section~~] 253.008 and 271.908, before land owned by a
21 political subdivision of the state may be sold or exchanged for
22 other land, notice to the general public of the offer of the
23 land for sale or exchange must be published in a newspaper of
24 general circulation in either the county in which the land is
25 located or, if there is no such newspaper, in an adjoining
26 county. The notice must include a description of the land,
27 including its location, and the procedure by which sealed bids
28 to purchase the land or offers to exchange the land may be
29 submitted. The notice must be published on two separate dates
30 and the sale or exchange may not be made until after the 14th
31 day after the date of the second publication.

1 SECTION 2C.16. Section 11.066, Education Code, as added by
2 this Act, applies only to trustee attendance at a board of
3 trustees meeting held on or after the effective date of this
4 Act. Trustee attendance at a board of trustees meeting held
5 before the effective date of this Act is governed by the law in
6 effect when the meeting was held, and the former law is
7 continued in effect for that purpose.

8 SECTION 2C.17. Section 11.201(e), Education Code, as added
9 by this Act, applies only to a contract between a superintendent
10 of a school district and a business entity that is entered into,
11 renewed, or extended on or after the effective date of this Act.

12 A contract between a superintendent of a school district and a
13 business entity that is entered into, renewed, or extended
14 before the effective date of this Act is governed by the law in
15 effect on the date the contract is entered into, renewed, or
16 extended and the former law is continued in effect for that
17 purpose.

18 SECTION 2C.18. Not later than January 1, 2007, the Texas
19 Education Agency shall adopt a five-year plan to renovate the
20 Public Education Information Management System (PEIMS) to
21 provide for efficient and effective information storage and
22 retrieval for the purposes of allocating scarce school
23 resources. The renovation must include a redesign of the
24 records layout.

25 PART D. ACCOUNTABILITY

26 SECTION 2D.01. Subchapter A, Chapter 7, Education Code, is
27 amended by adding Sections 7.009 and 7.010 to read as follows:

28 Sec. 7.009. PUBLIC ACCESS TO PEIMS DATA. (a) The
29 commissioner by rule shall adopt procedures to make available,
30 through the agency Internet website, all financial information
31 provided by school districts and campuses through the Public

1 Education Information Management System (PEIMS), including
2 campus-level expenditure information.

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

6 Sec. 7.010. BEST PRACTICES; CLEARINGHOUSE. (a) In
7 coordination with the Legislative Budget Board and with the
8 assistance of the centers of education research established
9 under Section 1.005, the agency shall establish an online
10 clearinghouse of information relating to best practices of
11 campuses and school districts regarding instruction, resource
12 allocation, and business practices. To the extent practicable,
13 the agency shall ensure that information provided through the
14 online clearinghouse is specific, actionable information
15 relating to the best practices of high-performing and highly
16 efficient campuses and school districts rather than general
17 guidelines relating to campus and school district operation. The
18 information must be accessible by campuses, school districts,
19 and interested members of the public.

20 (b) The agency shall solicit and collect from the
21 Legislative Budget Board, centers of education research
22 established under Section 1.005, and exemplary or recognized
23 school districts and public charter districts, as rated under
24 Section 39.072, examples of best practices relating to
25 instruction, resource allocation, and business practices,
26 including best practices relating to curriculum, scope and
27 sequence, compensation and incentive systems, bilingual
28 education and special language programs, and the effective use
29 of instructional technology, including online courses.

30 (c) The agency may contract for the services of one or more
31 third-party contractors to develop and implement a system of

1 collecting and evaluating the best practices of campuses and
2 school districts as provided by this section. In addition to any
3 other considerations required by law, the agency must consider
4 an applicant's demonstrated competence and qualifications in
5 analyzing campus and school district practices in awarding a
6 contract under this subsection.

7 (d) The agency shall implement this section not later than
8 September 1, 2006. This subsection expires January 1, 2007.

9 SECTION 2D.02. Subchapter A, Chapter 11, Education Code, is
10 amended by adding Section 11.004 to read as follows:

11 Sec. 11.004. APPLICABILITY OF TITLE TO EXEMPLARY DISTRICTS
12 AND CAMPUSES. A school district or campus rated exemplary under
13 Section 39.072 is subject only to the prohibitions,
14 restrictions, and requirements of this title that apply to a
15 public charter district under Section 11A.052(b) as approved by
16 the commissioner.

17 SECTION 2D.03. Section 25.005(b), Education Code, is
18 amended to read as follows:

19 (b) A reciprocity agreement must:

20 (1) address procedures for:

21 (A) transferring student records;

22 (B) awarding credit for completed course work;

23 and

24 (C) permitting a student to satisfy the
25 requirements of Section 39.025 through successful performance on
26 comparable end-of-course or other exit-level assessment
27 instruments administered in another state; and

28 (2) include appropriate criteria developed by the
29 agency.

30 SECTION 2D.04. Section 28.006(j), Education Code, is
31 amended to read as follows:

1 (j) No more than 15 percent of the funds certified by the
2 commissioner under Subsection (i) may be spent on indirect
3 costs. The commissioner shall evaluate the programs that fail
4 to meet the standard of performance under Section 39.051(b)(10)
5 [~~39.051(b)(7)~~] and may implement sanctions under Subchapter G,
6 Chapter 39. The commissioner may audit the expenditures of
7 funds appropriated for purposes of this section. The use of the
8 funds appropriated for purposes of this section shall be
9 verified as part of the district audit under Section 44.008.

10 SECTION 2D.05. The heading to Section 28.0211, Education
11 Code, is amended to read as follows:

12 Sec. 28.0211. SATISFACTORY PERFORMANCE ON ASSESSMENT
13 INSTRUMENTS REQUIRED FOR PROMOTION TO CERTAIN GRADE LEVELS;
14 ACCELERATED INSTRUCTION.

15 SECTION 2D.06. Subchapter B, Chapter 28, Education Code, is
16 amended by adding Section 28.0215 to read as follows:

17 Sec. 28.0215. SATISFACTORY PERFORMANCE REQUIRED: END-OF-
18 COURSE ASSESSMENT INSTRUMENTS. (a) A student may not receive
19 course credit for a course described by Section 39.023(c) unless
20 the student performs satisfactorily on the end-of-course
21 assessment instrument for the course.

22 (b) The commissioner may adopt rules establishing a
23 procedure for a student who did not perform satisfactorily on an
24 end-of-course assessment instrument to retake the assessment
25 instrument and obtain course credit.

26 SECTION 2D.07. Section 28.025, Education Code, as amended
27 by H.B. No. 25, Acts of the 79th Legislature, Regular Session,
28 2005, is amended by amending Subsections (c), (d), and (e) and
29 adding Subsection (f) to read as follows:

30 (c) A person may receive a diploma if the person is
31 eligible for a diploma under Section 28.0251. In other cases, a

1 student may graduate and receive a diploma only if[+]

2 [~~1~~] the student successfully completes:

3 (1) the curriculum requirements identified by the
4 State Board of Education under Subsection (a) [~~and complies with~~
5 ~~Section 39.025~~]; or

6 (2) [~~the student successfully completes~~] an
7 individualized education program developed under Section 29.005.

8 (d) Except as provided by Section 39.0241, a person may not
9 receive a diploma unless the person complies with Section
10 39.025. For each year in which a person must comply with
11 Section 39.025 to receive a diploma, a [A] school district may
12 issue a certificate of coursework completion to a student who
13 successfully completes the curriculum requirements identified by
14 the State Board of Education under Subsection (a) but who fails
15 to comply with Section 39.025. A school district may allow a
16 student who receives a certificate to participate in a
17 graduation ceremony with students receiving high school
18 diplomas. This subsection ceases to apply on the date the
19 commissioner certifies that the implementation of the amendments
20 made by S.B. No. 2, Acts of the 79th Legislature, 1st Called
21 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is
22 complete under the transition plan adopted under Section
23 39.0241. This subsection expires September 1, 2012.

24 (e) Each school district shall report the academic
25 achievement record of students who have completed a minimum,
26 recommended, or advanced high school program on transcript forms
27 adopted by the State Board of Education. The transcript forms
28 adopted by the board must be designed to clearly differentiate
29 between each of the high school programs.

30 (f) The transcript forms adopted by the State Board of
31 Education under Subsection (e) must be designed to [and]

1 identify whether a student received a diploma or a certificate
2 of coursework completion. This subsection expires September 1,
3 2012.

4 SECTION 2D.08. Sections 29.053(b) and (d), Education Code,
5 are amended to read as follows:

6 (b) Within the first five [~~four~~] weeks following the first
7 day of school, the language proficiency assessment committee
8 established under Section 29.063 shall determine and report to
9 the board of trustees of the district the number of students of
10 limited English proficiency on each campus and shall classify
11 each student according to the language in which the student
12 possesses primary proficiency. The board shall report that
13 information to the agency before November 1 each year.

14 (d) Each district that is required to offer bilingual
15 education and special language programs under this section shall
16 offer the following for students of limited English proficiency:

17 (1) bilingual education in prekindergarten at campuses
18 that offer prekindergarten classes;

19 (2) bilingual education in kindergarten through the
20 elementary grades;

21 (3) [~~2~~] bilingual education, instruction in English
22 as a second language, or other transitional language instruction
23 approved by the agency in post-elementary grades through grade
24 8; and

25 (4) [~~3~~] instruction in English as a second language
26 in grades 9 through 12.

27 SECTION 2D.09. Section 29.081(b), Education Code, is
28 amended to read as follows:

29 (b) Each district shall provide accelerated instruction to
30 a student enrolled in the district who has taken an end-of-
31 course [~~the secondary exit level~~] assessment instrument

1 administered under Section 39.023(c) and has not performed
2 satisfactorily on the assessment instrument [each section] or
3 who is at risk of dropping out of school.

4 SECTION 2D.10. Subchapter C, Chapter 29, Education Code, is
5 amended by adding Section 29.0822 to read as follows:

6 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)

7 Notwithstanding Section 25.081 or 25.082, a school district may
8 provide a flexible school day program for students in grades
9 nine through 12 who have dropped out of school or who are at
10 risk of dropping out of school as defined by Section 29.081.

11 (b) To enable a school district to provide a program under
12 this section that meets the needs of students described by
13 Subsection (a), a school district may:

14 (1) provide flexibility in the number of hours each
15 day a student attends;

16 (2) provide flexibility in the number of days each
17 week a student attends; or

18 (3) allow a student to enroll in less or more than a
19 full course load.

20 (c) A course offered in a program under this section must
21 provide for at least the same number of instructional hours as
22 required for a course offered in a program that meets the
23 required minimum number of instructional days under Section
24 25.081 and the required length of school day under Section
25 25.082.

26 (d) The commissioner may adopt rules for the administration
27 of this section. The commissioner shall calculate average daily
28 attendance for students served under this section. The
29 commissioner shall allow accumulations of hours of instruction
30 for students whose schedule would not otherwise allow full state
31 funding. Funding under this subsection shall be determined

1 based on the number of instructional days in the district
2 calendar and a seven-hour school day, but attendance may be
3 cumulated over a school year, inclusive of any summer or
4 vacation sessions. The attendance of students who accumulate
5 less than the number of attendance hours required under this
6 subsection shall be proportionately reduced for funding
7 purposes. The commissioner may set maximum funding amounts for
8 an individual course under this section.

9 SECTION 2D.11. Section 29.187(b), Education Code, is
10 amended to read as follows:

11 (b) An award granted under this section is not in lieu of a
12 diploma [~~or certificate of coursework completion~~] issued under
13 Section 28.025.

14 SECTION 2D.12. Section 29.202, Education Code, is amended
15 to read as follows:

16 Sec. 29.202. ELIGIBILITY. (a) In this section, "adequate
17 yearly progress standard" means a standard:

18 (1) determined by the commissioner and approved by the
19 United States Department of Education as provided by the No
20 Child Left Behind Act of 2001 (Pub. L. No. 107-110); and

21 (2) used to measure various indicators of educational
22 success to determine the progress of a campus towards academic
23 achievement.

24 (b) A student is eligible to receive a public education
25 grant or to attend another public school in the district in
26 which the student resides under this subchapter if the student
27 is assigned to attend a public school campus:

28 (1) at which 50 percent or more of the students did
29 not perform satisfactorily on an assessment instrument
30 administered under Section 39.023(a) or (c) in any two of the
31 preceding three years; [~~or~~]

1 (2) that was, at any time in the preceding three
2 years, considered academically unacceptable [~~low performing~~]
3 under Section 39.132; or

4 (3) that has not met the adequate yearly progress
5 standard for the same indicator of educational success for the
6 preceding two years.

7 (c) [~~(b)~~] After a student has used a public education grant
8 to attend a school in a district other than the district in
9 which the student resides, [~~(a)~~]

10 [~~(1)~~] the student does not become ineligible for the
11 grant if the school on which the student's initial eligibility
12 is based no longer meets the criteria under Subsection (b) [~~(a)~~];
13 and

14 [~~(2)~~ the student becomes ineligible for the grant if
15 the student is assigned to attend a school that does not meet
16 the criteria under Subsection (a)].

17 SECTION 2D.13. Subchapter G, Chapter 29, Education Code, is
18 amended by adding Section 29.2021 to read as follows:

19 Sec. 29.2021. CONFLICT OF LAWS. To the extent of a
20 conflict between this subchapter and a provision of Section
21 1116, No Child Left Behind Act of 2001 (20 U.S.C. Section 6316),
22 the No Child Left Behind Act of 2001 prevails.

23 SECTION 2D.14. Section 29.203(f), Education Code, is
24 amended to read as follows:

25 (f) The school district in which a student resides shall
26 provide each student attending a school in another district
27 under this subchapter transportation free of charge to and from
28 the school the student would otherwise attend, except as
29 provided by Section 1116, No Child Left Behind Act of 2001 (20
30 U.S.C. Section 6316).

31 SECTION 2D.15. Section 30.021(e), Education Code, is

1 amended to read as follows:

2 (e) The school shall cooperate with public and private
3 agencies and organizations serving students and other persons
4 with visual impairments in the planning, development, and
5 implementation of effective educational and rehabilitative
6 service delivery systems associated with educating students with
7 visual impairments. To maximize and make efficient use of state
8 facilities, funding, and resources, the services provided in
9 this area may include conducting a cooperative program with
10 other agencies to serve students who have graduated from high
11 school by completing all academic requirements applicable to
12 students in regular education, excluding satisfactory
13 performance on the end-of-course [~~exit-level~~] assessment
14 instruments required by commissioner rule under Section
15 39.023(c) [~~instrument~~], who are younger than 22 years of age on
16 September 1 of the school year and who have identified needs
17 related to vocational training, independent living skills,
18 orientation and mobility, social and leisure skills,
19 compensatory skills, or remedial academic skills.

20 SECTION 2D.16. Sections 30.104(b) and (c), Education Code,
21 as amended by H.B. No. 25, Acts of the 79th Legislature, Regular
22 Session, 2005, are amended to read as follows:

23 (b) A student may graduate and receive a diploma from a
24 Texas Youth Commission educational program if[+]

25 [~~1~~] the student successfully completes:

26 (1) the curriculum requirements identified by the
27 State Board of Education under Section 28.025(a) [~~and complies~~
28 ~~with Section 39.025~~]; or

29 (2) [~~the student successfully completes~~] the
30 curriculum requirements under Section 28.025(a) as modified by
31 an individualized education program developed under Section

1 29.005.

2 (c) Except as provided by Section 39.0241, a person may not
3 receive a diploma unless the person complies with Section
4 39.025. For each year in which a person must comply with
5 Section 39.025 to receive a diploma, a [A] Texas Youth
6 Commission educational program may issue a certificate of
7 course-work completion to a student who successfully completes
8 the curriculum requirements identified by the State Board of
9 Education under Section 28.025(a) but who fails to comply with
10 Section 39.025. This subsection ceases to apply on the date the
11 commissioner certifies that the implementation of the amendments
12 made by S.B. No. 2, Acts of the 79th Legislature, 1st Called
13 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is
14 complete under the transition plan adopted under Section
15 39.0241. This subsection expires September 1, 2012.

16 SECTION 2D.17. Section 39.022, Education Code, is amended
17 to read as follows:

18 Sec. 39.022. ASSESSMENT PROGRAM. (a) The State Board of
19 Education by rule shall create and implement a statewide
20 assessment program that is knowledge- and skills-based to ensure
21 school accountability for student achievement that achieves the
22 goals provided under Section 4.002. After adopting rules under
23 this section, the State Board of Education shall consider the
24 importance of maintaining stability in the statewide assessment
25 program when adopting any subsequent modification of the rules.

26 (b) The commissioner by rule shall provide for the
27 administration of assessment instruments under this subchapter.

28 SECTION 2D.18. Section 39.023, Education Code, is amended
29 by amending Subsections (a)-(c), (e), (i), and (l)-(n) and
30 adding Subsections (a-1) and (b-1) to read as follows:

31 (a) The agency shall adopt or develop appropriate

1 criterion-referenced assessment instruments designed to assess
2 essential knowledge and skills in reading, writing, mathematics,
3 social studies, and science. All students, except students
4 assessed under Subsection (b) or (1) or exempted under Section
5 39.027, shall be assessed in:

6 (1) mathematics, annually in grades three through
7 [~~seven without the aid of technology and in grades~~] eight
8 [~~through 11 with the aid of technology on any assessment~~
9 ~~instruments that include algebra~~];

10 (2) reading, annually in grades three through eight
11 [~~nine~~];

12 (3) writing, including spelling and grammar, in grades
13 four and seven;

14 (4) [~~English language arts, in grade 10;~~
15 [~~5~~] social studies, in grade [~~grades~~] eight [~~and~~
16 10];

17 (5) [~~6~~] science, in grades five and [~~7~~] eight [~~and~~
18 10]; and

19 (6) [~~7~~] any other subject and grade required by
20 federal law.

21 (a-1) An assessment instrument under this section may
22 include questions that test a broader range of knowledge and
23 skills or that are at a higher difficulty level for the purpose
24 of differentiating student achievement. A student may not be
25 required to answer a question described by this subsection
26 correctly to perform satisfactorily on the assessment instrument
27 or to be promoted to the next grade level. To ensure a valid
28 bank of questions for use each year, the agency is not required
29 to release a question that is being field-tested until after the
30 fifth school year the question is used on an assessment
31 instrument administered under this section.

1 (b) The agency shall develop or adopt appropriate
2 criterion-referenced assessment instruments to be administered
3 to each student in a special education program under Subchapter
4 A, Chapter 29, who receives modified instruction in the
5 essential knowledge and skills identified under Section 28.002
6 for the assessed subject but for whom an assessment instrument
7 adopted under Subsection (a) or (c), even with allowable
8 accommodations [~~modifications~~], would not provide an appropriate
9 measure of student achievement, as determined by the student's
10 admission, review, and dismissal committee. The assessment
11 instruments required under this subsection must assess essential
12 knowledge and skills [~~and growth~~] in the subjects of reading,
13 mathematics, and writing and any other subject required by
14 federal law. A student's admission, review, and dismissal
15 committee shall determine whether any allowable accommodation
16 [~~modification~~] is necessary in administering to the student an
17 assessment instrument required under this subsection or whether
18 an alternate assessment instrument must be used to measure
19 alternate academic achievement standards. A student's
20 admission, review, and dismissal committee shall determine the
21 high school graduation assessment requirements for a student in
22 a special education program under Subchapter A, Chapter 29, and
23 may use local alternative assessment instruments if multiple
24 testing opportunities are not available for a student. To the
25 extent practicable, the [~~The~~] assessment instruments required
26 under this subsection shall be administered on the same schedule
27 as the assessment instruments administered under Subsection (a)
28 or (c), as applicable. The commissioner shall adopt rules to
29 implement this subsection.

30 (b-1) The agency shall adopt or develop appropriate
31 criterion-referenced instruments as required by federal law

1 designed to measure alternate academic achievement standards for
2 students in a special education program under Subchapter A,
3 Chapter 29, with the most significant cognitive disabilities.

4 (c) The agency shall also adopt end-of-course [~~secondary~~
5 ~~exit-level~~] assessment instruments for secondary-level courses
6 in Algebra I, Algebra II, Geometry, Biology, Chemistry, Physics,
7 Integrated Physics and Chemistry, English I, English II, English
8 III, World Geography, World History, United States History, and
9 any other course as determined by rule by the commissioner
10 ~~[designed to be administered to students in grade 11 to assess~~
11 ~~essential knowledge and skills in mathematics, English language~~
12 ~~arts, social studies, and science. The mathematics section must~~
13 ~~include at least Algebra I and geometry with the aid of~~
14 ~~technology. The English language arts section must include at~~
15 ~~least English III and must include the assessment of essential~~
16 ~~knowledge and skills in writing. The social studies section must~~
17 ~~include early American and United States history. The science~~
18 ~~section must include at least biology and integrated chemistry~~
19 ~~and physics. The assessment instruments must be designed to~~
20 ~~assess a student's mastery of minimum skills necessary for high~~
21 ~~school graduation and readiness to enroll in an institution of~~
22 ~~higher education]. If a student is in a special education~~
23 ~~program under Subchapter A, Chapter 29, the student's admission,~~
24 ~~review, and dismissal committee shall determine whether any~~
25 allowable accommodation [~~modification~~] is necessary in
26 administering to the student an assessment instrument required
27 under this subsection [~~or whether the student should be exempted~~
28 ~~under Section 39.027(a)(2)~~]. The State Board of Education shall
29 administer the assessment instruments. The State Board of
30 Education shall adopt a schedule for the administration of end-
31 of-course [~~secondary exit-level~~] assessment instruments. [~~Each~~

1 ~~student who did not perform satisfactorily on any secondary~~
2 ~~exit-level assessment instrument when initially tested shall be~~
3 ~~given multiple opportunities to retake that assessment~~
4 ~~instrument.]~~ A student who performs at or above a level
5 established by the Texas Higher Education Coordinating Board on
6 the end-of-course [~~secondary exit-level~~] assessment instruments
7 is exempt from the requirements of Section 51.3062 [~~51.306~~].
8 The performance level established by the Texas Higher Education
9 Coordinating Board under this subsection represents the level of
10 academic achievement indicating a student is prepared for
11 college course work. The performance level may be used as an
12 indicator to measure progress toward college preparedness of
13 public school students in this state.

14 (e) Under rules adopted by the State Board of Education,
15 [~~every other year,~~] the agency shall release the questions and
16 answer keys to each assessment instrument administered under
17 Subsection (a), (b), (c), [~~(d),~~] or (l) or Section 39.027 on or
18 after August 1 after the second anniversary of the date [~~after~~
19 ~~the last time~~] the instrument was [~~is~~] administered [~~for that~~
20 ~~school year~~]. To ensure a valid bank of questions for use each
21 year, the agency is not required to release a question that is
22 being field-tested and was not used to compute the student's
23 score on the instrument. The agency shall also release, under
24 board rule, each question that is no longer being field-tested
25 and that was not used to compute a student's score.

26 (i) The provisions of this section[~~, except Subsection~~
27 ~~(d),~~] are subject to modification by rules adopted under Section
28 39.022. Each assessment instrument adopted or developed under
29 this section [~~those rules and each assessment instrument~~
30 ~~required under Subsection (d)~~] must be reliable and valid and
31 must meet any applicable federal requirements for measurement of

1 student progress.

2 (l) The agency [~~State Board of Education~~] shall adopt or
3 develop a Spanish language version [~~rules for the~~
4 ~~administration~~] of the assessment instruments adopted under
5 Subsection (a) for [~~in Spanish to~~] students in grades three
6 through six who are of limited English proficiency, as defined
7 by Section 29.052, whose primary language is Spanish, and who
8 are not otherwise exempt from the administration of an
9 assessment instrument under Section 39.027 [~~39.027(a)(3) or~~
10 ~~(4)~~]. Each student of limited English proficiency whose primary
11 language is Spanish, other than a student to whom Subsection (b)
12 or (b-1) applies, may be assessed using assessment instruments
13 in Spanish under this subsection for up to three years or
14 assessment instruments in English under Subsection (a). The
15 language proficiency assessment committee established under
16 Section 29.063 shall determine which students are administered
17 assessment instruments in Spanish under this subsection.

18 (m) The commissioner by rule shall develop procedures under
19 which the language proficiency assessment committee established
20 under Section 29.063 shall determine which students are exempt
21 from the administration of the assessment instruments under
22 Section 39.027 [~~39.027(a)(3) and (4)~~]. The rules adopted under
23 this subsection shall ensure that the language proficiency
24 assessment committee provides that the exempted students are
25 administered the assessment instruments under Subsections (a)
26 and (c) at the earliest practical date. As necessary to comply
27 with federal requirements, the commissioner by rule shall
28 develop procedures under which a student who is exempt from the
29 administration of an assessment instrument under Section 39.027
30 is administered a linguistically accommodated assessment
31 instrument.

1 (n) This subsection applies only to a student who is
2 determined to have dyslexia or a related disorder and who is an
3 individual with a disability under 29 U.S.C. Section 705(20)
4 ~~[and its subsequent amendments]~~. The agency shall adopt or
5 develop appropriate ~~[criterion-referenced]~~ assessment
6 administration procedures, including accommodations for a
7 ~~[instruments designed to assess the ability of and to be~~
8 ~~administered to each]~~ student to whom this subsection applies.
9 The ~~[for whom the assessment instruments adopted under~~
10 ~~Subsection (a), even with allowable modifications, would not~~
11 ~~provide an appropriate measure of student achievement, as~~
12 ~~determined by the]~~ committee established by the board of
13 trustees of the district to determine the placement of students
14 with dyslexia or related disorders~~[. The committee]~~ shall
15 determine whether the ~~[any]~~ allowable accommodations are
16 ~~[modification is]~~ necessary in administering to a student an
17 assessment instrument required under this section ~~[subsection.~~
18 ~~The assessment instruments required under this subsection shall~~
19 ~~be administered on the same schedule as the assessment~~
20 ~~instruments administered under Subsection (a)]~~.

21 SECTION 2D.19. Subchapter B, Chapter 39, Education Code, is
22 amended by adding Section 39.0232 to read as follows:

23 Sec. 39.0232. COMPUTER-ADAPTIVE ASSESSMENT. (a) To the
24 extent practicable and appropriate, the agency shall provide for
25 assessment instruments required under Section 39.023 to be
26 designed so that those assessment instruments can be computer-
27 adaptive.

28 (b) To the extent practicable and appropriate, the agency
29 shall require school districts to administer to students the
30 computer-adaptive assessment instruments.

31 (c) The agency shall implement this section not later than

1 March 1, 2006. This subsection expires September 1, 2006.

2 SECTION 2D.20. Sections 39.024(a) and (c), Education Code,
3 are amended to read as follows:

4 (a) Except as otherwise provided by this subsection, the
5 State Board of Education shall determine the level of
6 performance considered to be satisfactory on the assessment
7 instruments administered under Section 39.023. The commissioner
8 by rule [~~admission, review, and dismissal committee of a student~~
9 ~~being assessed under Section 39.023(b)~~] shall determine the
10 level of performance considered to be satisfactory on the
11 assessment instruments administered under Section 39.023(b) or
12 (b-1) [~~to that student~~] in accordance with applicable federal
13 requirements [~~criteria established by agency rule~~].

14 (c) The agency shall develop study guides for the
15 assessment instruments administered under Sections 39.023(a),
16 [~~and~~] (c), and (l). To assist parents in providing assistance
17 during the period that school is recessed for summer, each
18 school district shall distribute the study guides to parents of
19 students who do not perform satisfactorily on one or more parts
20 of the [~~an~~] assessment instrument [~~administered under this~~
21 ~~subchapter~~].

22 SECTION 2D.21. Subchapter B, Chapter 39, Education Code, is
23 amended by adding Section 39.0241 to read as follows:

24 Sec. 39.0241. TRANSITION PLAN FOR USE OF ASSESSMENT
25 INSTRUMENTS. (a) The commissioner shall by rule adopt a
26 transition plan to implement the amendments made by S.B. No. 2,
27 Acts of the 79th Legislature, 1st Called Session, 2005, relating
28 to end-of-course assessment instruments, including Sections
29 39.023(a) and (c) and 39.051(b)(5). The rules must provide for
30 the administration of end-of-course assessment instruments
31 adopted under Section 39.023(c) to begin during the 2009-2010

1 school year. During the period under which the transition to
2 end-of-course assessment instruments is made:

3 (1) the commissioner shall retain, administer, and use
4 for campus and district ratings under Subchapter D the
5 assessment instruments required by Section 39.023(a) or (c), as
6 that section existed before amendment by S.B. No. 2, Acts of the
7 79th Legislature, 1st Called Session, 2005;

8 (2) the agency may defer releasing assessment
9 instrument questions and answer keys as required by Section
10 39.023(e) to the extent necessary to develop additional
11 assessment instruments; and

12 (3) the commissioner may make the end-of-course
13 assessment instrument for Algebra I available to campuses and
14 school districts to administer and use, but the results of that
15 assessment instrument may not be used for campus and district
16 ratings under Subchapter D.

17 (b) Rules adopted under Subsection (a) must require that
18 each student who will be subject to the requirements implemented
19 under the amendments made by S.B. No. 2, Acts of the 79th
20 Legislature, 1st Called Session, 2005, relating to end-of-course
21 assessment instruments, including Section 39.023(c), is entitled
22 to notice of the specific requirements applicable to the
23 student. Notice under this subsection must be provided not
24 later than the date the student enters the ninth grade.

25 (c) Implementation of the end-of-course assessment
26 instruments shall begin with the assessment instrument for
27 Algebra I.

28 (d) A reference in this code to an end-of-course assessment
29 instrument administered under Section 39.023(c) includes a
30 secondary exit-level assessment instrument administered as
31 provided by Subsection (a).

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

2 SECTION 2D.22. Effective September 1, 2006, Subchapter B,
3 Chapter 39, Education Code, is amended by adding Section 39.0261
4 to read as follows:

5 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In
6 addition to the assessment instruments otherwise authorized or
7 required by this subchapter:

8 (1) a school district shall administer to students in
9 any two grade levels during grades seven through 10 an
10 established, valid, reliable, and nationally normed college
11 preparation assessment instrument; and

12 (2) high school students in the spring of the 11th
13 grade or during the 12th grade may select and take once, at
14 state cost, one of the valid, reliable, and nationally normed
15 assessment instruments used by colleges and universities as part
16 of their undergraduate admissions processes.

17 (b) The agency shall:

18 (1) select and approve vendors of the specific
19 assessment instruments administered under this section; and

20 (2) pay all fees associated with the administration of
21 the assessment instrument from funds allotted under the
22 Foundation School Program, and the commissioner shall reduce the
23 total amount of state funds allocated to each district from any
24 source in the same manner described for a reduction in
25 allotments under Section 42.313.

26 (c) A vendor that administers an assessment instrument for
27 a district under this section shall report the results of the
28 assessment instrument to the agency.

29 (d) Subsection (a)(2) does not prohibit a high school
30 student in the spring of the 11th grade or during the 12th grade
31 from selecting and taking, at the student's own expense, an

1 assessment instrument described by Subsection (a)(2) more than
2 once.

3 SECTION 2D.23. Sections 39.027(a), (e), and (g), Education
4 Code, are amended to read as follows:

5 (a) A student may be exempted from the administration of an
6 assessment instrument under:

7 (1) [~~Section 39.023(a) or (b) if the student is~~
8 ~~eligible for a special education program under Section 29.003~~
9 ~~and the student's individualized education program does not~~
10 ~~include instruction in the essential knowledge and skills under~~
11 ~~Section 28.002 at any grade level;~~

12 [~~2) Section 39.023(c) or (d) if the student is~~
13 ~~eligible for a special education program under Section 29.003~~
14 ~~and:~~

15 [~~A) the student's individualized education~~
16 ~~program does not include instruction in the essential knowledge~~
17 ~~and skills under Section 28.002 at any grade level; or~~

18 [~~B) the assessment instrument, even with~~
19 ~~allowable modifications, would not provide an appropriate~~
20 ~~measure of the student's achievement as determined by the~~
21 ~~student's admission, review, and dismissal committee;~~

22 [~~3)] Section 39.023(a), (b), (b-1), or (1) for a~~

23 period of up to one year after initial enrollment in a school in

24 the United States if the student is of limited English

25 proficiency, as defined by Section 29.052, and has not

26 demonstrated proficiency in English as determined by the

27 assessment system under Subsection (e); or

28 (2) [~~4)] Section 39.023(a), (b), (b-1), or (1) for a~~

29 period of up to two years in addition to the exemption period

30 authorized by Subdivision (1) [~~3)] if the student has received~~

31 an exemption under Subdivision (1) [~~3)] and:~~

1 (A) is a recent unschooled immigrant; or

2 (B) is in a grade for which no assessment
3 instrument in the primary language of the student is available.

4 (e) As provided by applicable federal requirements, the
5 ~~[The]~~ commissioner shall develop an assessment system that shall
6 be used for evaluating the academic progress toward attaining
7 academic language proficiency in English, including reading
8 proficiency in English, of all students of limited English
9 proficiency, as defined by Section 29.052. A student who has
10 demonstrated the designated level of ~~[is exempt from the~~
11 ~~administration of an assessment instrument under Subsection~~
12 ~~(a)(3) or (4) who achieves]~~ reading proficiency in English as
13 determined by the assessment system developed under this
14 subsection is not eligible for an exemption under Subsection
15 (a)(1) or (2). ~~[shall be administered the assessment instruments~~
16 ~~described by Sections 39.023(a) and (c). The performance under~~
17 ~~the assessment system developed under this subsection of~~
18 ~~students to whom Subsection (a)(3) or (4) applies shall be~~
19 ~~included in the academic excellence indicator system under~~
20 ~~Section 39.051, the performance report under Section 39.053, and~~
21 ~~the comprehensive annual report under Section 39.182.]~~

22 (g) For purposes of this section, "recent unschooled
23 immigrant" means an immigrant who initially enrolled in a school
24 in the United States not more than 12 months before the date of
25 the administration of an assessment instrument under Section
26 39.023 ~~[39.023(a) or (1)]~~ and who, as a result of inadequate
27 schooling outside of the United States, lacks the necessary
28 foundation in the essential knowledge and skills of the
29 curriculum prescribed under Section 28.002 as determined by the
30 language proficiency assessment committee established under
31 Section 29.063. For purposes of this subsection and to the

1 extent authorized by federal law, a child's prior enrollment in
2 a school in the United States shall be determined on the basis
3 of documents and records required under Section 25.002(a).

4 SECTION 2D.24. Subchapter B, Chapter 39, Education Code, is
5 amended by adding Sections 39.034 and 39.035 to read as follows:

6 Sec. 39.034. MEASURE OF INCREMENTAL GROWTH IN STUDENT
7 ACHIEVEMENT. (a) The commissioner shall determine a method by
8 which the agency may measure incremental growth in student
9 achievement from one school year to the next on an assessment
10 instrument required under this subchapter.

11 (b) The agency shall report to each school district the
12 comparisons made under Subsection (a). Each school district
13 shall provide the comparisons to each teacher for all students
14 who were:

15 (1) assessed on an assessment instrument; and

16 (2) taught by that teacher in the subject for which
17 the assessment instrument was administered.

18 (c) The school a student attends shall provide a record of
19 the comparison made under this section and provided to the
20 school under Subsection (b) in a written notice to the student's
21 parents.

22 (d) To the extent practicable, the agency shall combine the
23 report of the comparisons required under this section with the
24 report of the student's performance on assessment instruments
25 administered under Section 39.023.

26 (e) The commissioner shall implement this section not later
27 than September 1, 2006. This subsection expires January 1,
28 2008.

29 Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF
30 ASSESSMENT INSTRUMENT. (a) An administrator, teacher, other
31 employee, contractor, or volunteer of a school district or

1 public charter district commits an offense if, for the primary
2 purpose of influencing the results of an assessment instrument
3 administered under this subchapter, the person intentionally:

4 (1) discriminates in school admissions based on a
5 student's academic ability in a manner that is not otherwise
6 permitted by law;

7 (2) refers a student to a special education program
8 under Subchapter A, Chapter 29, or a bilingual or special
9 language program under Subchapter B, Chapter 29, for the purpose
10 of gaining an accommodation for the student in the
11 administration of the assessment instrument;

12 (3) requires or encourages a student to be absent from
13 a school campus during the day on which the assessment
14 instrument is administered at the campus;

15 (4) tampers with the assessment instrument or related
16 materials to alter the results of the assessment instrument; or

17 (5) engages in any other action designed to alter the
18 accuracy of the results of the assessment instrument.

19 (b) An offense under this section is a Class A misdemeanor.

20 (c) An offense under Subsection (a)(4) is in addition to
21 any offense under Section 37.10(c)(2), Penal Code, arising from
22 the same action.

23 SECTION 2D.25. Section 39.051(b), Education Code, as
24 amended by Chapters 433 and 805, Acts of the 78th Legislature,
25 Regular Session, 2003, is reenacted and amended to read as
26 follows:

27 (b) Performance on the indicators adopted under this
28 section shall be compared to state-established standards. The
29 degree of change from one school year to the next in performance
30 on each indicator adopted under this section shall also be
31 considered. The indicators must be based on information that is

1 disaggregated by race, ethnicity, gender, and socioeconomic
2 status and must include:

3 (1) the results of assessment instruments required
4 under Sections 39.023(a), (c), and (l), aggregated by grade
5 level and subject area;

6 (2) dropout rates, including dropout rates and
7 district completion rates for grade levels seven [9] through 12,
8 computed:

9 (A) as a longitudinal rate and an annual
10 completion rate by grade; and

11 (B) in accordance with standards and definitions
12 adopted by the National Center for Education Statistics of the
13 United States Department of Education;

14 (3) high school graduation rates, computed in
15 accordance with standards and definitions adopted in compliance
16 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
17 107-110);

18 (4) student attendance rates;

19 (5) the percentage of graduating students who attain
20 scores on the end-of-course [~~secondary exit level~~] assessment
21 instruments required under Subchapter B that are equivalent to a
22 passing score on the assessment [~~test~~] instrument required under
23 Section 51.3062 [~~51.306~~];

24 (6) the percentage of graduating students who meet the
25 course requirements established for the recommended high school
26 program by State Board of Education rule;

27 (7) the results of the Scholastic Assessment Test
28 (SAT), the American College Test (ACT), articulated
29 postsecondary degree programs described by Section 61.852, and
30 certified workforce training programs described by Chapter 311,
31 Labor Code;

1 (8) incremental growth in student achievement, as
2 measured under Section 39.034, aggregated by grade level and
3 subject area;

4 (9) the number and percentage of students at risk of
5 dropping out of school, the number and percentage of those
6 students who are administered each assessment instrument
7 required under Section 39.023, the number and percentage of
8 those students who perform satisfactorily on the assessment
9 instruments, and the results of those students, grouped by
10 number and percentage, on the assessment instruments,
11 disaggregated by subject area and grade level;

12 (10) the number and percentage of students, aggregated
13 by grade level, provided accelerated instruction under Section
14 28.0211(c), the results of assessments administered under that
15 section, the percentage of students promoted through the grade
16 placement committee process under Section 28.0211, the subject
17 of the assessment instrument on which each student failed to
18 perform satisfactorily, and the performance of those students in
19 the school year following that promotion on the assessment
20 instruments required under Section 39.023;

21 (11) [~~+9~~] for students who have failed to perform
22 satisfactorily on an assessment instrument required under
23 Section 39.023(a) or (c), the numerical progress of those
24 students grouped by number and percentage on subsequent
25 assessment instruments required under those sections, aggregated
26 by grade level and subject area;

27 (12) [~~+10~~] the percentage of students exempted, by
28 exemption category, from the assessment program generally
29 applicable under this chapter; [~~and~~]

30 (13) [~~+11~~] the percentage of students of limited
31 English proficiency exempted from the administration of an

1 assessment instrument under Section 39.027;

2 (14) [Sections 39.027(a)(3) and (4)] the percentage of
3 students in a special education program under Subchapter A,
4 Chapter 29, assessed through assessment instruments developed or
5 adopted under Section 39.023(b);

6 (15) for students of limited English proficiency, as
7 defined by Section 29.052, a measure of progress toward English
8 language proficiency, as determined by the commissioner,
9 including the student's performance after transferring out of a
10 bilingual education program or instruction in English as a
11 second language; and

12 (16) the performance of students who are not
13 educationally disadvantaged on an assessment instrument under
14 Sections 39.023(a), (b), (c), and (l) and dropout rates and
15 district completion rates for grades nine through 12 for those
16 students.

17 SECTION 2D.26. Section 39.052(b), Education Code, is
18 amended to read as follows:

19 (b) The report card shall include the following
20 information:

21 (1) where applicable, the academic excellence
22 indicators adopted under Sections 39.051(b)(1) through (12)
23 [~~(9)~~];

24 (2) average class size by grade level and subject;

25 (3) the administrative and instructional costs per
26 student, computed in a manner consistent with Section 44.0071;
27 and

28 (4) the district's instructional expenditures ratio
29 and instructional employees ratio computed under Section
30 44.0071, and the statewide average of those ratios, as
31 determined by the commissioner.

1 SECTION 2D.27. Section 39.055, Education Code, is amended
2 to read as follows:

3 Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT.

4 (a) The commissioner shall develop a process for auditing
5 school district dropout records electronically. The
6 commissioner shall also develop a system and standards for
7 review of the audit or use systems already available at the
8 agency. The system must be designed to identify districts that
9 are at high risk of having inaccurate dropout records and that,
10 as a result, may be subject to a special accreditation
11 investigation under Section 39.075 [~~require on-site monitoring~~
12 ~~of dropout records. If the electronic audit of a district's~~
13 ~~dropout records indicates that a district is not at high risk of~~
14 ~~having inaccurate dropout records, the district may not be~~
15 ~~subject to on-site monitoring under this subsection. If the~~
16 ~~risk-based system indicates that a district is at high risk of~~
17 ~~having inaccurate dropout records, the district is entitled to~~
18 ~~an opportunity to respond to the commissioner's determination~~
19 ~~before on-site monitoring may be conducted. The district must~~
20 ~~respond not later than the 30th day after the date the~~
21 ~~commissioner notifies the district of the commissioner's~~
22 ~~determination. If the district's response does not change the~~
23 ~~commissioner's determination that the district is at high risk~~
24 ~~of having inaccurate dropout records or if the district does not~~
25 ~~respond in a timely manner, the commissioner shall order agency~~
26 ~~staff to conduct on-site monitoring of the district's dropout~~
27 ~~records].~~

28 (b) [~~(e)~~] The commissioner shall notify the superintendent
29 [~~board of trustees~~] of a school district of any objection the
30 commissioner has to the district's dropout data, any violation
31 of sound accounting practices or of a law or rule revealed by

1 the data, or any recommendation by the commissioner concerning
2 the data. If the data reflect that a penal law has been
3 violated, the commissioner shall notify the county attorney,
4 district attorney, or criminal district attorney, as
5 appropriate, and the attorney general. The commissioner is
6 entitled to access to all district records the commissioner
7 considers necessary or appropriate for the review, analysis, or
8 approval of district dropout data.

9 SECTION 2D.28. Sections 39.071 and 39.072, Education Code,
10 are amended to read as follows:

11 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
12 district is determined in accordance with this section
13 [~~subchapter~~].

14 (b) Each year, the commissioner shall determine the
15 accreditation status of each school district. In determining
16 accreditation status, the commissioner:

17 (1) shall evaluate and consider the performance of the
18 district under:

19 (A) the academic accountability system under
20 Section 39.072; and

21 (B) the financial accountability system under
22 Subchapter I;

23 (2) shall evaluate and consider:

24 (A) the results of any special accreditation
25 investigation under Section 39.075; and

26 (B) the district's current special education
27 monitoring or compliance status with the agency; and

28 (3) may consider:

29 (A) the district's compliance with statutory
30 requirements and requirements imposed by rule of the
31 commissioner or State Board of Education under specific

1 statutory authority that relate to:

2 (i) reporting data through the Public
3 Education Information Management System (PEIMS) or other reports
4 required by state or federal law or court order;

5 (ii) the high school graduation requirements
6 under Section 28.025; or

7 (iii) an item listed under Sections
8 7.056(e)(3)(C)-(I) that applies to the district;

9 (B) the effectiveness of the district's programs
10 for special populations; and

11 (C) the effectiveness of the district's career
12 and technology program.

13 (c) Based on a school district's performance under
14 Subsection (b), the commissioner shall:

15 (1) assign a district an accreditation status of:

16 (A) accredited;

17 (B) accredited-warned; or

18 (C) accredited-probation; or

19 (2) revoke the accreditation of the district and order
20 closure of the district under Section 39.131.

21 (d) The commissioner shall notify a school district that
22 receives an accreditation status of accredited-warned or
23 accredited-probation that the performance of the district is
24 below a standard required under this section. The commissioner
25 shall require the district to notify the parents of students
26 enrolled in the district and property owners in the district of
27 the district's accreditation status and the implications of that
28 accreditation status.

29 (e) A school district that is not accredited may not
30 receive funds from the agency or hold itself out as operating a
31 public school of this state.

1 (f) This chapter may not be construed to invalidate a
2 diploma awarded, course credit earned, or grade promotion
3 granted by a school district before the commissioner revoked the
4 district's accreditation.

5 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION~~
6 ~~STANDARDS~~]. (a) The commissioner [~~State Board of Education~~]
7 shall adopt rules for assigning [~~to evaluate the performance of~~
8 ~~school districts and to assign~~] to each school district and
9 campus a performance rating as follows:

10 (1) exemplary (meets or exceeds state exemplary
11 standards);

12 (2) recognized (meets or exceeds required improvement
13 or [~~and~~] within 10 percent of state exemplary standards);

14 (3) academically acceptable (below the exemplary and
15 recognized standards but exceeds the academically unacceptable
16 standards); or

17 (4) academically unacceptable (below the state clearly
18 unacceptable performance standard and does not meet required
19 improvement).

20 (b) The academic excellence indicators adopted under
21 Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the~~
22 ~~district's current special education compliance status with the~~
23 ~~agency~~] shall be the main considerations of the agency in the
24 rating of a school [~~the~~] district or campus under this section.

25 [~~Additional criteria in the rules may include consideration of:~~

26 [~~(1) compliance with statutory requirements and~~
27 ~~requirements imposed by rule of the State Board of Education~~
28 ~~under specific statutory authority that relate to:~~

29 [~~(A) reporting data through the Public Education~~
30 ~~Information Management System (PEIMS);~~

31 [~~(B) the high school graduation requirements~~

1 ~~under Section 28.025; or~~

2 ~~[(C) an item listed in Sections 7.056(e)(3)(C)-~~

3 ~~(I) that applies to the district;~~

4 ~~[(2) the effectiveness of the district's programs for~~
5 ~~special populations; and~~

6 ~~[(3) the effectiveness of the district's career and~~
7 ~~technology programs.]~~

8 (c) The agency shall evaluate ~~[against state standards]~~ and
9 ~~[shall]~~, not later than August 1 of each year, report the
10 performance of each school ~~[campus in a]~~ district and campus.
11 ~~[each open-enrollment charter school on the basis of the~~
12 ~~campus's performance on the indicators adopted under Sections~~
13 ~~39.051(b)(1) through (7). Consideration of the effectiveness of~~
14 ~~district programs under Subsection (b)(2) or (3) must be based~~
15 ~~on data collected through the Public Education Information~~
16 ~~Management System for purposes of accountability under this~~
17 ~~chapter and include the results of assessments required under~~
18 ~~Section 39.023.]~~

19 (d) The agency shall annually review the performance of
20 each school district and campus and determine if a change in the
21 academic performance rating of the district or campus is
22 warranted. Notwithstanding any other provision of this code,
23 the commissioner shall determine how the indicators adopted
24 under Section 39.051(b) may be used to determine academic
25 performance ratings and to select districts and campuses for
26 acknowledgment.

27 (e) Each annual review shall include an analysis of the
28 indicators under Section 39.051(b) to determine district and
29 campus performance in relation to:

30 (1) state standards established for each indicator;

31 (2) required improvement as defined under Section

1 39.051(c); and

2 (3) comparable improvement as determined under Section
3 39.051(c).

4 (f) The academic performance rating of a school district
5 may be raised or lowered based on the district's performance or
6 may be lowered based on the unacceptable performance of one or
7 more campuses in the district. The academic performance rating
8 of a school district may also be lowered based on a
9 determination that data provided to the agency by the district
10 that is necessary for conducting an annual review under this
11 section is unreliable.

12 (g) The commissioner shall notify a school district if the
13 performance of the district or a campus in the district is below
14 a standard required under this section. The commissioner shall
15 require the school district to notify the parents of students
16 who are enrolled in the district and property owners in the
17 district of the academic performance rating and the implications
18 of that rating.

19 (h) Notwithstanding any other provision of this code, for
20 purposes of determining the performance of a school district or
21 public charter district under this chapter, including the
22 academic performance rating [accreditation status] of the
23 district, a student attending a campus that is a [confined by
24 court order in a residential program or] facility operated by or
25 under contract with the Texas Youth Commission, a pre-
26 adjudication secure detention facility or a post-adjudication
27 secure correctional facility that is registered with the Texas
28 Juvenile Probation Commission, or a residential facility is not
29 considered to be a student of the school district or public
30 charter district serving the student [in which the program or
31 facility is physically located]. The performance of a student

1 who attends such a campus [student] on an assessment instrument
2 or other academic excellence indicator adopted under Section
3 39.051 shall be determined and[7] reported, but may not be used
4 to determine the rating of the school district or public charter
5 district unless the campus is the only campus operated by the
6 district. [and considered separately from the performance of
7 students attending a school of the district in which the program
8 or facility is physically located.]

9 SECTION 2D.29. Subchapter D, Chapter 39, Education Code, is
10 amended by adding Section 39.0722 to read as follows:

11 Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a)
12 In addition to school district performance ratings under Section
13 39.072, the commissioner shall annually rate districts according
14 to the degree to which the districts prepare students for
15 postsecondary success, including student performance on
16 assessment instruments administered under Section 39.0261 and on
17 the applicable indicators under Sections 39.051(b) and 39.0721.
18 The commissioner shall consult with the P-16 Council
19 established under Section 61.076 when adopting criteria under
20 this section.

21 (b) The commissioner may adopt rules as necessary to
22 administer this section.

23 SECTION 2D.30. Section 39.075(a), Education Code, is
24 amended to read as follows:

25 (a) The commissioner may [~~shall~~] authorize special
26 accreditation investigations to be conducted:

27 (1) when excessive numbers of absences of students
28 eligible to be tested on state assessment instruments are
29 determined;

30 (2) when excessive numbers of allowable exemptions
31 from the required state assessment instrument are determined;

1 (3) in response to complaints submitted to the agency
2 with respect to alleged violations of civil rights or other
3 requirements imposed on the state by federal law or court order;

4 (4) in response to established monitoring or
5 compliance reviews of the district's financial accounting
6 practices and state and federal program requirements;

7 (5) when extraordinary numbers of student placements
8 in alternative education programs, other than placements under
9 Sections 37.006 and 37.007, are determined;

10 (6) in response to an allegation involving a conflict
11 between members of the board of trustees or between the board
12 and the district administration if it appears that the conflict
13 involves a violation of a role or duty of the board members or
14 the administration clearly defined by this code;

15 (7) when excessive numbers of students in special
16 education programs under Subchapter A, Chapter 29, are assessed
17 through assessment instruments developed or adopted under
18 Section 39.023(b) or (b-1); [~~or~~]

19 (8) in response to questions concerning a program,
20 including special education, required by federal law or for
21 which the district receives federal funds;

22 (9) when an annual review indicates the academically
23 unacceptable performance under Section 39.072 of one or more
24 campuses in a district, except that the resulting investigation
25 is limited to those campuses;

26 (10) in response to concerns regarding the integrity
27 of data submitted to the agency;

28 (11) in response to allegations of a violation of
29 student assessment procedures for assessment instruments adopted
30 under Section 39.023; or

31 (12) as the commissioner otherwise determines

1 necessary.

2 SECTION 2D.31. Section 39.075(c), Education Code, as
3 amended by Chapters 396 and 931, Acts of the 76th Legislature,
4 Regular Session, 1999, is reenacted and amended to read as
5 follows:

6 (c) Based on the results of a special accreditation
7 investigation, the commissioner may:

8 (1) take appropriate action under Subchapter G;

9 (2) raise or lower the district's accreditation status
10 [rating]; or

11 (3) take action under both Subdivisions (1) and (2).

12 SECTION 2D.32. Section 39.076, Education Code, is amended
13 by amending Subsection (a) and adding Subsections (a-1), (a-2),
14 (a-3), and (c) to read as follows:

15 (a) The agency shall adopt written procedures for
16 conducting [~~on-site~~] investigations under this subchapter. The
17 agency shall make the procedures available to the complainant,
18 the alleged violator, and the public. Agency staff must be
19 trained in the procedures and must follow the procedures in
20 conducting the investigation.

21 (a-1) An investigation conducted under this subchapter may
22 be an on-site, desk, or data-based investigation as determined
23 by the commissioner.

24 (a-2) If conducting an on-site investigation, the
25 investigators may obtain information from administrators,
26 teachers, or parents of students enrolled in the school
27 district. The commissioner shall adopt rules for:

28 (1) obtaining information from parents and using that
29 information in the investigator's report; and

30 (2) obtaining information from teachers in a manner
31 that prevents a campus or district from screening the

1 information.

2 (a-3) The agency may give written notice of any impending
3 on-site investigation to the superintendent and the board of
4 trustees of a school district.

5 (c) The investigators conducting an on-site investigation
6 shall report the results of the investigation in writing to the
7 board of trustees of the district and, as appropriate, to campus
8 administrators, and shall make recommendations concerning any
9 necessary improvements or sources of aid, such as regional
10 education service centers.

11 SECTION 2D.33. Subchapter D, Chapter 39, Education Code, is
12 amended by adding Sections 39.077 and 39.078 to read as follows:

13 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A
14 school district or public charter district that wishes to
15 challenge a decision to assign or lower an accreditation status,
16 an academic performance rating, or a financial accountability
17 rating must petition for an informal review as provided by
18 Section 7.0571.

19 (b) A final decision by the commissioner to assign or lower
20 an accreditation status, an academic performance rating, or a
21 financial accountability rating following a review under Section
22 7.0571 is final and may not be appealed.

23 Sec. 39.078. RULES. (a) The commissioner may adopt rules
24 as necessary to administer this subchapter.

25 (b) Unless a provision of this code clearly specifies
26 otherwise, any rule adopted under Subsection (a) must apply
27 accreditation requirements and academic performance ratings
28 under this subchapter to:

29 (1) a public charter district in the same manner as
30 the requirements and ratings are applied to a school district;
31 and

1 (2) a campus operated by a public charter district in
2 the same manner as the requirements and ratings are applied to a
3 campus operated by a school district.

4 SECTION 2D.34. Subchapter F, Chapter 39, Education Code, is
5 amended by adding Section 39.113 to read as follows:

6 Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT
7 PERFORMANCE ON AT-RISK CAMPUSES. (a) The commissioner shall
8 adopt rules to create an incentive award system for annual
9 growth in student achievement. A school that achieves
10 incremental growth in student achievement, as described by
11 Subsection (b), is eligible for an award if the school:

12 (1) has a student population of at least 50 percent
13 educationally disadvantaged students;

14 (2) achieves an accreditation performance rating of
15 academically acceptable or better; and

16 (3) demonstrates superior growth in the academic
17 performance of educationally disadvantaged students.

18 (b) The commissioner by rule shall adopt performance
19 criteria to measure annual growth in student academic
20 performance. The commissioner shall consider the following
21 criteria, as applicable:

22 (1) annual growth in student achievement that
23 contributes to closing performance gaps among various
24 populations of students;

25 (2) improvements in student scores on the assessment
26 instruments required under Section 39.023;

27 (3) growth in high school completion rates;

28 (4) improvement in student scores on college advanced
29 placement tests; and

30 (5) any other factor that contributes to student
31 achievement.

1 (c) From funds appropriated for the purposes of this
2 section, the commissioner shall award grants to campuses that
3 meet performance criteria adopted under Subsection (b). The
4 commissioner shall allocate awards to campuses not later than
5 December 1 of each year, based on growth in student achievement
6 as measured for the preceding two school years.

7 (c-1) The commissioner shall award grants under this
8 section beginning September 1, 2006. This subsection expires
9 January 1, 2007.

10 (d) At least 75 percent of an award under this section must
11 be used for additional teacher compensation at the campus level.
12 The commissioner by rule shall provide for allocating awards
13 under this subsection, including providing individual awards of
14 at least \$3,000 for each teacher at a campus receiving an award
15 under this subsection.

16 (e) Grants from funds appropriated for the award program
17 may be awarded beginning with the 2006-2007 school year and may
18 not exceed \$100 million in the 2006-2007 school year except as
19 expressly authorized by the General Appropriations Act or other
20 law.

21 (f) A determination of the commissioner under this section
22 is final and may not be appealed.

23 (g) The commissioner shall annually evaluate the
24 effectiveness of the state incentive program for improving
25 student performance on at-risk campuses established under this
26 section. The evaluation must consider:

27 (1) the performance of students in districts under
28 this section on assessment instruments administered under
29 Section 39.023;

30 (2) the districts' high school graduation and
31 completion rates; and

1 (3) the districts' teacher attrition rates.

2 SECTION 2D.35. Section 39.131, Education Code, is amended
3 to read as follows:

4 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
5 district does not satisfy the accreditation criteria under
6 Section 39.071, the academic performance standards under Section
7 39.072, or any financial accountability standard as determined
8 by commissioner rule, the commissioner shall take any of the
9 following actions[~~, listed in order of severity,~~] to the extent
10 the commissioner determines necessary:

11 (1) issue public notice of the deficiency to the board
12 of trustees;

13 (2) order a hearing conducted by the board of trustees
14 of the district for the purpose of notifying the public of the
15 unacceptable performance, the improvements in performance
16 expected by the agency, and the sanctions that may be imposed
17 under this section if the performance does not improve;

18 (3) order the preparation of a student achievement
19 improvement plan that addresses each academic excellence
20 indicator for which the district's performance is unacceptable,
21 the submission of the plan to the commissioner for approval, and
22 implementation of the plan;

23 (4) order a hearing to be held before the commissioner
24 or the commissioner's designee at which the president of the
25 board of trustees of the district and the superintendent shall
26 appear and explain the district's low performance, lack of
27 improvement, and plans for improvement;

28 (5) arrange an on-site investigation of the district;

29 (6) appoint an agency monitor to participate in and
30 report to the agency on the activities of the board of trustees
31 or the superintendent;

1 (7) appoint a conservator to oversee the operations of
2 the district;

3 (8) appoint a management team to direct the operations
4 of the district in areas of unacceptable performance or require
5 the district to obtain certain services under a contract with
6 another person;

7 (9) if a district has a current accreditation status
8 of accredited-warned or accredited-probation, is [~~been~~] rated
9 [~~as~~] academically unacceptable, or fails to satisfy financial
10 accountability standards as determined by commissioner rule [~~for~~
11 ~~a period of one year or more~~], appoint a board of managers to
12 exercise the powers and duties of the board of trustees;

13 (10) if for two consecutive school years, including
14 the current school year, a district has received an
15 accreditation status of accredited-warned or accredited-
16 probation, has been rated academically unacceptable, or has
17 failed to satisfy financial accountability standards as
18 determined by commissioner rule, revoke the district's
19 accreditation and [~~been rated as academically unacceptable for a~~
20 ~~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
23 13.054; or

24 (B) in the case of a home-rule school district or
25 public charter district [~~open-enrollment charter school~~], order
26 closure of all programs operated under the district's [~~or~~
27 ~~school's~~] charter; or

28 (11) if a district has been rated [~~as~~] academically
29 unacceptable for [~~a period of~~] two consecutive school years,
30 including the current school year, [or more] due to the
31 district's dropout rates, impose sanctions designed to improve

1 high school completion rates, including:

2 (A) ordering the development of a dropout
3 prevention plan for approval by the commissioner;

4 (B) restructuring the district or appropriate
5 school campuses to improve identification of and service to
6 students who are at risk of dropping out of school, as defined
7 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 (b) This subsection applies regardless of whether a
14 district has satisfied the accreditation criteria. If for two
15 consecutive school years, including the current school year, [~~a~~
16 ~~period of one year or more~~] a district has had a conservator or
17 management team assigned, the commissioner may appoint a board
18 of managers, a majority of whom must be residents of the
19 district, to exercise the powers and duties of the board of
20 trustees.

21 SECTION 2D.36. Section 39.132, Education Code, is amended
22 to read as follows:

23 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND
24 CERTAIN OTHER CAMPUSES. [~~a~~] If a campus performance is below
25 any standard under Section 39.072 [~~39.073(b)~~], the campus is
26 considered an academically unacceptable [~~a low performing~~]
27 campus. The commissioner may permit the campus to participate
28 in an innovative redesign of the campus to improve campus
29 performance or shall [~~may~~] take any of the other following
30 actions[~~, listed in order of severity~~], to the extent the
31 commissioner determines necessary:

1 (1) issue public notice of the deficiency to the board
2 of trustees;

3 (2) order a hearing conducted by the board of trustees
4 at the campus for the purpose of:

5 (A) notifying the public of the unacceptable
6 performance, the improvements in performance expected by the
7 agency, and the sanctions that may be imposed under this section
8 if the performance does not improve within a designated period
9 of time; and

10 (B) soliciting public comment on the initial
11 steps being taken to improve performance;

12 (3) ~~[order the preparation of a report regarding the
13 parental involvement program at the campus and a plan describing
14 strategies for improving parental involvement at the campus;~~

15 ~~[(4) order the preparation of a report regarding the
16 effectiveness of the district and campus-level planning and
17 decision-making committees established under Subchapter F,
18 Chapter 11, and a plan describing strategies for improving the
19 effectiveness of those committees;~~

20 ~~[(5)]~~ order the preparation of a student [achievement]
21 improvement plan that addresses each academic excellence
22 indicator for which the campus's performance is unacceptable,
23 the submission of the plan to the commissioner for approval, and
24 implementation of the plan;

25 (4) ~~[(6)]~~ order a hearing to be held before the
26 commissioner or the commissioner's designee at which the
27 president of the board of trustees, the superintendent, and the
28 campus principal shall appear and explain the campus's low
29 performance, lack of improvement, and plans for improvement;

30 (5) appoint a technical assistance team under Section
31 39.1321; or

1 (6) appoint a campus intervention team under Section
2 39.1321.

3 [~~(7) appoint a special campus intervention team to:~~

4 [~~(A) conduct a comprehensive on-site evaluation~~
5 ~~of the campus to determine the cause for the campus's low~~
6 ~~performance and lack of progress;~~

7 [~~(B) recommend actions, including reallocation of~~
8 ~~resources and technical assistance, changes in school procedures~~
9 ~~or operations, staff development for instructional and~~
10 ~~administrative staff, intervention for individual administrators~~
11 ~~or teachers, waivers from state statute or rule, or other~~
12 ~~actions the team considers appropriate;~~

13 [~~(C) assist in the development of a campus plan~~
14 ~~for student achievement; and~~

15 [~~(D) assist the commissioner in monitoring the~~
16 ~~progress of the campus in implementing the campus plan for~~
17 ~~improvement of student achievement; or~~

18 [~~(8) if a campus has been a low-performing campus for~~
19 ~~a period of one year or more, appoint a board of managers~~
20 ~~composed of residents of the district to exercise the powers and~~
21 ~~duties of the board of trustees of the district in relation to~~
22 ~~the campus.~~

23 [~~(b) If a campus has been a low-performing campus for a~~
24 ~~period of two consecutive years or more, the commissioner shall~~
25 ~~order the closure of the district or charter program on the~~
26 ~~campus or reconstitute the campus. In reconstituting the~~
27 ~~campus, a special campus intervention team shall be assembled~~
28 ~~for the purpose of deciding which educators may be retained at~~
29 ~~that campus. If an educator is not retained, the educator may~~
30 ~~be assigned to another position in the district.]~~

31 SECTION 2D.37. Subchapter G, Chapter 39, Education Code, is

1 amended by adding Sections 39.1321-39.1326 to read as follows:

2 Sec. 39.1321. TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION

3 TEAMS. (a) If a campus is rated academically acceptable for
4 the current school year but would be rated as academically
5 unacceptable if performance standards to be used for the
6 following school year were applied to the current school year,
7 the commissioner shall select and assign a technical assistance
8 team to assist the campus in executing a school improvement plan
9 and any other school improvement strategies the commissioner
10 determines appropriate.

11 (b) If a campus has been identified as academically
12 unacceptable under Section 39.132, the commissioner shall assign
13 a campus intervention team.

14 (c) To the extent practicable, the commissioner shall
15 select and assign the technical assistance team under Subsection
16 (a) or the campus intervention team under Subsection (b) before
17 the first day of instruction for the school year.

18 (d) The commissioner may determine when the services of a
19 technical assistance team or campus intervention team are no
20 longer needed at a campus under this section.

21 Sec. 39.1322. CAMPUS INTERVENTION TEAM PROCEDURES. (a) A
22 campus intervention team shall:

23 (1) conduct a comprehensive on-site evaluation of the
24 campus to determine the cause for the campus's low performance
25 and lack of progress;

26 (2) recommend actions, including reallocation of
27 resources and technical assistance, changes in school procedures
28 or operations, staff development for instructional and
29 administrative staff, intervention for individual administrators
30 or teachers, waivers from state statute or rule, or other
31 actions the team considers appropriate;

1 (3) assist in the development of a school improvement
2 plan for student achievement; and

3 (4) assist the commissioner in monitoring the progress
4 of the campus in implementing the school improvement plan for
5 improvement of student achievement.

6 (b) A campus intervention team assigned under Section
7 39.1321(b) to a campus shall conduct a comprehensive on-site
8 evaluation of the campus to determine the cause for the campus's
9 low performance and lack of progress. The team shall have wide
10 latitude to determine what factors to assess and how to conduct
11 the assessment. Some factors to be considered are:

12 (1) an assessment of the staff to determine the
13 percentage of certified teachers who are teaching in their
14 field, the number of teachers with less than three years of
15 experience, and teacher turnover rates;

16 (2) compliance with the appropriate class-size rules
17 and number of class-size waivers received;

18 (3) an assessment of the quality, quantity, and
19 appropriateness of instructional materials, including the
20 availability of technology-based instructional materials;

21 (4) a report on the parental involvement strategies
22 and the effectiveness of those strategies;

23 (5) an assessment of the extent and quality of the
24 mentoring program provided for new teachers on that campus;

25 (6) an assessment of the type and quality of the
26 professional development provided to the staff;

27 (7) a demographic analysis of the student population,
28 including student demographics, at-risk populations, and special
29 education percentages;

30 (8) a report of disciplinary incidents and school
31 safety information;

1 (9) financial and accounting practices; and
2 (10) an assessment of appropriateness of the
3 curriculum and teaching strategies.

4 (c) On completing the evaluation under this section, the
5 campus intervention team shall recommend appropriate actions,
6 which may include:

7 (1) reallocation of resources;

8 (2) distribution of additional funds to the campus
9 from funds set aside by the agency for purposes of assisting
10 campuses in meeting standards specified in the intervention
11 plan;

12 (3) technical assistance;

13 (4) changes in school procedures or operations;

14 (5) staff development for instructional and
15 administrative staff;

16 (6) intervention for individual administrators or
17 teachers;

18 (7) waivers from state statutes or rules; or

19 (8) other actions the campus intervention team
20 considers appropriate.

21 (d) In executing a school improvement plan developed under
22 Subsection (a)(3), the campus intervention team shall:

23 (1) assist the campus in implementing research-based
24 practices for curriculum development and classroom instruction,
25 including bilingual education and special education programs, if
26 appropriate, and financial management;

27 (2) provide technical assistance based on
28 scientifically based research, including data analysis, academic
29 deficiency identification, intervention implementation, and
30 budget analysis, to strengthen and improve the instructional
31 programs at the campus; and

1 (3) submit the school improvement plan to the
2 commissioner for approval.

3 (e) A campus intervention team assigned under Section
4 39.1321(b):

5 (1) shall continue to work with a campus until:

6 (A) the campus is rated academically acceptable
7 for a two-year period; or

8 (B) the campus is rated academically acceptable
9 for a one-year period and the commissioner determines that the
10 campus is operating and will continue to operate in a manner
11 that improves student achievement; and

12 (2) may continually update the school improvement
13 plan, with approval from the commissioner, to meet the needs of
14 the campus.

15 (f) Notwithstanding any other provision of this subchapter,
16 if the commissioner determines that a campus for which an
17 intervention is ordered under Section 39.1321(b) is not fully
18 implementing the campus intervention team's recommendations or
19 school improvement plan, the commissioner may order the
20 reconstitution of the campus, pursue alternative management of
21 the campus as provided by Section 39.1325, or may order closure
22 of the campus.

23 Sec. 39.1323. MANDATORY SANCTIONS. (a) If a campus has
24 been identified as academically unacceptable for a period of two
25 consecutive school years, including the current school year, the
26 commissioner shall order the reconstitution of the campus and
27 assign a campus intervention team. In determining whether a
28 campus is rated academically unacceptable for a second year
29 under this subsection, dropout rates and completion rates may
30 not be considered. In reconstituting the campus, a campus
31 intervention team shall assist the campus in:

- 1 (1) developing a school improvement plan;
2 (2) obtaining approval of the plan from the
3 commissioner; and
4 (3) executing the plan on approval by the
5 commissioner.

6 (b) The campus intervention team shall decide which
7 educators may be retained at that campus. A principal who has
8 been employed by the campus in that capacity during the two-year
9 period described by Subsection (a) may not be retained at that
10 campus. A teacher of a subject assessed by an assessment
11 instrument under Section 39.023 may be retained only if the
12 campus intervention team determines that a pattern exists of
13 significant academic growth by students taught by the teacher.
14 If an educator is not retained, the educator may be assigned to
15 another position in the district.

16 (c) A campus subject to Subsection (a) shall implement the
17 school improvement plan as approved by the commissioner. The
18 commissioner may appoint a monitor, conservator, management
19 team, or a board of managers to the district to ensure and
20 oversee the implementation of the school improvement plan.

21 (d) Notwithstanding any other provision of this subchapter,
22 if the commissioner determines that a campus subject to
23 Subsection (a) is not fully implementing the campus intervention
24 team's recommendations or school improvement plan, the
25 commissioner may pursue alternative management of the campus as
26 provided by Section 39.1325 or may order closure of the campus.

27 (e) If a campus is considered an academically unacceptable
28 campus for three consecutive school years, the commissioner may
29 pursue the remedies provided under Subsection (c), order
30 reconstitution or closure of the campus, or pursue alternative
31 management under Section 39.1325.

1 (f) If a campus is considered an academically unacceptable
2 campus for the subsequent school year after the campus is
3 reconstituted under this section, the commissioner shall pursue
4 alternative management under Section 39.1325 or order closure of
5 the campus.

6 Sec. 39.1324. TRANSITIONAL SANCTIONS PROVISIONS. For the
7 2005-2006 school year, the commissioner shall assign a campus
8 intervention team or a technical assistance team to a campus
9 under Section 39.1321 on the basis of academic performance
10 ratings for the 2004-2005 school year. The commissioner may
11 impose a sanction on a campus under Section 39.1322(f) or
12 39.1323(a) on the basis of academic performance ratings for the
13 2004-2005 school year and the 2005-2006 school year. A sanction
14 ordered by the commissioner before July 1, 2005, shall remain in
15 effect for the 2005-2006 school year. The commissioner may
16 allow a principal subject to Section 39.1323(b) to remain at a
17 campus for the 2005-2006 school year. This section expires
18 September 1, 2007.

19 Sec. 39.1325. MANAGEMENT OF CERTAIN ACADEMICALLY
20 UNACCEPTABLE CAMPUSES. (a) A campus may be subject to this
21 section if the campus has been identified as academically
22 unacceptable under Section 39.132 and the commissioner orders
23 alternative management under this subchapter.

24 (b) The commissioner shall solicit proposals from qualified
25 entities to assume management of a campus subject to this
26 section.

27 (c) If the commissioner determines that the basis for
28 identifying a campus as academically unacceptable is limited to
29 a specific condition that may be remedied with targeted
30 technical assistance, the commissioner may:

31 (1) provide the campus a one-year waiver under this

1 section; and

2 (2) require the district to contract for the
3 appropriate technical assistance.

4 (d) The commissioner may annually solicit proposals under
5 this section for the management of a campus subject to this
6 section. The commissioner shall notify a qualified entity that
7 has been approved as a provider under this section. The
8 district must execute a contract with an approved provider and
9 relinquish control of the campus before January 1 of the school
10 year.

11 (e) To qualify for consideration as a managing entity under
12 this section, the entity must submit a proposal that provides
13 information relating to the entity's management and leadership
14 team that will participate in management of the campus under
15 consideration, including information relating to individuals
16 that have:

17 (1) documented success in whole school interventions
18 that increased the educational and performance levels of
19 students in academically unacceptable campuses;

20 (2) a proven record of effectiveness with programs
21 assisting low-performing students;

22 (3) a proven ability to apply research-based school
23 intervention strategies;

24 (4) a proven record of financial ability to perform
25 under the management contract; and

26 (5) any other experience or qualifications the
27 commissioner determines necessary.

28 (f) In selecting a managing entity under this section, the
29 commissioner shall give preference to an entity that:

30 (1) meets any qualifications under this section; and

31 (2) has documented success in educating students from

1 similar demographic groups and with similar educational needs as
2 the students who attend the campus that is to be operated by a
3 managing entity under this section.

4 (g) The school district may negotiate the term of a
5 management contract for not more than five years with an option
6 to renew the contract. The management contract must include a
7 provision describing the district's responsibilities in
8 supporting the operation of the campus. The commissioner shall
9 approve the contract before the contract is executed and, as
10 appropriate, may require the district, as a term of the
11 contract, to support the campus in the same manner as the
12 district was required to support the campus before the execution
13 of the management contract.

14 (h) A management contract under this section shall include
15 provisions approved by the commissioner that require the
16 managing entity to demonstrate improvement in campus
17 performance, including negotiated performance measures. The
18 performance measures must be consistent with the priorities of
19 this chapter. The commissioner shall evaluate a managing
20 entity's performance on the first and second anniversaries of
21 the date of the management contract. If the evaluation fails to
22 demonstrate improvement as negotiated under the contract by the
23 first anniversary of the date of the management contract, the
24 district may terminate the management contract, with the
25 commissioner's consent, for nonperformance or breach of contract
26 and select another provider from an approved list provided by
27 the commissioner. If the evaluation fails to demonstrate
28 significant improvement, as determined by the commissioner, by
29 the second anniversary of the date of the management contract,
30 the district shall terminate the management contract and select
31 another provider from an approved list provided by the

1 commissioner or resume operation of the campus if approved by
2 the commissioner. If the commissioner approves the district's
3 operation of the campus, the commissioner shall assign a
4 technical assistance team to assist the campus.

5 (i) Notwithstanding any other provision of this code, the
6 funding for a campus operated by a managing entity must be
7 equivalent to the funding of the other campuses in the district
8 on a per student basis so that the managing entity receives the
9 same funding the campus would otherwise have received.

10 (j) Each campus operated by a managing entity under this
11 section is subject to this chapter in the same manner as any
12 other campus in the district.

13 (k) The commissioner may adopt rules necessary to implement
14 this section.

15 (l) With respect to the management of a campus under this
16 section:

17 (1) a managing entity is considered to be a
18 governmental body for purposes of Chapters 551 and 552,
19 Government Code; and

20 (2) any requirement in Chapter 551 or 552, Government
21 Code, that applies to a school district or the board of trustees
22 of a school district applies to a managing entity.

23 Sec. 39.1326. REVIEW OF SANCTIONS FOR CAMPUSES SERVING
24 RESIDENTIAL FACILITIES. (a) A school district or public
25 charter district may petition the commissioner to review an
26 academically unacceptable rating assigned to a campus if the
27 campus predominantly served students residing in a residential
28 facility during the rating period.

29 (b) If the commissioner determines that the basis for
30 identifying the campus as academically unacceptable was limited
31 to a condition that was not related to the educational purpose

1 of the residential facility, the commissioner may take any of
2 the following actions as the commissioner determines
3 appropriate:

4 (1) change, modify, or suspend the academically
5 unacceptable rating; or

6 (2) impose any sanction otherwise authorized under
7 Section 39.131 or 39.132.

8 (c) The commissioner may consider a factor other than a
9 factor used to assign a rating in evaluating a campus under this
10 section. The commissioner may assign a campus intervention team
11 under Section 39.1321 at the expense of the school district or
12 public charter district as provided by Section 39.134 to develop
13 a long-term intervention plan to improve services for students.

14 (d) On a determination that a campus subject to this
15 section is appropriately meeting the educational needs of its
16 students, the commissioner may waive revocation of a public
17 charter district for a period not to exceed two years. A waiver
18 under this subsection may be extended for additional two-year
19 periods based on subsequent evaluations of the campus.

20 (e) This section does not limit the commissioner's ability
21 to sanction a public charter district for the performance of a
22 campus subject to this section or any other law.

23 (f) A decision by the commissioner under this section is
24 final and may not be appealed.

25 SECTION 2D.38. Section 39.133, Education Code, is amended
26 to read as follows:

27 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall
28 review annually the performance of a district or campus subject
29 to a sanction under this subchapter to determine the appropriate
30 actions to be implemented under this subchapter. The
31 determination shall take into account the number, severity, and

1 duration of the problems identified. [~~The commissioner must~~
2 ~~review at least annually the performance of a district for which~~
3 ~~the accreditation rating has been lowered due to unacceptable~~
4 ~~student performance and may not raise the rating until the~~
5 ~~district has demonstrated improved student performance.~~] If the
6 review reveals a lack of improvement, the commissioner shall
7 increase the level of state intervention and sanction unless the
8 commissioner finds good cause for maintaining the current
9 status.

10 (b) The commissioner shall review at least annually the
11 performance of a school district for which the academic
12 performance rating has been lowered due to unacceptable student
13 performance and may not raise the rating until the district has
14 demonstrated improved student performance.

15 SECTION 2D.39. Section 39.134, Education Code, is amended
16 to read as follows:

17 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of
18 providing a monitor, conservator, management team, [~~or special~~]
19 campus intervention team, technical assistance team, or managing
20 entity under this subchapter shall be paid by the district. If
21 the district fails or refuses to pay the costs in a timely
22 manner, the commissioner may:

23 (1) pay the costs using amounts withheld from any
24 funds to which the district is otherwise entitled; or

25 (2) recover the amount of the costs in the manner
26 provided for recovery of an overallocation of state funds under
27 Section 42.317 [~~42.258~~].

28 SECTION 2D.40. Section 39.182(a), Education Code, as
29 amended by S.B. No. 42, Acts of the 79th Legislature, Regular
30 Session, 2005, is amended to read as follows:

31 (a) Not later than December 1 of each year, the agency

1 shall prepare and deliver to the governor, the lieutenant
2 governor, the speaker of the house of representatives, each
3 member of the legislature, the Legislative Budget Board, and the
4 clerks of the standing committees of the senate and house of
5 representatives with primary jurisdiction over the public school
6 system a comprehensive report covering the preceding school year
7 and containing:

8 (1) an evaluation of the achievements of the state
9 educational program in relation to the statutory goals for the
10 public education system under Section 4.002;

11 (2) an evaluation of the status of education in the
12 state as reflected by the academic excellence indicators adopted
13 under Section 39.051;

14 (3) a summary compilation of the percentage of
15 graduating students who attain scores on the end-of-course
16 assessment instruments required under Section 39.023(c) that are
17 equivalent to a passing score on the assessment instrument
18 required under Section 51.3062;

19 (4) a summary compilation of overall student
20 performance on academic skills assessment instruments required
21 by Section 39.023 with the number and percentage of students
22 exempted from the administration of those instruments and the
23 basis of the exemptions, aggregated by grade level, subject
24 area, campus, and district, with appropriate interpretations and
25 analysis, and disaggregated by race, ethnicity, gender, and
26 socioeconomic status;

27 (5) [~~4~~] a summary compilation of overall performance
28 of students placed in a disciplinary alternative education
29 program established under Section 37.008 on academic skills
30 assessment instruments required by Section 39.023 with the
31 number of those students exempted from the administration of

1 those instruments and the basis of the exemptions, aggregated by
2 district, grade level, and subject area, with appropriate
3 interpretations and analysis, and disaggregated by race,
4 ethnicity, gender, and socioeconomic status;

5 (6) [(5)] a summary compilation of the progress
6 [overall performance] of students at risk of dropping out of
7 school, as defined by Section 29.081(d), including information
8 described by the academic excellence indicators under Sections
9 39.051(b)(7), (8), (10), and (11), provided statewide and
10 aggregated by district, on academic skills assessment
11 instruments required by Section 39.023 and any other assessment
12 instrument required by the commissioner [~~with the number of~~
13 ~~those students exempted from the administration of those~~
14 ~~instruments and the basis of the exemptions, aggregated by~~
15 ~~district, grade level, and subject area], with appropriate
16 interpretations and analysis, and disaggregated by race,
17 ethnicity, gender, and socioeconomic status;~~

18 (7) [(6)] an evaluation of the correlation between
19 student grades and student performance on academic skills
20 assessment instruments required by Section 39.023;

21 (8) [(7)] a statement of the dropout rate of students
22 in grade levels 7 through 12, expressed in the aggregate and by
23 grade level, and a statement of the completion rates of students
24 for grade levels 9 through 12;

25 (9) [(8)] a statement of:

26 (A) the completion rate of students who enter
27 grade level 9 and graduate not more than four years later;

28 (B) the completion rate of students who enter
29 grade level 9 and graduate, including students who require more
30 than four years to graduate;

31 (C) the completion rate of students who enter

1 grade level 9 and not more than four years later receive a high
2 school equivalency certificate;

3 (D) the completion rate of students who enter
4 grade level 9 and receive a high school equivalency certificate,
5 including students who require more than four years to receive a
6 certificate; and

7 (E) the number and percentage of all students who
8 have not been accounted for under Paragraph (A), (B), (C), or
9 (D);

10 (10) [~~+9~~] a statement of the projected cross-
11 sectional and longitudinal dropout rates for grade levels 9
12 through 12 for the next five years, assuming no state action is
13 taken to reduce the dropout rate;

14 (11) [~~+10~~] a description of a systematic, measurable
15 plan for reducing the projected cross-sectional and longitudinal
16 dropout rates to five percent or less for the 1997-1998 school
17 year;

18 (12) [~~+11~~] a summary of the information required by
19 Section 29.083 regarding grade level retention of students and
20 information concerning:

21 (A) the number and percentage of students
22 retained; and

23 (B) the performance of retained students on
24 assessment instruments required under Section 39.023(a);

25 (13) [~~+12~~] information, aggregated by district type
26 and disaggregated by race, ethnicity, gender, and socioeconomic
27 status, on:

28 (A) the number of students placed in a
29 disciplinary alternative education program established under
30 Section 37.008;

31 (B) the average length of a student's placement

1 in a disciplinary alternative education program established
2 under Section 37.008;

3 (C) the academic performance of students on
4 assessment instruments required under Section 39.023(a) during
5 the year preceding and during the year following placement in a
6 disciplinary alternative education program; and

7 (D) the dropout rates of students who have been
8 placed in a disciplinary alternative education program
9 established under Section 37.008;

10 (14) [~~+13~~] a list of each school district or campus
11 that does not satisfy performance standards, with an explanation
12 of the actions taken by the commissioner to improve student
13 performance in the district or campus and an evaluation of the
14 results of those actions;

15 (15) [~~+14~~] an evaluation of the status of the
16 curriculum taught in public schools, with recommendations for
17 legislative changes necessary to improve or modify the
18 curriculum required by Section 28.002;

19 (16) [~~+15~~] a description of all funds received by and
20 each activity and expenditure of the agency;

21 (17) [~~+16~~] a summary and analysis of the
22 instructional expenditures ratios and instructional employees
23 ratios of school districts computed under Section 44.0071;

24 (18) [~~+17~~] a summary of the effect of deregulation,
25 including exemptions and waivers granted under Section 7.056 or
26 39.112;

27 (19) [~~+18~~] a statement of the total number and length
28 of reports that school districts and school district employees
29 must submit to the agency, identifying which reports are
30 required by federal statute or rule, state statute, or agency
31 rule, and a summary of the agency's efforts to reduce overall

1 reporting requirements;

2 (20) [~~(19)~~] a list of each school district that is not
3 in compliance with state special education requirements,
4 including:

5 (A) the period for which the district has not
6 been in compliance;

7 (B) the manner in which the agency considered the
8 district's failure to comply in determining the district's
9 accreditation status; and

10 (C) an explanation of the actions taken by the
11 commissioner to ensure compliance and an evaluation of the
12 results of those actions;

13 (21) an evaluation of public charter districts,
14 including:

15 (A) the academic performance of students enrolled
16 in public charter districts, disaggregated by race, ethnicity,
17 gender, and socioeconomic status;

18 (B) the costs of instruction, administration, and
19 transportation incurred by public charter districts; and

20 (C) other issues, as determined by the
21 commissioner [~~(20) a comparison of the performance of open-~~
22 ~~enrollment charter schools and school districts on the academic~~
23 ~~excellence indicators specified in Section 39.051(b) and~~
24 ~~accountability measures adopted under Section 39.051(g), with a~~
25 ~~separately aggregated comparison of the performance of open-~~
26 ~~enrollment charter schools predominantly serving students at~~
27 ~~risk of dropping out of school, as defined by Section 29.081(d),~~
28 ~~with the performance of school districts];~~

29 (22) [(21)] a summary of the information required by
30 Section 38.0141 regarding student health and physical activity
31 from each school district; [~~and~~]

1 (23) a statement of the percentage of students scoring
2 at the proficient and advanced levels on the National Assessment
3 of Educational Progress; and

4 (24) [~~+22~~] any additional information considered
5 important by the commissioner or the State Board of Education.

6 SECTION 2D.41. Section 39.182(b), Education Code, is
7 amended to read as follows:

8 (b) In reporting the information required by Subsection
9 (a)(4) or (5) [~~(a)(3) or (4)~~], the agency may separately
10 aggregate the performance data of students enrolled in a special
11 education program under Subchapter A, Chapter 29, or a bilingual
12 education or special language program under Subchapter B,
13 Chapter 29.

14 SECTION 2D.42. Section 39.182, Education Code, is amended
15 by adding Subsections (b-1) and (b-2) to read as follows:

16 (b-1) The report must include an assessment of the impact
17 of the performance-based grant system developed under Subchapter
18 E, Chapter 7, on student academic performance, including:

19 (1) an analysis of performance and spending
20 information relating to grants administered by the agency; and

21 (2) recommendations on any statutory changes needed
22 for the agency to more effectively administer grant programs,
23 including recommendations on whether to eliminate or modify
24 inefficient grant programs, expand effective grant programs, or
25 consolidate similar grant programs to maximize the effectiveness
26 and efficiencies of those programs.

27 (b-2) Subsection (b-1) applies beginning January 1, 2009.
28 This subsection expires February 1, 2009.

29 SECTION 2D.43. Section 39.202(a), Education Code, is
30 amended to read as follows:

31 (a) The commissioner shall, in consultation with the

1 comptroller, develop and implement a financial accountability
2 rating system for school districts in this state that includes
3 procedures for:

4 (1) providing additional transparency to public
5 education finance;

6 (2) establishing financial accountability standards
7 commensurate with academic standards reaching to the campus
8 level; and

9 (3) enabling the commissioner and district
10 administrators to provide meaningful financial oversight and
11 improvement.

12 SECTION 2D.44. Section 39.203(b), Education Code, is
13 amended to read as follows:

14 (b) The annual financial management report must include:

15 (1) a description of the district's financial
16 management performance based on a comparison, provided by the
17 agency, of the district's performance on the standards
18 [~~indicators~~] adopted under Section 39.202 [~~39.202(b)~~] to:

19 (A) state-established standards; and

20 (B) the district's previous performance on the
21 standards adopted under Section 39.202 [~~indicators~~]; [~~and~~]

22 (2) a description of the district's actual
23 expenditures for each campus and any difference between those
24 campus expenditures and the foundation school program allotments
25 received for the campus; and

26 (3) any descriptive information required by the
27 commissioner.

28 SECTION 2D.45. Subchapter I, Chapter 39, Education Code, is
29 amended by adding Section 39.205 to read as follows:

30 Sec. 39.205. REPORT TO LEGISLATURE. (a) Not later than
31 September 1, 2006, the agency shall submit a report to the

1 legislature on the status of the financial accountability system
2 that recommends to the legislature methods for linking school
3 district financial management performance and academic
4 performance.

5 (b) This section expires September 2, 2006.

6 SECTION 2D.46. Subchapter A, Chapter 44, Education Code, is
7 amended by adding Section 44.0073 to read as follows:

8 Sec. 44.0073. INSTRUCTIONAL COSTS. (a) For purposes of
9 this section:

10 (1) "Direct instructional costs" includes a school
11 district's expenses related to instruction, instructional
12 resources and media services, curriculum development,
13 instructional staff development, instructional leadership,
14 school leadership, and evaluation and counseling services.

15 (2) "Indirect instructional costs" includes:

16 (A) a school district's expenses related to
17 social work services, health services, student transportation,
18 food services, facility maintenance and operations, security and
19 monitoring services, and data processing services; and

20 (B) payments to another district under the public
21 education grant program under Subchapter G, Chapter 29, payments
22 to another district that is a member of a shared services
23 arrangement, payments to a fiscal agent, and payments under
24 Section 37.012 to a juvenile justice alternative education
25 program.

26 (b) For purposes of school district financial
27 accountability, the agency shall identify each district's direct
28 and indirect instructional costs for the preceding fiscal year
29 and make that information available to the public on the
30 agency's Internet website.

31 SECTION 2D.47. Section 51.3062(q), Education Code, is

1 amended to read as follows:

2 (q) A student who has achieved scores [~~a score~~] set by the
3 board on end-of-course assessment instruments [~~an exit-level~~
4 ~~assessment instrument~~] required under Section 39.023 is exempt
5 from the requirements of this section. The exemption is
6 effective for the three-year period following the date a student
7 takes the last assessment instrument required for purposes of
8 this section and achieves the standard set by the board. This
9 subsection does not apply during any period for which the board
10 designates the end-of-course assessment instruments [~~exit-level~~
11 ~~assessment instrument~~] required under Section 39.023 as the
12 primary assessment instrument under this section, except that
13 the three-year period described by this subsection remains in
14 effect for students who qualify for an exemption under this
15 subsection [~~section~~] before that period.

16 SECTION 2D.48. (a) Not later than the 2006-2007 school
17 year, the Texas Education Agency shall collect information
18 concerning:

19 (1) incremental growth in student achievement for
20 purposes of Section 39.051(b)(8), Education Code, as amended by
21 this Act; and

22 (2) the measure of progress toward English language
23 proficiency for purposes of Section 39.051(b)(15), Education
24 Code, as added by this Act.

25 (b) Not later than the 2007-2008 school year, the Texas
26 Education Agency shall include, in evaluating the performance of
27 school districts, campuses, and public charter districts under
28 Subchapter D, Chapter 39, Education Code:

29 (1) incremental growth in student achievement under
30 Section 39.051(b)(8), Education Code, as amended by this Act;
31 and

1 (2) the measure of progress toward English language
2 proficiency under Section 39.051(b)(15), Education Code, as
3 added by this Act.

4 SECTION 2D.49. The commissioner of education shall develop
5 and implement the reporting procedures for:

6 (1) districts to prepare and distribute annual
7 financial management reports under Section 39.203, Education
8 Code, as amended by this Act, beginning with the 2006-2007
9 school year; and

10 (2) campuses to provide financial information under
11 Section 39.202, Education Code, as amended by this Act,
12 beginning with the 2007-2008 school year.

13 PART E. INSTRUCTIONAL MATERIALS

14 SECTION 2E.01. Subchapter B, Chapter 7, Education Code, is
15 amended by adding Section 7.030 to read as follows:

16 Sec. 7.030. REVIEW OF STATE-FUNDED AND FEDERALLY FUNDED
17 GRANT PROGRAMS. (a) The agency shall conduct a review of
18 state-funded and federally funded grant programs and incentives
19 designed to improve student academic performance and shall
20 actively determine the full extent to which funds awarded under
21 those programs may be used to enhance or expand the use of
22 technology in public schools. For purposes of removing barriers
23 to and encouraging the use of technology in public schools, the
24 commissioner may, as appropriate, issue a waiver to one or more
25 schools.

26 (b) Not later than December 1, 2006, the agency shall
27 submit a report regarding the findings of the review conducted
28 under this section to the legislature. The report must include
29 a summary of promising practices for current grant programs that
30 leverage technology. This section expires January 15, 2007.

31 SECTION 2E.02. Section 7.055(b)(28), Education Code, is

1 amended to read as follows:

2 (28) The commissioner shall perform duties relating to
3 the funding, adoption, and purchase of instructional materials
4 [~~textbooks~~] under Chapter 31.

5 SECTION 2E.03. Section 7.056(f), Education Code, is amended
6 to read as follows:

7 (f) A school district or campus that is required to develop
8 and implement a student achievement improvement plan under
9 Section 39.131 or 39.132 may receive an exemption or waiver
10 under this section from any law or rule other than:

11 (1) a prohibition on conduct that constitutes a
12 criminal offense;

13 (2) a requirement imposed by federal law or rule;

14 (3) a requirement, restriction, or prohibition imposed
15 by state law or rule relating to:

16 (A) public school accountability as provided by
17 Subchapters B, C, D, and G, Chapter 39; or

18 (B) educator rights and benefits under
19 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under
20 Subchapter A, Chapter 22; or

21 (4) [~~textbook~~] selection of instructional materials
22 under Chapter 31.

23 SECTION 2E.04. Section 7.102(c)(23), Education Code, is
24 amended to read as follows:

25 (23) The board shall adopt and purchase or license
26 instructional materials [~~textbooks~~] as provided by Chapter 31
27 and adopt rules required by that chapter.

28 SECTION 2E.05. Sections 7.108(a) and (c), Education Code,
29 are amended to read as follows:

30 (a) A person interested in selling bonds of any type, [~~or~~]
31 a publisher, or any other person engaged in manufacturing,

1 shipping, selling, or advertising instructional materials
2 [~~textbooks~~] or otherwise connected with the instructional
3 material [~~textbook~~] business commits an offense if the person
4 makes or authorizes a political contribution to or takes part
5 in, directly or indirectly, the campaign of any person seeking
6 election to or serving on the board.

7 (c) In this section:

8 (1) "Instructional material" and "publisher" have the
9 meanings assigned by Section 31.002.

10 (2) "Political contribution" has the meaning assigned
11 by Section 251.001, Election Code.

12 [~~(2) "Textbook" has the meaning assigned by Section~~
13 ~~31.002.]~~

14 SECTION 2E.06. The heading to Section 7.112, Education
15 Code, is amended to read as follows:

16 Sec. 7.112. REPRESENTATION OF [~~TEXTBOOK~~] PUBLISHER OF
17 INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

18 SECTION 2E.07. Section 7.112(a), Education Code, is amended
19 to read as follows:

20 (a) A former member of the State Board of Education who is
21 employed by or otherwise receives compensation from a [~~textbook~~]
22 publisher of instructional materials may not, before the second
23 anniversary of the date on which the person last served as a
24 member of the State Board of Education:

25 (1) confer with a member of the board of trustees of a
26 school district concerning instructional materials [~~a textbook~~]
27 published by that [~~textbook~~] publisher; or

28 (2) appear at a meeting of the board of trustees on
29 behalf of the [~~textbook~~] publisher.

30 SECTION 2E.08. Section 7.112(c)(2), Education Code, is
31 amended to read as follows:

1 (2) "Instructional material" and "publisher"
2 ~~["Publisher" and "textbook"]~~ have the meanings assigned by
3 Section 31.002.

4 SECTION 2E.09. Section 11.158(b), Education Code, is
5 amended to read as follows:

6 (b) The board may not charge fees for:

7 (1) instructional materials [~~textbooks~~], workbooks,
8 laboratory supplies, or other supplies necessary for
9 participation in any instructional course except as authorized
10 under this code;

11 (2) field trips required as a part of a basic
12 education program or course;

13 (3) any specific form of dress necessary for any
14 required educational program or diplomas;

15 (4) the payment of instructional costs for necessary
16 school personnel employed in any course or educational program
17 required for graduation;

18 (5) library materials [~~books~~] required to be used for
19 any educational course or program, other than fines for lost,
20 damaged, or overdue materials [~~books~~];

21 (6) admission to any activity the student is required
22 to attend as a prerequisite to graduation;

23 (7) admission to or examination in any required
24 educational course or program; or

25 (8) lockers.

26 SECTION 2E.10. Section 11.164(a), Education Code, is
27 amended to read as follows:

28 (a) The board of trustees of each school district shall
29 limit redundant requests for information and the number and
30 length of written reports that a classroom teacher is required
31 to prepare. A classroom teacher may not be required to prepare

1 any written information other than:

2 (1) any report concerning the health, safety, or
3 welfare of a student;

4 (2) a report of a student's grade on an assignment or
5 examination;

6 (3) a report of a student's academic progress in a
7 class or course;

8 (4) a report of a student's grades at the end of each
9 grade reporting period;

10 (5) a [~~textbook~~] report on instructional materials;

11 (6) a unit or weekly lesson plan that outlines, in a
12 brief and general manner, the information to be presented during
13 each period at the secondary level or in each subject or topic
14 at the elementary level;

15 (7) an attendance report;

16 (8) any report required for accreditation review;

17 (9) any information required by a school district that
18 relates to a complaint, grievance, or actual or potential
19 litigation and that requires the classroom teacher's
20 involvement; or

21 (10) any information specifically required by law,
22 rule, or regulation.

23 SECTION 2E.11. Section 19.007(e), Education Code, is
24 amended to read as follows:

25 (e) The district may participate in the instructional
26 materials [~~textbook~~] program under Chapter 31.

27 SECTION 2E.12. Sections 26.006(a) and (c), Education Code,
28 are amended to read as follows:

29 (a) A parent is entitled to:

30 (1) review all teaching materials, instructional
31 materials [~~textbooks~~], and other teaching aids used in the

1 classroom of the parent's child; and

2 (2) review each test administered to the parent's
3 child after the test is administered.

4 (c) A student's parent is entitled to request that the
5 school district or open-enrollment charter school the student
6 attends allow the student to take home any instructional
7 materials [~~textbook~~] used by the student. Subject to the
8 availability of the instructional materials [~~a textbook~~], the
9 district or school shall honor the request. A student who takes
10 home instructional materials [~~a textbook~~] must return the
11 instructional materials [~~textbook~~] to school at the beginning of
12 the next school day if requested to do so by the student's
13 teacher. In this subsection, "instructional material"
14 [~~"textbook"~~] has the meaning assigned by Section 31.002.

15 SECTION 2E.13. Sections 28.002(c) and (h), Education Code,
16 are amended to read as follows:

17 (c) The State Board of Education, with the direct
18 participation of educators, parents, business and industry
19 representatives, and employers shall by rule identify the
20 essential knowledge and skills of each subject of the required
21 curriculum that all students should be able to demonstrate and
22 that will be used in evaluating instructional materials
23 [~~textbooks~~] under Chapter 31 and addressed on the assessment
24 instruments required under Subchapter B, Chapter 39. As a
25 condition of accreditation, the board shall require each
26 district to provide instruction in the essential knowledge and
27 skills at appropriate grade levels.

28 (h) The State Board of Education and each school district
29 shall foster the continuation of the tradition of teaching
30 United States and Texas history and the free enterprise system
31 in regular subject matter, [~~and~~] in social studies, economics,

1 and reading courses, and in the adoption of instructional
2 materials [~~textbooks~~]. A primary purpose of the public school
3 curriculum is to prepare thoughtful, active citizens who
4 understand the importance of patriotism and can function
5 productively in a free enterprise society with appreciation for
6 the basic democratic values of our state and national heritage.

7 SECTION 2E.14. Subchapter A, Chapter 28, Education Code, is
8 amended by adding Section 28.010 to read as follows:

9 Sec. 28.010. COMPUTER-ADAPTIVE ASSESSMENT TOOLS. (a) The
10 agency shall develop or acquire ongoing, computer-adaptive,
11 interactive, assessment tools for each subject and grade level
12 for which an assessment instrument is adopted under Section
13 39.023.

14 (b) From funds appropriated for the purpose, the agency
15 shall make assessment tools developed or acquired under this
16 section available to public schools at no cost.

17 SECTION 2E.15. The heading to Chapter 31, Education Code,
18 is amended to read as follows:

19 CHAPTER 31. INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

20 SECTION 2E.16. Section 31.001, Education Code, is amended
21 to read as follows:

22 Sec. 31.001. FREE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].
23 Instructional materials [~~Textbooks~~] selected for use in the
24 public schools shall be furnished without cost to the students
25 attending those schools.

26 SECTION 2E.17. Section 31.002, Education Code, is amended
27 to read as follows:

28 Sec. 31.002. DEFINITIONS. In this chapter:

29 (1) "Instructional material" [~~"Electronic textbook"~~]
30 means a medium or a combination of media for conveying
31 information to a student. The term includes a book,

1 supplementary materials, a combination of a book, workbook, and
2 supplementary materials, computer software, [~~interactive~~
3 ~~videodisc,~~] magnetic media, DVD, CD-ROM, computer courseware,
4 on-line services, or an electronic medium, or other means of
5 conveying information to the student or otherwise contributing
6 to the learning process through electronic means.

7 (2) "Publisher" means a person who prepares,
8 manufactures, or distributes instructional materials for sale or
9 distribution to public schools. The term includes an on-line
10 service or a developer or distributor of [~~an~~] electronic
11 instructional materials [~~textbook~~].

12 (3) "State-adopted" means adopted by the State Board
13 of Education under Section 31.024 [~~"Textbook" means a book, a~~
14 ~~system of instructional materials, or a combination of a book~~
15 ~~and supplementary instructional materials that conveys~~
16 ~~information to the student or otherwise contributes to the~~
17 ~~learning process, or an electronic textbook~~].

18 (4) "Technological equipment" means hardware, a
19 device, or equipment necessary for:

20 (A) instructional use in the classroom, including
21 to gain access to or enhance the use of [~~an~~] electronic
22 instructional materials [~~textbook~~]; or

23 (B) professional use by a classroom teacher.

24 SECTION 2E.18. Section 31.003, Education Code, is amended
25 to read as follows:

26 Sec. 31.003. RULES. The State Board of Education may adopt
27 rules, consistent with this chapter, for the adoption,
28 requisition, distribution, care, use, and disposal of
29 instructional materials [~~textbooks~~].

30 SECTION 2E.19. Section 31.021, Education Code, as amended
31 by S.B. No. 151, Acts of the 79th Legislature, Regular Session,

1 2005, is amended to read as follows:

2 Sec. 31.021. STATE INSTRUCTIONAL MATERIALS [TEXTBOOK]

3 FUND. (a) The state instructional materials [~~textbook~~] fund
4 consists of:

5 (1) an amount set aside by the State Board of
6 Education from the available school fund, computed in accordance
7 with this section; and

8 [~~all funds accruing from the state's sale of~~
9 ~~disused textbooks; and~~

10 [~~3~~] all amounts lawfully paid into the fund from any
11 other source.

12 (b) Beginning with the 2007-2008 school year, the [The]
13 State Board of Education shall annually set aside out of the
14 available school fund of the state an amount sufficient for the
15 allotment under Section 31.0211 to provide [~~board,~~] school
16 districts[~~,~~] and open-enrollment charter schools with the funds
17 required to purchase and distribute the necessary state-adopted
18 instructional materials [~~textbooks~~] for the use of the students
19 of this state for the following school year. The board shall
20 determine the amount of the available school fund to set aside
21 for the state instructional materials [~~textbook~~] fund based on
22 the amount of the allotment under Section 31.0211 and on reports
23 of maximum attendance and anticipated enrollment growth
24 submitted under Section 31.103.[~~÷~~

25 [~~1~~] ~~a report by the commissioner issued on July 1 or,~~
26 ~~if that date is a Saturday or Sunday, on the following Monday,~~
27 ~~stating the amount of unobligated money in the fund;~~

28 [~~2~~] ~~the commissioner's estimate, based on textbooks~~
29 ~~selected under Section 31.101 and on attendance reports~~
30 ~~submitted under Section 31.103 by school districts and open-~~
31 ~~enrollment charter schools, of the amount of funds, in addition~~

1 ~~to funds reported under Subdivision (1), that will be necessary~~
2 ~~for purchase and distribution of textbooks for the following~~
3 ~~school year; and~~

4 ~~[(3) any amount the board determines should be set~~
5 ~~aside for emergency purposes caused by unexpected increases in~~
6 ~~attendance.]~~

7 (c) This subsection applies only if the pilot project
8 established under Section 54.2161 is implemented, and expires
9 September 1, 2007 [~~August 15, 2009~~]. In addition to the amount
10 set aside under Subsection (b), the State Board of Education
11 shall annually set aside out of the available school fund an
12 amount sufficient for each school district with one or more
13 students entitled to free textbooks under the pilot project
14 established under Section 54.2161 to pay the costs of those
15 textbooks as required by Section 31.031 for the following school
16 year. The board shall determine the amount of the available
17 school fund to set aside for the instructional materials [~~state~~
18 ~~textbook~~] fund for purposes of this subsection based on the
19 commissioner's estimate of the amount that will be necessary to
20 pay the costs of textbooks as required under Section 31.031.

21 (d) Money transferred to the state instructional materials
22 [~~textbook~~] fund remains in the fund until spent and does not
23 lapse to the state at the end of the fiscal year.

24 ~~[(e) All necessary expenses incurred under this chapter~~
25 ~~shall be paid from the state textbook fund on invoices approved~~
26 ~~by the commissioner.]~~

27 SECTION 2E.20. Effective September 1, 2007, Subchapter B,
28 Chapter 31, Education Code, is amended by adding Sections
29 31.0211 and 31.0212 to read as follows:

30 Sec. 31.0211. INSTRUCTIONAL MATERIALS AND TECHNOLOGY
31 ALLOTMENT. (a) For the maximum attendance and anticipated

1 enrollment growth reported under Section 31.103 in a school
2 year, a school district is entitled to an annual allotment of
3 \$150 for each student or a greater amount for any year provided
4 by appropriation.

5 (a-1) This subsection applies only if the pilot project
6 established under Section 54.2161 is implemented. In addition to
7 amounts to which the district is entitled under Subsection (a),
8 a school district is entitled to an amount sufficient for the
9 district to pay the costs of textbooks for students
10 participating in the pilot project established under Section
11 54.2161. This subsection expires August 15, 2009.

12 (b) From the funds a school district receives under
13 Subsection (a), the district shall use \$60 for each student in
14 average daily attendance to fund targeted technology programs
15 under Section 32.007. A school district shall use funds for
16 targeted technology programs in a manner that allows each
17 student and teacher assigned to a targeted campus, grade level
18 on a campus, or specific educational program to benefit from a
19 targeted technology program. The commissioner shall adopt rules
20 concerning the use of funds under this subsection.

21 (c) An allotment under this section may be used only to:

22 (1) provide for the purchase by school districts of
23 instructional materials or technological equipment that
24 contributes to student learning; and

25 (2) pay for training educational personnel directly
26 involved in student learning in the appropriate use of
27 electronic instructional materials and for providing for access
28 to technological equipment for instructional use.

29 (d) The allotment under this section may be paid from:

30 (1) the state instructional materials fund;
31 (2) the telecommunications infrastructure fund under

1 Subchapter C, Chapter 57, Utilities Code;

2 (3) the available school fund; or

3 (4) any other fund that may be used for that purpose
4 and that is identified in the General Appropriations Act as the
5 source of payment of the allotment.

6 Sec. 31.0212. ALLOTMENT FOR JUVENILE JUSTICE ALTERNATIVE
7 EDUCATION PROGRAMS. (a) Notwithstanding any other provision of
8 this chapter, a juvenile justice alternative education program
9 operating under Section 37.011 is entitled to receive an
10 allotment under Section 31.0211 to be used in purchasing state-
11 adopted instructional materials as if the program were a school
12 district.

13 (b) The State Board of Education, in coordination with the
14 Texas Juvenile Probation Commission, shall adopt rules as
15 necessary to administer this section.

16 SECTION 2E.21. Subchapter B, Chapter 31, Education Code, is
17 amended by amending Sections 31.022-31.024 and 31.026-31.030 and
18 adding Section 31.0221 to read as follows:

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
22 [~~textbooks~~] for elementary grade levels, including
23 prekindergarten, and secondary grade levels, for each subject in
24 the required curriculum under Section 28.002.

25 (b) The board shall organize the cycle for subjects in the
26 foundation curriculum so that not more than one-sixth of the
27 instructional materials [~~textbooks~~] for subjects in the
28 foundation curriculum are reviewed each year. The board shall
29 adopt rules to provide for a full and complete investigation of
30 instructional materials [~~textbooks~~] for each subject in the
31 foundation curriculum at least every six years. The adoption of

1 instructional materials [~~textbooks~~] for a subject in the
2 foundation curriculum may be extended beyond the six-year period
3 only if the content of instructional materials [~~textbooks~~] for a
4 subject is sufficiently current.

5 (c) The board shall adopt rules to provide for a full and
6 complete investigation of instructional materials [~~textbooks~~]
7 for each subject in the enrichment curriculum on a cycle the
8 board considers appropriate, but not less than every eight
9 years.

10 (d) At least 24 months before the beginning of the school
11 year for which instructional materials [~~textbooks~~] for a
12 particular subject and grade level will be purchased under the
13 review and adoption cycle adopted by the board, the board shall
14 publish notice of the review and adoption cycle for those
15 instructional materials [~~textbooks~~].

16 (e) In organizing the cycle for review and adoption of
17 instructional materials, the board shall:

18 (1) generally align the cycle with the schedule for
19 any revision of the essential knowledge and skills under Section
20 28.002 of the subjects and grade levels addressed by the
21 instructional materials;

22 (2) seek advice from the Legislative Budget Board and
23 the governor's office of budget, planning, and policy before
24 approving and publishing any notice or amendment of the cycle;

25 (3) review and consider expected average costs of the
26 instructional materials that will be adopted and the amount of
27 the allotment under Section 31.0211 to ensure that the
28 instructional materials that will be adopted over a two-year
29 period may be purchased within the amount of the allotment under
30 Section 31.0211 for that same period; and

31 (4) follow any directive provided in the General

1 Appropriations Act regarding the organization of the cycle.

2 (f) In addition to organizing a review and adoption cycle,
3 the board by rule shall allow an instructional material to be
4 submitted, reviewed, and adopted at a time when the subject or
5 grade level is not scheduled in the cycle to be considered for
6 at least two years, in conformance with the procedures for
7 adoption of other state-adopted instructional materials. The
8 board shall place each instructional material submitted under
9 this subsection and adopted under Section 31.024 on an
10 applicable list under Section 31.023.

11 Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) To
12 promote efficiency in the correction of factual errors during
13 the instructional materials review and adoption process, the
14 State Board of Education shall:

15 (1) to the extent practicable, conduct the review of
16 instructional materials using page proofs or other appropriate
17 draft versions of the instructional materials; and

18 (2) require the publisher to provide instructional
19 materials, including page proofs, draft versions, or sample
20 instructional materials, directly to state instructional
21 materials review panel members in a timely manner before the
22 members meet to conduct a complete and formal review of the
23 materials.

24 (b) During the instructional materials review and adoption
25 process, the publisher of instructional materials proposed for
26 adoption in this state shall promptly correct any factual errors
27 discovered in the instructional materials. For purposes of this
28 section, a factual error includes an objectively verifiable
29 mistake, including an incorrect reference to a date, place, or
30 person, an incorrect computational process or result, or similar
31 incorrect provisions. A factual error does not include a

1 difference in professional opinion, conclusion, emphasis, or
2 perspective expressed in instructional materials.

3 (c) If the board determines that an instructional material
4 proposed for adoption may contain a factual error, the board may
5 appoint a panel of experts and scholars to evaluate the material
6 for any factual error.

7 (d) The board shall adopt rules authorizing the imposition
8 of an administrative penalty in the manner provided by Section
9 31.151 against a publisher who knowingly violates Subsection
10 (b). In setting the amount of any penalty to be imposed under
11 this subsection, the board shall consider the stage of the
12 instructional materials review and adoption process at which the
13 violation occurs and set progressively higher penalties for
14 violations that occur later in the process.

15 Sec. 31.023. [~~TEXTBOOK~~] LISTS OF STATE-ADOPTED
16 INSTRUCTIONAL MATERIALS. (a) For each subject and grade level,
17 the State Board of Education shall adopt two lists of
18 instructional materials [~~textbooks~~]. The conforming list
19 includes each state-adopted instructional material [~~textbook~~]
20 submitted for the subject and grade level that meets applicable
21 physical specifications adopted by the State Board of Education
22 and contains material covering each element of the essential
23 knowledge and skills of the subject and grade level as
24 determined by the State Board of Education under Section 28.002
25 and adopted under Section 31.024. The nonconforming list
26 includes each state-adopted instructional material [~~textbook~~]
27 submitted for the subject and grade level that:

28 (1) meets applicable physical specifications adopted
29 by the State Board of Education;

30 (2) contains material covering at least half, but not
31 all, of the elements of the essential knowledge and skills of

1 the subject and grade level; and

2 (3) is adopted under Section 31.024.

3 (b) Each state-adopted instructional material [~~textbook~~] on
4 a conforming or nonconforming list must be free from factual
5 errors.

6 Sec. 31.024. ADOPTION BY STATE BOARD OF
7 EDUCATION. (a) The State Board of Education shall meet
8 biannually to adopt instructional materials. By majority vote,
9 the board [~~State Board of Education~~] shall:

10 (1) place each submitted instructional material
11 [~~textbook~~] on a conforming or nonconforming list; or

12 (2) reject an instructional material [~~a textbook~~]
13 submitted for placement on a conforming or nonconforming list.

14 (b) Not later than December 1 of the year preceding the
15 school year for which the state-adopted instructional materials
16 [~~textbooks~~] for a particular subject and grade level will be
17 purchased under the cycle adopted by the board under Section
18 31.022, the board shall make available [~~provide~~] the lists of
19 state-adopted instructional materials, including instructional
20 materials under Section 31.022(f) [~~adopted textbooks~~] to each
21 school district. Each nonconforming list must include:

22 (1) the reasons an adopted instructional material
23 [~~textbook~~] is not eligible for the conforming list; and

24 (2) a list of the essential knowledge and skills
25 contained in each adopted instructional material on the
26 nonconforming list.

27 Sec. 31.026. CONTRACT; PRICE. (a) The commissioner, with
28 the assistance of the Department of Information Resources, the
29 State Board of Education, and the office of the attorney
30 general, shall develop model contracts that may be used by
31 school districts [~~State Board of Education shall execute a~~

1 ~~contract:~~

2 [~~(1)~~] for the purchase or licensing of instructional
3 materials under this chapter [~~each adopted textbook other than~~
4 ~~an electronic textbook; and~~

5 [~~(2)~~ ~~for the purchase or licensing of each adopted~~
6 ~~electronic textbook~~].

7 (b) A contract must require the publisher to provide all of
8 the instructional materials [~~the number of textbooks~~] required
9 by school districts in this state for the term of the contract [~~7~~
10 ~~which must coincide with the board's adoption cycle~~].

11 (c) As applicable, a contract must provide for the purchase
12 or licensing of instructional materials [~~a textbook~~] at a
13 specific price, which may not exceed the lowest price paid by
14 any other state or any school or school district. The price
15 must be fixed for the term of the contract. The price may
16 decrease if the lowest price paid by another state or another
17 school or school district decreases during the term of the
18 contract.

19 Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE
20 COPIES. (a) A publisher shall provide each school district and
21 open-enrollment charter school with information that fully
22 describes each of the publisher's state-adopted instructional
23 materials [~~adopted textbooks~~]. On request of a school district,
24 a publisher shall provide a sample copy of a state-adopted
25 instructional material [~~an adopted textbook~~].

26 (b) A publisher shall provide at least two sample copies of
27 each state-adopted instructional material [~~adopted textbook~~] to
28 be maintained for at least two years at each regional education
29 service center or an alternate location designated by the
30 applicable service center.

31 Sec. 31.028. SPECIAL INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

1 (a) The State Board of Education may make available [~~purchase~~]
2 special instructional materials [~~textbooks~~] for the education of
3 blind and visually impaired students in public schools. In
4 addition, from funds appropriated for the purpose, for a teacher
5 who is blind or visually impaired, the board shall provide a
6 teacher's edition in Braille or large type, as requested by the
7 teacher, for each printed state-adopted instructional material
8 [~~textbook~~] the teacher uses in the instruction of students. The
9 teacher edition must be available at the same time the student
10 instructional materials [~~textbooks~~] become available.

11 (b) The publisher of a printed state-adopted instructional
12 material [~~an adopted textbook~~] shall provide the agency with
13 computerized [~~textbook~~] files for the production of Braille
14 instructional materials [~~textbooks~~] or other versions of
15 instructional materials [~~textbooks~~] to be used by students with
16 disabilities, on request of the State Board of Education. A
17 publisher shall arrange the computerized [~~textbook~~] files in one
18 of several optional formats specified by the State Board of
19 Education.

20 (c) The board may also enter into agreements providing for
21 the acceptance, requisition, and distribution of special
22 instructional materials [~~textbooks and instructional aids~~]
23 pursuant to 20 U.S.C. Section 101 et seq. for use by students
24 enrolled in:

- 25 (1) public schools; or
26 (2) private nonprofit schools, if state funds, other
27 than for administrative costs, are not involved.

28 (c-1) The board shall require electronic instructional
29 materials included on the conforming list and nonconforming list
30 under Section 31.023 to comply with the standards established
31 under Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section

1 794d), if the materials are for use by students enrolled in:

2 (1) public schools; or

3 (2) private nonprofit schools, if state funds, other
4 than for administrative costs, are not involved.

5 (d) In this section:

6 (1) "Blind or visually impaired student" includes any
7 student whose visual acuity is impaired to the extent that the
8 student is unable to read the text [~~print~~] in state-adopted
9 instructional materials [~~a regularly adopted textbook~~] used in
10 the student's class.

11 (2) "Special instructional materials" [~~textbook~~]
12 means instructional materials [~~a textbook~~] in Braille, large
13 type, audiotape, accessible web page, accessible DVD/CD-ROM, or
14 any other medium or any apparatus that conveys information to a
15 student or otherwise contributes to the learning process.

16 Sec. 31.029. BILINGUAL INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

17 The board shall adopt instructional materials [~~purchase or~~
18 ~~otherwise acquire textbooks~~] for use in bilingual education
19 classes.

20 Sec. 31.030. USED INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]. The
21 State Board of Education shall adopt rules to ensure that used
22 instructional materials [~~textbooks~~] sold to school districts and
23 open-enrollment charter schools are not sample copies that
24 contain factual errors. The rules may provide for the
25 imposition of an administrative penalty in accordance with
26 Section 31.151 against a seller of used instructional materials
27 [~~textbooks~~] who knowingly violates this section.

28 SECTION 2E.22. Section 31.031(b), Education Code, as added
29 by S.B. No. 151, Acts of the 79th Legislature, Regular Session,
30 2005, is amended to read as follows:

31 (b) From the amount set aside by the State Board of

1 Education under Section 31.021(c) or allocated to a school
2 district under Section 31.0211(a-1), the school district that a
3 student entitled to free textbooks under the pilot project
4 established by Section 54.2161 attends shall pay the costs of
5 each textbook the student requires for a course described by
6 Section 54.2161(b)(2).

7 SECTION 2E.23. Subchapter B, Chapter 31, Education Code, is
8 amended by adding Sections 31.032 and 31.033 to read as follows:

9 Sec. 31.032. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL
10 MATERIALS. The publisher of a state-adopted electronic
11 instructional material may offer the material to school
12 districts on a subscription basis.

13 Sec. 31.033. UPDATES. The publisher of a state-adopted
14 instructional material may update the instructional material,
15 and a school district or open-enrollment charter school may
16 purchase the update. The State Board of Education by rule shall
17 provide for an expedited review process to determine the extent
18 to which updated instructional material aligns with the
19 essential knowledge and skills adopted by the State Board of
20 Education under Section 28.002 and does not contain factual
21 errors.

22 SECTION 2E.24. Section 31.101, Education Code, is amended
23 to read as follows:

24 Sec. 31.101. SELECTION AND PURCHASE OF INSTRUCTIONAL
25 MATERIALS [~~TEXTBOOKS~~] BY SCHOOL DISTRICTS. (a) Each year,
26 during any [~~a~~] period established by the State Board of
27 Education, the board of trustees of each school district and the
28 governing body of each open-enrollment charter school shall:

29 (1) [~~for a subject in the foundation curriculum,~~]
30 notify the State Board of Education of the state-adopted
31 instructional materials [~~textbooks~~] selected by the board of

1 trustees or governing body for the following school year from
2 among the instructional materials [~~textbooks~~] on the appropriate
3 conforming or nonconforming list; and [~~or~~]

4 (2) provide an accounting of the expenditure of its
5 allotment under Section 31.0211 during that period. [~~for a~~
6 ~~subject in the enrichment curriculum:~~

7 [~~(A) notify the State Board of Education of each~~
8 ~~textbook selected by the board of trustees or governing body for~~
9 ~~the following school year from among the textbooks on the~~
10 ~~appropriate conforming or nonconforming list; or~~

11 [~~(B) notify the State Board of Education that the~~
12 ~~board of trustees or governing body has selected a textbook that~~
13 ~~is not on the conforming or nonconforming list.]~~

14 (b) The board of trustees of each [~~If a~~] school district or
15 the governing body of each open-enrollment charter school shall
16 use the allotment under Section 31.0211 to purchase
17 instructional materials selected by the board of trustees or the
18 governing body [~~selects a textbook~~] for a [~~particular~~] subject
19 in the required [~~enrichment~~] curriculum. [~~and grade level that~~
20 ~~is not on the conforming or nonconforming list, the state shall~~
21 ~~pay to the district or school an amount equal to the lesser of:~~

22 [~~(1) 70 percent of the cost to the district of the~~
23 ~~textbook, multiplied by the number of textbooks the district or~~
24 ~~school needs for that subject and grade level; or~~

25 [~~(2) 70 percent of the limitation established under~~
26 ~~Section 31.025 for a textbook for that subject and grade level,~~
27 ~~multiplied by the number of textbooks the district or school~~
28 ~~needs for that subject and grade level.]~~

29 (c) A school district or open-enrollment charter school may
30 purchase an instructional material under Subsection (b) only if
31 the instructional material is purchased not later than the

1 beginning of the second school year that begins after the
2 adoption of the conforming or nonconforming list that includes
3 the instructional material. This subsection does not apply to:

4 (1) instructional materials under Section 31.022(f);

5 (2) the purchase of replacement instructional
6 materials due to loss or damage; or

7 (3) the purchase of additional instructional materials
8 needed because of enrollment growth [~~that selects a textbook~~
9 ~~that is not on the conforming or nonconforming list:~~

10 [~~(1) is responsible for the portion of the cost of the~~
11 ~~textbook that is not paid by the state under Subsection (b); and~~

12 [~~(2) may use funds received from the state under~~
13 ~~Subsection (b) only for purchasing the textbook for which the~~
14 ~~funds were received].~~

15 [~~(d) For a textbook that is not on the conforming or~~
16 ~~nonconforming list, a school district or open-enrollment charter~~
17 ~~school must use the textbook for the period of the review and~~
18 ~~adoption cycle the State Board of Education has established for~~
19 ~~the subject and grade level for which the textbook is used.]~~

20 SECTION 2E.25. Section 31.102, Education Code, is amended
21 to read as follows:

22 Sec. 31.102. TITLE AND CUSTODY. (a) Except as provided by
23 this subsection, each instructional material [~~Each textbook~~
24 purchased by the state as provided by this chapter is the
25 property of this state. Beginning with the 2007-2008 school
26 year, each instructional material purchased through the
27 allotment under Section 31.0211 by a school district or open-
28 enrollment charter school is the property of the district or
29 charter school.

30 (b) Subsection (a) applies to an electronic instructional
31 material [~~textbook~~] only to the extent of any applicable

1 licensing agreement.

2 (c) The board of trustees of a school district or the
3 governing body of an open-enrollment charter school is the legal
4 custodian of instructional materials [~~textbooks~~] purchased as
5 provided by this chapter for or by the district or school. The
6 board of trustees or governing body shall distribute
7 instructional materials [~~textbooks~~] to students in the manner
8 that the board or governing body determines is most effective
9 and economical.

10 (d) An open-enrollment charter school may not transfer
11 instructional materials unless the transfer is approved by the
12 commissioner. The commissioner may not approve such a transfer
13 unless the transfer is to another public school of this state.

14 SECTION 2E.26. Section 31.103, Education Code, is amended
15 to read as follows:

16 Sec. 31.103. INSTRUCTIONAL MATERIALS [TEXTBOOK]
17 REQUISITIONS. (a) Not later than the seventh day after the
18 first school day in April, each principal shall report the
19 maximum attendance for the school to the superintendent. Not
20 later than April 25, the superintendent of a school district or
21 the chief operating officer of an open-enrollment charter school
22 shall report to the commissioner the district's or school's
23 maximum attendance and anticipated enrollment growth [~~to the~~
24 ~~commissioner~~].

25 (b) [~~A requisition for textbooks for the following school~~
26 ~~year shall be based on the maximum attendance reports under~~
27 ~~Subsection (a), plus an additional 10 percent, except as~~
28 ~~otherwise provided.] A school district or open-enrollment~~
29 charter school shall make a requisition for instructional
30 materials [~~a textbook~~] on the conforming or nonconforming list
31 [~~through the commissioner~~] to the instructional materials

1 [state] depository designated by the publisher or as provided by
2 State Board of Education rule, as applicable, not later than
3 June 1 of each year. The designated instructional materials
4 [state] depository or, if the publisher [~~or manufacturer~~] does
5 not have a designated instructional materials [~~textbook~~]
6 depository in this state under Section 31.151(a)(6)(B), the
7 publisher [~~or manufacturer~~] shall fill a requisition approved by
8 the agency at any other time in the case of an emergency. [~~As~~
9 ~~made necessary by available funds, the commissioner shall reduce~~
10 ~~the additional percentage of attendance for which a district or~~
11 ~~school may requisition textbooks. The commissioner may, on~~
12 ~~application of a district or school that is experiencing high~~
13 ~~enrollment growth, increase the additional percentage of~~
14 ~~attendance for which the district or school may requisition~~
15 ~~textbooks.~~]

16 (c) In making a requisition under this section, a school
17 district or open-enrollment charter school may requisition
18 instructional materials [~~textbooks~~] on the conforming or
19 nonconforming list for grades above or below the grade level in
20 which a student is enrolled[, ~~except that the total quantity of~~
21 ~~textbooks requisitioned under this section may not exceed the~~
22 ~~limit prescribed by Subsection (b)].~~

23 SECTION 2E.27. Sections 31.104-31.106, Education Code, are
24 amended to read as follows:

25 Sec. 31.104. DISTRIBUTION AND HANDLING. (a) The board of
26 trustees of a school district or the governing body of an open-
27 enrollment charter school may delegate to an employee the
28 authority to requisition, purchase, distribute, and manage the
29 inventory of instructional materials [~~textbooks~~] in a manner
30 consistent with this chapter and rules adopted under this
31 chapter.

1 (b) A school district or open-enrollment charter school may
2 order replacements for instructional materials [~~textbooks~~] that
3 have been lost or damaged directly from:

4 (1) the instructional materials [~~textbook~~] depository;
5 or

6 (2) the [~~textbook~~] publisher of the instructional
7 materials [~~or manufacturer~~] if the [~~textbook~~] publisher [~~or~~
8 ~~manufacturer~~] does not have a designated instructional materials
9 [~~textbook~~] depository in this state under Section
10 31.151(a)(6)(B).

11 (c) Each instructional material [~~textbook~~] must state that
12 the instructional material [~~textbook~~] is the property of or is
13 licensed to this state or a school district, as appropriate.
14 Each instructional material [~~textbook~~], other than an electronic
15 instructional material [~~textbook~~], must be covered by the
16 student under the direction of the teacher. A student must
17 return all instructional materials [~~textbooks~~] to the teacher at
18 the end of the school year or when the student withdraws from
19 school.

20 (d) Each student, or the student's parent or guardian, is
21 responsible for each instructional material [~~textbook~~] not
22 returned by the student. A student who fails to return all
23 instructional materials [~~textbooks~~] forfeits the right to free
24 instructional materials [~~textbooks~~] until each instructional
25 material [~~textbook~~] previously issued but not returned is paid
26 for by the student, parent, or guardian. As provided by policy
27 of the board of trustees or governing body, a school district or
28 open-enrollment charter school may waive or reduce the payment
29 requirement if the student is from a low-income family. The
30 district or school shall allow the student to use instructional
31 materials [~~textbooks~~] at school during each school day. If an

1 instructional material [~~a textbook~~] is not returned or paid for,
2 the district or school may withhold the student's records. A
3 district or school may not, under this subsection, prevent a
4 student from graduating, participating in a graduation ceremony,
5 or receiving a diploma.

6 (e) The board of trustees of a school district may not
7 require an employee of the district to pay for an instructional
8 material [~~a textbook~~] or instructional technology that is
9 stolen, misplaced, or not returned by a student.

10 Sec. 31.105. SALE OF INSTRUCTIONAL MATERIALS [TEXTBOOKS].
11 The board of trustees of a school district or governing body of
12 an open-enrollment charter school may sell instructional
13 materials [~~textbooks~~], other than electronic instructional
14 materials [~~textbooks~~], to a student or another school [~~at the~~
15 ~~state contract price~~]. The district shall use [~~send~~] money
16 received from the sale of instructional materials in accordance
17 with uses prescribed by Section 31.0211. [~~textbooks to the~~
18 ~~commissioner as required by the commissioner. The commissioner~~
19 ~~shall deposit the money in the state textbook fund.~~]

20 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
21 instructional materials [~~textbook~~] selected under this chapter,
22 a school district or open-enrollment charter school may use
23 local funds to purchase any instructional materials [~~textbooks~~].

24 SECTION 2E.28. The heading to Section 31.151, Education
25 Code, is amended to read as follows:

26 Sec. 31.151. DUTIES OF PUBLISHERS [~~AND MANUFACTURERS~~].

27 SECTION 2E.29. Sections 31.151(a), (b), and (d), Education
28 Code, are amended to read as follows:

29 (a) A publisher [~~or manufacturer~~] of instructional
30 materials [~~textbooks~~]:

31 (1) shall furnish any instructional material

1 [~~textbook~~] the publisher [~~or manufacturer~~] offers in this
2 state[,], at a price that does not exceed the lowest price at
3 which the publisher offers that instructional material
4 [~~textbook~~] for adoption or sale to any state, public school, or
5 school district in the United States;

6 (2) shall automatically reduce the price of an
7 instructional material [~~a textbook~~] sold for use in a school
8 district or open-enrollment charter school to the extent that
9 the price is reduced elsewhere in the United States;

10 (3) shall provide any instructional material
11 [~~textbook~~] or ancillary item free of charge in this state to the
12 same extent that the publisher [~~or manufacturer~~] provides the
13 instructional material [~~textbook~~] or ancillary item free of
14 charge to any state, public school, or school district in the
15 United States;

16 (4) shall guarantee that each copy of an instructional
17 material [~~a textbook~~] sold in this state is at least equal in
18 quality to copies of that instructional material [~~textbook~~] sold
19 elsewhere in the United States and is free from factual error;

20 (5) may not become associated or connected with,
21 directly or indirectly, any combination in restraint of trade in
22 instructional materials [~~textbooks~~] or enter into any
23 understanding or combination to control prices or restrict
24 competition in the sale of instructional materials [~~textbooks~~]
25 for use in this state;

26 (6) shall:

27 (A) maintain a depository in this state or
28 arrange with a depository in this state to receive and fill
29 orders for instructional materials [~~textbooks~~], other than
30 electronic instructional materials or electronic instructional
31 material [~~on-line textbooks or on-line textbook~~] components,

1 consistent with State Board of Education rules; or

2 (B) deliver instructional materials [~~textbooks~~]
3 to a school district or open-enrollment charter school without a
4 delivery charge to the school district, open-enrollment charter
5 school, or state, if:

6 (i) the publisher [~~or manufacturer~~] does not
7 maintain or arrange with a depository in this state under
8 Paragraph (A) and the publisher's instructional materials [~~or~~
9 ~~manufacturer's textbooks~~] and related products are warehoused or
10 otherwise stored less than 300 miles from a border of this
11 state; or

12 (ii) the instructional materials [~~textbooks~~]
13 are electronic instructional materials or electronic
14 instructional material [~~on-line textbooks or on-line textbook~~]
15 components;

16 (7) shall, at the time an order for instructional
17 materials [~~textbooks~~] is acknowledged, provide to school
18 districts or open-enrollment charter schools an accurate
19 shipping date for instructional materials [~~textbooks~~] that are
20 back-ordered;

21 (8) shall guarantee delivery of instructional
22 materials [~~textbooks~~] at least 10 business days before the
23 opening day of school of the year for which the instructional
24 materials [~~textbooks~~] are ordered if the instructional materials
25 [~~textbooks~~] are ordered by a date specified in the sales
26 contract; and

27 (9) shall submit to the State Board of Education an
28 affidavit certifying any instructional material [~~textbook~~] the
29 publisher [~~or manufacturer~~] offers in this state to be free of
30 factual errors at the time the publisher executes a [the]
31 contract for the purchase of instructional materials in this

1 state [~~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
5 a hearing to be held to determine whether a penalty is to be
6 imposed and, if so, the amount of the penalty. The board shall
7 base the 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
14 deposited to the credit of the state instructional materials
15 [~~textbook~~] fund.

16 SECTION 2E.30. The heading to Section 31.152, Education
17 Code, is amended to read as follows:

18 Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS
19 [~~TEXTBOOKS~~].

20 SECTION 2E.31. Sections 31.152(a), (b), and (d), Education
21 Code, are amended to read as follows:

22 (a) A school trustee, administrator, or teacher commits an
23 offense if that person receives any commission or rebate on any
24 instructional materials [~~textbooks~~] used in the schools with
25 which the person is associated as a trustee, administrator, or
26 teacher.

27 (b) A school trustee, administrator, or teacher commits an
28 offense if the person accepts a gift, favor, or service that:

29 (1) is given to the person or the person's school;

30 (2) might reasonably tend to influence a trustee,
31 administrator, or teacher in the selection of instructional

1 materials [~~a textbook~~]; and

2 (3) could not be lawfully purchased with funds from
3 the state instructional materials [~~textbook~~] fund.

4 (d) In this section, "gift, favor, or service" does not
5 include:

6 (1) staff development, in-service, or teacher
7 training; or

8 (2) instructional materials[,] such as maps or
9 worksheets[, that convey information to the student or otherwise
10 contribute to the learning process].

11 SECTION 2E.32. The heading to Section 31.153, Education
12 Code, is amended to read as follows:

13 Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS
14 [~~TEXTBOOK~~] LAW.

15 SECTION 2E.33. Section 31.153(a), Education Code, is
16 amended to read as follows:

17 (a) A person commits an offense if the person knowingly
18 violates any law providing for the purchase or distribution of
19 free instructional materials [~~textbooks~~] for the public schools.

20 SECTION 2E.34. Subchapter E, Chapter 31, Education Code, is
21 amended to read as follows:

22 SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS
23 [~~TEXTBOOKS~~]

24 Sec. 31.201. DISPOSITION OF INSTRUCTIONAL MATERIALS
25 [~~TEXTBOOKS~~]. (a) The commissioner, with the approval of the
26 State Board of Education, may provide for the disposition of:

27 (1) instructional materials [~~textbooks~~], other than
28 electronic instructional materials [~~textbooks~~], that are no
29 longer in acceptable condition to be used for instructional
30 purposes; or

31 (2) discontinued instructional materials [~~textbooks~~],

1 other than electronic instructional materials [~~textbooks~~].

2 (b) The commissioner, as provided by rules adopted by the
3 State Board of Education, shall make available on request copies
4 of discontinued instructional materials [~~textbooks~~], other than
5 electronic instructional materials [~~textbooks~~], for use in
6 libraries maintained in municipal and county jails and
7 facilities of the institutional division of the Texas Department
8 of Criminal Justice and other state agencies.

9 (c) The State Board of Education shall adopt rules under
10 which a school district or open-enrollment charter school may
11 donate discontinued instructional materials [~~textbooks~~], other
12 than electronic instructional materials [~~textbooks~~], to a
13 student, to an adult education program, or to a nonprofit
14 organization.

15 SECTION 2E.35. Section 32.005, Education Code, is amended
16 by amending Subsection (a) and adding Subsection (d) to read as
17 follows:

18 (a) Each school district is entitled to an allotment of \$50
19 [~~\$30~~] for each student in average daily attendance or a
20 different amount for any year provided by appropriation.

21 (d) This section expires September 1, 2007.

22 SECTION 2E.36. Subchapter A, Chapter 32, Education Code, is
23 amended by adding Section 32.006 to read as follows:

24 Sec. 32.006. AGREEMENT WITH PUBLIC BROADCASTING STATION.

25 (a) The commissioner may enter into an agreement with a public
26 broadcasting station, or a consortium of public broadcasting
27 stations, under which the station or consortium will provide
28 online instructional content and educational materials.

29 (b) From funds appropriated to the agency, the commissioner
30 may, under an agreement entered into under Subsection (a), make
31 instructional materials available through public broadcasting

1 stations for purposes of instruction and professional
2 development and for use in providing adult-based education.

3 (c) An agreement entered into under Subsection (a) must, to
4 the extent practicable, provide access to instructional
5 materials and online content to persons located in all parts of
6 this state.

7 (d) For purposes of providing high-quality online
8 instructional materials under this section, the commissioner
9 may:

10 (1) use federal funds that may be used for those
11 purposes; or

12 (2) use unexpended balances of funds appropriated to
13 the agency for educational purposes, including adult education.

14 SECTION 2E.37. Effective September 1, 2007, Subchapter A,
15 Chapter 32, Education Code, is amended by adding Section 32.007
16 to read as follows:

17 Sec. 32.007. TARGETED TECHNOLOGY PROGRAMS. (a) Each school
18 district shall use funds designated for targeted technology
19 programs under Section 31.0211(b) in accordance with this
20 section and in a manner consistent with the long-range plan
21 developed by the State Board of Education under Section 32.001
22 and the district's own technology plan. A school district may
23 use funds from other sources, including grants, donations, and
24 state and federal funds, to provide targeted technology
25 programs.

26 (b) A targeted technology program must provide for each
27 student and teacher at a targeted campus or grade level on a
28 targeted campus:

29 (1) the provision of:

30 (A) wireless electronic mobile computing devices;

31 (B) productivity software and hardware, including

1 writing, computation, presentation, printing, and communication
2 tools;

3 (C) electronic learning software aligned with the
4 essential knowledge and skills adopted by the State Board of
5 Education under Section 28.002;

6 (D) library and other research tools;

7 (E) electronic assessment tools;

8 (F) electronic learning tools to improve
9 communications among students, teachers, school administrators,
10 parents, and the community;

11 (G) classroom management systems; and

12 (H) portable electronic devices capable of
13 supporting instructional material for each subject in the
14 foundation and enrichment curriculums;

15 (2) professional development for teachers to integrate
16 the tools and solutions described by Subdivision (1); or

17 (3) the provision of other infrastructure, components,
18 and technologies to support and enhance student performance
19 through individual instruction programs.

20 (c) The Legislative Budget Board shall:

21 (1) conduct a biennial study of the cost of school
22 district targeted technology programs, including the cost of
23 implementing those programs on a statewide basis; and

24 (2) based on the results of the study required by
25 Subdivision (1), make recommendations to the legislature before
26 the beginning of each regular session of the legislature
27 concerning statewide implementation of targeted technology
28 programs.

29 (d) Each biennium, the Legislative Budget Board and the
30 commissioner shall jointly conduct a performance evaluation of
31 school district targeted technology programs.

1 SECTION 2E.38. Section 32.154, Education Code, as added by
2 Chapter 834, Acts of the 78th Legislature, Regular Session,
3 2003, is amended by amending Subsection (b) and adding
4 Subsection (a-1) to read as follows:

5 (a-1) In addition to school districts and schools selected
6 before September 1, 2005, for participation in the technology
7 immersion pilot project, the agency shall expand the program by
8 selecting for participation in the pilot project for the 2005-
9 2006 and subsequent school years each high school to which a
10 school district regularly assigns students who were enrolled in
11 grade eight during the 2004-2005 school year at a district
12 school participating in the pilot project. The agency shall
13 establish criteria for expanding the pilot project under this
14 subsection.

15 (b) Except as provided by Subsection (a-1), the [The]
16 agency shall select the participating [~~districts and~~] schools
17 for the pilot project based on each [~~district's or~~] school's
18 need for the pilot project. In selecting participants, the
19 agency shall consider the following criteria:

20 (1) whether the [~~district or~~] school has limited
21 access to educational resources that could be improved through
22 the use of wireless mobile computing devices and other
23 technologies;

24 (2) whether the [~~district or~~] school has the following
25 problems and whether those problems can be mitigated through the
26 use of wireless mobile computing devices and other technologies:

27 (A) documented teacher shortages in critical
28 areas;

29 (B) limited access to advanced placement courses;

30 (C) low rates of satisfactory performance on
31 assessment instruments under Subchapter B, Chapter 39; and

1 (D) high dropout rates;

2 (3) the [~~district's or~~] school's readiness to
3 incorporate technology into its classrooms;

4 (4) the possibility of obtaining a trained technology
5 support staff and high-speed Internet services for the [~~district~~
6 ~~or~~] school; and

7 (5) the methods the [~~district or~~] school will use to
8 measure the progress of the pilot project in the [~~district or~~]
9 school in accordance with Section 32.155(e).

10 SECTION 2E.39. Section 32.156, Education Code, as added by
11 Chapter 1216, Acts of the 78th Legislature, Regular Session,
12 2003, is amended to read as follows:

13 Sec. 32.156. ON-LINE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

14 (a) The agency may develop and adopt strategies for making
15 instructional materials [~~textbooks~~] available through the portal
16 or through other means in an electronic format as an alternative
17 or supplement to traditional instructional materials
18 [~~textbooks~~].

19 (b) In developing and adopting strategies under this
20 section, the agency shall seek to achieve a system under which a
21 student may, in addition to [~~a~~] traditional instructional
22 materials [~~textbook~~], be provided with secure Internet access to
23 each instructional material [~~textbook~~] used by the student.

24 SECTION 2E.40. Section 32.161(b), Education Code, is
25 amended to read as follows:

26 (b) To the extent possible considering other statutory
27 requirements, the commissioner and agency shall encourage the
28 use of instructional materials [~~textbook~~] funds under Section
29 31.021 and technology allotment funds under Section 32.005
30 [~~31.021(b)(2)~~] in a manner that facilitates the development and
31 use of the portal.

1 SECTION 2E.41. From funds appropriated for the Foundation
2 School Program for the state fiscal biennium beginning September
3 1, 2005, the commissioner of education shall set aside an amount
4 sufficient to pay the cost of textbooks under Proclamation 2002
5 issued by the State Board of Education.

6 SECTION 2E.42. Section 31.0221, Education Code, as added by
7 this part, applies only to instructional materials submitted for
8 review by the State Board of Education on or after the effective
9 date of this Act. Instructional materials submitted for review
10 before the effective date of this Act are governed by the law in
11 effect when the instructional materials were submitted for
12 review, and the former law is continued in effect for that
13 purpose.

14 SECTION 2E.43. (a) This section applies to a contract
15 entered into by the State Board of Education before January 1,
16 2005, for the purchase of an adopted instructional material, as
17 that term is defined by Section 31.002, Education Code, as
18 amended by this part, or the purchase or licensing of an
19 electronic instructional material.

20 (b) A contract described by Subsection (a) of this section
21 continues in effect as a state contract for the remainder of the
22 contract term, and the former law is continued in effect for
23 that purpose.

24 PART F. BILINGUAL EDUCATION AND SPECIAL
25 EDUCATION PROGRAMS

26 SECTION 2F.01. Subchapter B, Chapter 21, Education Code, is
27 amended by adding Sections 21.0485 and 21.0486 to read as
28 follows:

29 Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER
30 CERTIFICATION. (a) To ensure that there are teachers with
31 special training to work with other teachers and with students

1 in a dual language education program, the commissioner shall
2 establish a dual language education teaching certificate.

3 (b) The commissioner shall adopt rules establishing the
4 training requirements, including the minimum academic
5 qualifications, a person must accomplish to obtain a certificate
6 under this section.

7 (c) The commissioner shall adopt rules establishing the
8 requirements for a teacher who receives training in a foreign
9 country to obtain a certificate under this section.

10 Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION.

11 (a) To ensure that there are teachers with special training to
12 work with other teachers and with students in order to improve
13 student performance in English and other languages, the
14 commissioner shall establish:

15 (1) a master language teacher certificate to teach
16 bilingual education, dual language instruction, or English as a
17 second language at elementary school grade levels;

18 (2) a master language teacher certificate to teach
19 bilingual education, dual language instruction, or English as a
20 second language at middle school grade levels; and

21 (3) a master language teacher certificate to teach
22 dual language instruction at high school grade levels.

23 (b) The board shall issue the appropriate master language
24 teacher certificate to each eligible person.

25 (c) To be eligible for a master language teacher
26 certificate, a person must:

27 (1) hold a teaching certificate issued under this
28 subchapter;

29 (2) have at least three years of experience teaching
30 bilingual education, dual language instruction, or English as a
31 second language;

1 (3) satisfactorily complete a knowledge-based course
2 of instruction on second language acquisition and the science of
3 teaching children language that includes training in language
4 instruction and professional peer mentoring techniques that,
5 through scientific testing, have been proven effective;

6 (4) perform satisfactorily on the appropriate master
7 language certification examination prescribed by the board; and

8 (5) satisfy any other requirements prescribed by the
9 board.

10 SECTION 2F.02. Section 21.050(b), Education Code, is
11 amended to read as follows:

12 (b) The commissioner [~~board~~] may not require more than 18
13 semester credit hours of education courses at the baccalaureate
14 level for the granting of a teaching certificate. The
15 commissioner [~~board~~] shall provide for a minimum number of
16 semester credit hours of internship to be included in the hours
17 needed for certification. The commissioner [~~board~~] may adopt
18 [~~propose~~] rules requiring additional credit hours for
19 certification in bilingual education, dual language instruction,
20 English as a second language, early childhood education, or
21 special education.

22 SECTION 2F.03. Section 21.054, Education Code, is amended
23 by adding Subsection (c) to read as follows:

24 (c) Rules adopted under Subsection (a) must permit an
25 educator to fulfill continuing education requirements by
26 acquiring conversational skills in one or more languages other
27 than English and academic language development in the subject
28 area for which the educator provides instruction. The rules
29 must permit educators to obtain language instruction through a
30 variety of methods, including attendance at workshops offered by
31 qualified entities and enrollment on a noncredit basis in

1 courses offered by public or private colleges and universities.

2 SECTION 2F.04. Subchapter B, Chapter 21, Education Code, is
3 amended by adding Section 21.060 to read as follows:

4 Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION.

5 On issuing an educator certificate to an educational aide or
6 renewing such a certificate, the board shall notify the person
7 to whom the certificate is issued of the existence of the
8 educational aide exemption under Section 54.214.

9 SECTION 2F.05. Section 28.0051, Education Code, is amended
10 by adding Subsection (d) to read as follows:

11 (d) The commissioner shall provide for the issuance of
12 teaching certificates appropriate for dual language instruction
13 to teachers who:

14 (1) possess a speaking, reading, and writing language
15 ability in a language other than English in which a dual
16 language immersion program is offered; and

17 (2) meet the general requirements of Subchapter B,
18 Chapter 21.

19 SECTION 2F.06. Subchapter A, Chapter 28, Education Code, is
20 amended by adding Section 28.0052 to read as follows:

21 Sec. 28.0052. DUAL LANGUAGE EDUCATION PILOT PROJECT. (a)

22 The commissioner shall establish a pilot project in school
23 districts selected by the commissioner under which the agency
24 examines dual language education programs and the effect of
25 those programs on a student's ability to graduate from high
26 school.

27 (b) In selecting school districts under Subsection (a), the
28 commissioner shall:

29 (1) select districts that:

30 (A) will commit to at least a three-year dual
31 language education program; and

1 (B) demonstrate a substantially equal enrollment
2 of students with limited English proficiency and students whose
3 primary language is English or, if a district does not have a
4 sufficient number of limited English proficiency students to
5 meet the equal enrollment standard, include the enrollment of
6 students with limited English proficiency, students whose
7 primary language is English, and bilingual students; and

8 (2) give preference to a district that:

9 (A) demonstrates the potential for expanding the
10 program through middle school; and

11 (B) will implement the program at the
12 kindergarten level.

13 (c) The commissioner by rule shall require a district to
14 limit activities of the dual language education program during
15 the first year of the program to planning activities, including:

16 (1) hiring and training teachers and ensuring teacher
17 certification;

18 (2) establishing parental and community support for
19 the program; and

20 (3) acquiring adequate learning materials in both
21 program languages.

22 (d) From amounts appropriated to the agency, the
23 commissioner shall award grants to school districts that
24 participate in the program. A grant under this section must be
25 in an amount sufficient to pay the costs to the district of
26 participating in the program, as determined by the commissioner.

27 A determination of the commissioner under this subsection is
28 final and may not be appealed.

29 (e) A school district that applies for the expansion of an
30 existing dual language education program is eligible for a grant
31 under Subsection (d).

1 (f) A school district may use a grant awarded under
2 Subsection (d) for:

3 (1) classroom materials;

4 (2) tuition and textbook expenses for students seeking
5 teacher certification under Section 21.0485; and

6 (3) other necessary costs of operating the program, as
7 approved by the commissioner.

8 (f-1) During the 2005-2006 school year, the commissioner
9 may award grants to school districts under this section only for
10 the purpose of planning activities described by Subsection (c)
11 in an amount not to exceed two percent of the total amount
12 required to fully implement the pilot project for the 2006-2007
13 school year. This subsection expires September 1, 2007.

14 (g) Grants under this section may not exceed \$13 million
15 for each biennium.

16 (h) The agency shall report to the legislature describing
17 the agency's activities under the pilot project, the effect of
18 the project on grade-level completion, and the recommendations
19 arising from the project. The agency shall submit an interim
20 report under this subsection not later than January 1, 2009, and
21 a final report not later than January 1, 2011.

22 (i) This section expires August 1, 2011.

23 SECTION 2F.07. Section 29.056, Education Code, is amended
24 by amending Subsections (a), (d), and (g) and adding Subsections
25 (g-1) and (i) to read as follows:

26 (a) The agency shall establish standardized criteria for
27 the identification, assessment, and classification of students
28 of limited English proficiency eligible for entry into the
29 program or exit from the program. Except as provided by this
30 subsection, the [The] student's parent must approve a student's
31 entry into the program, exit from the program, or placement in

1 the program. A school district shall provide notice to the
2 student's parent that the district intends to transfer the
3 student from the program. If the student's parent fails to
4 respond to the notice on or before the 30th day after the date
5 the notice is provided, the district may transfer the student
6 from the program without the student's parent's approval. The
7 district must inform the student's parent of the student's
8 transfer from the program. The school district or parent may
9 appeal the decision under Section 29.064. The criteria for
10 identification, assessment, and classification may include:

11 (1) results of a home language survey conducted within
12 four weeks of each student's enrollment to determine the
13 language normally used in the home and the language normally
14 used by the student, conducted in English and the home language,
15 signed by the student's parents if the student is in
16 kindergarten through grade 8 or by the student if the student is
17 in grades 9 through 12, and kept in the student's permanent
18 folder by the language proficiency assessment committee;

19 (2) the results of an agency-approved English language
20 proficiency test administered to all students identified through
21 the home survey as normally speaking a language other than
22 English to determine the level of English language proficiency,
23 with students in kindergarten or grade 1 being administered an
24 oral English proficiency test and students in grades 2 through
25 12 being administered an oral English proficiency test and, if
26 the oral English proficiency test demonstrates proficiency, a
27 written English proficiency test; and

28 (3) the results of an agency-approved proficiency test
29 in the primary language administered to all students identified
30 under Subdivision (2) as being of limited English proficiency to
31 determine the level of primary language proficiency, with

1 students in kindergarten or grade 1 being administered an oral
2 primary language proficiency test and students in grades 2
3 through 12 being administered an oral and written primary
4 language proficiency test.

5 (d) Not later than the 20th [~~10th~~] day after the date of
6 the student's classification as a student of limited English
7 proficiency, the language proficiency assessment committee shall
8 give written notice of the classification to the student's
9 parent. The notice must be in English and the parent's primary
10 language. The parents of students eligible to participate in
11 the required bilingual education program shall be informed of
12 the benefits of the bilingual education or special language
13 program and that it is an integral part of the school program.

14 (g) A district may transfer a student of limited English
15 proficiency out of a bilingual education or special language
16 program for the first time or a subsequent time if the student
17 is able to participate equally in a regular all-English
18 instructional program as determined by:

19 (1) agency-approved tests administered at the end of
20 each school year to determine the extent to which the student
21 has developed oral and written language proficiency and specific
22 language skills in [~~both the student's primary language and~~]
23 English;

24 (2) satisfactory performance on the reading assessment
25 instrument under Section 39.023(a) or the English I or II
26 assessment instrument under Section 39.023(c), as applicable,
27 with the assessment instrument administered in English, or, if
28 the student is enrolled in the first or second grade, an
29 achievement score at or above the 40th percentile in the reading
30 and language arts sections of an English standardized test
31 approved by the agency; 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
7 services under Subchapter A out of a bilingual education or
8 special language program and into a special education program if
9 the language proficiency assessment committee and the student's
10 admission, review, and dismissal committee agree that the
11 student has a learning disability and would be better served in
12 a special education program. The student's admission, review,
13 and dismissal committee must document that the student has a
14 learning disability that cannot be addressed effectively in a
15 bilingual education or special language program and that the
16 student's learning disability is not due to the student's
17 limited English proficiency. The commissioner by rule shall
18 adopt criteria for a school district to use in transferring a
19 student under this subsection.

20 (i) On approval of the student's parent, a school district
21 may allow a student of limited English proficiency who meets the
22 criteria for being transferred out of a bilingual education or
23 special language program to continue participating in the
24 program.

25 SECTION 2F.08. Subchapter B, Chapter 29, Education Code, is
26 amended by adding Section 29.0561 to read as follows:

27 Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS;
28 REENROLLMENT. (a) The language proficiency assessment
29 committee shall reevaluate a student who is transferred out of a
30 bilingual education or special language program under Section
31 29.056(g) if the student earns a failing grade in a subject in

1 the foundation curriculum under Section 28.002(a)(1) during any
2 grading period in the first two school years after the student
3 is transferred to determine whether the student should be
4 reenrolled in a bilingual education or special language program.

5 (b) During the first two school years after a student is
6 transferred out of a bilingual education or special language
7 program under Section 29.056(g), the language proficiency
8 assessment committee shall review the student's performance and
9 consider:

10 (1) the total amount of time the student was enrolled
11 in a bilingual education or special language program;

12 (2) the student's grades each grading period in each
13 subject in the foundation curriculum under Section 28.002(a)(1);

14 (3) the student's performance on each assessment
15 instrument administered under Section 39.023(a) or (c);

16 (4) the number of credits the student has earned
17 toward high school graduation, if applicable; and

18 (5) any disciplinary actions taken against the student
19 under Subchapter A, Chapter 37.

20 (c) After an evaluation under this section, the language
21 proficiency assessment committee may require intensive
22 instruction for the student or reenroll the student in a
23 bilingual education or special language program.

24 SECTION 2F.09. Subchapter B, Chapter 29, Education Code, is
25 amended by adding Section 29.065 to read as follows:

26 Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE
27 PROFICIENCY. The commissioner by rule shall develop a
28 longitudinal measure of progress toward English language
29 proficiency under which a student of limited English proficiency
30 is evaluated from the time the student enters public school
31 until, for two consecutive school years, the student scores at a

1 specific level determined by the commissioner on the reading
2 assessment instrument under Section 39.023(a) or the English I
3 or II assessment instrument under Section 39.023(c), as
4 applicable. The commissioner shall:

5 (1) as part of the measure of progress, include
6 student advancement from one proficiency level to a higher level
7 under the reading proficiency in English assessment system
8 developed under Section 39.027(e) and from the highest level
9 under that assessment system to the level determined by the
10 commissioner under this section on the reading assessment
11 instrument under Section 39.023(a) or the English I or II
12 assessment instrument under Section 39.023(c), as applicable;
13 and

14 (2) to the extent practicable in developing the
15 measure of progress, use applicable research and analysis done
16 in developing an annual measurable achievement objective as
17 required by Section 3122, No Child Left Behind Act of 2001 (20
18 U.S.C. Section 6842).

19 SECTION 2F.10. Not later than January 1, 2006, the
20 commissioner of education shall adopt rules:

21 (1) establishing requirements and prescribing an
22 examination for master language teacher certification as
23 required by Section 21.0486, Education Code, as added by this
24 Act;

25 (2) establishing requirements and prescribing an
26 examination for dual language instruction teacher certification
27 as required by Section 21.050(b), Education Code, as amended by
28 this Act, and Section 28.0051(d), Education Code, as added by
29 this Act; and

30 (3) permitting an educator to fulfill continuing
31 education requirements by acquiring conversational skill in a

1 language other than English as required by Section 21.054(c),
2 Education Code, as added by this Act.

3 PART G. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

4 SECTION 2G.01. Subchapter D, Chapter 29, Education Code, is
5 amended by adding Section 29.124 to read as follows:

6 Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) In this
7 section, "public senior college or university" has the meaning
8 assigned by Section 61.003.

9 (b) A Texas governor's school is a summer residential
10 program for high-achieving high school students. A governor's
11 school program may include any or all of the following
12 educational curricula:

13 (1) mathematics and science;

14 (2) humanities; or

15 (3) leadership and public policy.

16 (c) A public senior college or university may apply to the
17 commissioner to administer a Texas governor's school program
18 under this section. The commissioner shall give preference to a
19 public senior college or university that applies in cooperation
20 with a nonprofit association. The commissioner shall give
21 additional preference if the nonprofit association receives
22 private foundation funds that may be used to finance the
23 program.

24 (d) The commissioner may approve an application under this
25 section only if the applicant:

26 (1) applies within the period and in the manner
27 required by rule adopted by the commissioner;

28 (2) submits a program proposal that includes:

29 (A) a curriculum consistent with Subsection (b);

30 (B) criteria for selecting students to
31 participate in the program;

1 (C) a statement of the length of the program,
2 which must be at least three weeks; and

3 (D) a statement of the location of the program;

4 (3) agrees to use a grant under this section only for
5 the purpose of administering a program; and

6 (4) satisfies any other requirements established by
7 rule adopted by the commissioner.

8 (e) From funds appropriated for the purpose, the
9 commissioner may make a grant in an amount not to exceed
10 \$750,000 each year to public senior colleges or universities
11 whose applications are approved under this section to pay the
12 costs of administering a Texas governor's school program.

13 (f) The commissioner may adopt other rules necessary to
14 implement this section.

15 SECTION 2G.02. Section 39.051, Education Code, is amended
16 by adding Subsection (b-1) to read as follows:

17 (b-1) In addition to the indicators adopted under
18 Subsection (b), the commissioner shall adopt the following
19 indicators relating to high academic achievement to be
20 considered in assigning a district an exemplary performance
21 rating under Section 39.072:

22 (1) the percentage of students, disaggregated by race,
23 ethnicity, gender, and socioeconomic status, who are enrolled in
24 an educational program for gifted and talented students;

25 (2) student results on advanced placement and
26 international baccalaureate examinations, including the
27 percentage of students scoring three or higher on the advanced
28 placement examinations and the percentage of students scoring
29 four or higher on the international baccalaureate examinations;

30 (3) student results on the Scholastic Assessment Test
31 (SAT) and the American College Test (ACT);

1 (4) the percentage of students scoring in the top five
2 percent on nationally recognized norm-referenced assessment
3 instruments;

4 (5) the percentage of high school students enrolled in
5 an advanced course;

6 (6) the percentage of students achieving commended
7 performance, as determined by the State Board of Education, on
8 an assessment instrument required under Section 39.023(a), (c),
9 or (l);

10 (7) the percentage of students completing the
11 recommended or advanced high school program established under
12 Section 28.025; and

13 (8) the percentage of the district's graduating
14 students who enroll in an institution of higher education for
15 the academic year following graduation.

16 SECTION 2G.03. Section 39.053(a), Education Code, is
17 amended to read as follows:

18 (a) Each board of trustees shall publish an annual report
19 describing the educational performance of the district and of
20 each campus in the district that includes uniform student
21 performance and descriptive information as determined under
22 rules adopted by the commissioner. The annual report must also
23 include:

24 (1) campus performance objectives established under
25 Section 11.253 and the progress of each campus toward those
26 objectives, which shall be available to the public;

27 (2) the performance rating for the district [~~as~~
28 ~~provided under Section 39.072(a)] and [~~the performance rating~~
29 ~~of~~] each campus in the district as provided under Section 39.072
30 [~~39.072(c)~~];~~

31 (3) the district's current special education

1 compliance status with the agency;

2 (4) a statement of the number, rate, and type of
3 violent or criminal incidents that occurred on each district
4 campus, to the extent permitted under the Family Educational
5 Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

6 (5) information concerning school violence prevention
7 and violence intervention policies and procedures that the
8 district is using to protect students; [~~and~~]

9 (6) the findings that result from evaluations
10 conducted under the Safe and Drug-Free Schools and Communities
11 Act of 1994 (20 U.S.C. Section 7101 et seq.) and its subsequent
12 amendments; [~~and~~]

13 (7) information received under Section 51.403(e) for
14 each high school campus in the district, presented in a form
15 determined by the commissioner; and

16 (8) information relating to high academic achievement
17 in the district, as determined by the district's performance on
18 the indicators under Section 39.051(b-1).

19 SECTION 2G.04. (a) Not later than the 2006-2007 school
20 year, the Texas Education Agency shall collect information
21 concerning high academic achievement for purposes of Section
22 39.051(b-1), Education Code, as added by this Act.

23 (b) Not later than the 2007-2008 school year, the Texas
24 Education Agency shall include information concerning high
25 academic achievement for purposes of Section 39.051(b-1),
26 Education Code, as added by this Act, in evaluating the
27 performance of school districts, campuses, and public charter
28 districts under Subchapter D, Chapter 39, Education Code.

29 (c) Not later than the 2007-2008 school year, the Texas
30 Education Agency shall include the information required by
31 Section 39.182(a)(23), Education Code, as amended by this Act,

1 in the agency's comprehensive annual report under Section
2 39.182, Education Code.

3 PART H. PREKINDERGARTEN PROGRAMS

4 SECTION 2H.01. Section 29.1532, Education Code, is amended
5 by adding Subsections (d), (e), and (f) to read as follows:

6 (d) Before a school district may implement a
7 prekindergarten program, the district shall:

8 (1) investigate the possibility of sharing program
9 sites with existing child-care programs licensed by the
10 Department of Family and Protective Services and existing
11 federal Head Start programs; and

12 (2) coordinate use of any sites to the greatest extent
13 possible.

14 (e) A school district shall implement to the greatest
15 extent possible coordinated use of licensed child-care and Head
16 Start sites with existing prekindergarten programs.

17 (f) The commissioner may adopt rules relating to the
18 operation of prekindergarten and early childhood care and
19 education programs that receive state funds to foster school
20 readiness in children enrolled in those programs.

21 PART I. SCHOOL DISCIPLINE

22 SECTION 2I.01. Chapter 26, Education Code, is amended by
23 adding Section 26.0083 to read as follows:

24 Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY
25 ACTION. (a) A parent is entitled to notice from a school
26 district or public charter district as provided by this section
27 if the parent's child is removed from class under Section 37.006
28 for placement in a disciplinary alternative education program or
29 under Section 37.007 for expulsion or placement in a juvenile
30 justice alternative education program. A school district or
31 public charter district shall make a good faith effort to

1 provide the notice required by this subsection on the same day
2 the parent's child is removed from class. If the district fails
3 to provide the notice on that day, the district shall provide or
4 mail the notice not later than 5 p.m. on the first business day
5 after the day the student is removed from class.

6 (b) A noncustodial parent who has requested notice of
7 disciplinary actions as provided by Section 37.0091 is entitled
8 to notice under Subsection (a).

9 SECTION 2I.02. Section 37.008, Education Code, is amended
10 by amending Subsections (m) and (m-1) and adding Subsection (n)
11 to read as follows:

12 (m) Notwithstanding Section 7.028, the [The] commissioner
13 shall adopt rules necessary to evaluate through an annual
14 monitoring process [annually] the performance of each district's
15 disciplinary alternative education program established under
16 this subchapter. The monitoring process [evaluation] required
17 by this section may be electronic and shall be based on
18 indicators defined by the commissioner, but must include student
19 performance on assessment instruments required under Sections
20 39.023(a) and (c) and at least one indicator that measures
21 student academic progress. Academically, the mission of
22 disciplinary alternative education programs shall be to enable
23 students to perform at grade level.

24 (m-1) The agency shall integrate the monitoring process
25 developed under Subsection (m) with the monitoring the agency is
26 authorized to conduct under Section 7.028(a). The commissioner
27 may require [shall develop a process for evaluating] a school
28 district to contract at the district's expense in the manner
29 provided by Section 39.134 with a public or private service
30 provider for services determined by the commissioner to be
31 necessary to:

1 (1) improve student performance;

2 (2) improve disciplinary alternative education program
3 effectiveness; and

4 (3) [~~electronically. The commissioner shall also~~
5 ~~develop a system and standards for review of the evaluation or~~
6 ~~use systems already available at the agency. The system must be~~
7 ~~designed to identify districts that are at high risk of having~~
8 ~~inaccurate disciplinary alternative education program data or of~~
9 ~~failing to~~] comply with disciplinary alternative education
10 program state and federal requirements.

11 (n) [~~The commissioner shall notify the board of trustees of~~
12 ~~a district of any objection the commissioner has to the~~
13 ~~district's disciplinary alternative education program data or of~~
14 ~~a violation of a law or rule revealed by the data, including any~~
15 ~~violation of disciplinary alternative education program~~
16 ~~requirements, or of any recommendation by the commissioner~~
17 ~~concerning the data. If the data reflect that a penal law has~~
18 ~~been violated, the commissioner shall notify the county~~
19 ~~attorney, district attorney, or criminal district attorney, as~~
20 ~~appropriate, and the attorney general.] The commissioner is
21 entitled to access to all district records the commissioner
22 considers necessary or appropriate for the review, analysis, or
23 approval of disciplinary alternative education program data.~~

24 SECTION 2I.03. Sections 37.020(b) and (c), Education Code,
25 are amended to read as follows:

26 (b) For each placement in a disciplinary alternative
27 education program established under Section 37.008, the district
28 shall report:

29 (1) information identifying the student, including the
30 student's race, sex, and date of birth, that will enable the
31 agency to compare placement data with information collected

1 through other reports;

2 (2) information indicating whether the student was
3 enrolled in a special education program under Subchapter A,
4 Chapter 29, at the time of the placement;

5 (3) information indicating whether the placement was
6 based on:

7 (A) conduct violating the student code of conduct
8 adopted under Section 37.001;

9 (B) conduct for which a student may be removed
10 from class under Section 37.002(b);

11 (C) conduct for which placement in a disciplinary
12 alternative education program is required by Section 37.006; or

13 (D) conduct occurring while a student was
14 enrolled in another district and for which placement in a
15 disciplinary alternative education program is permitted by
16 Section 37.008(j);

17 (4) [~~3~~] the number of full or partial days the
18 student was assigned to the program and the number of full or
19 partial days the student attended the program; and

20 (5) [~~4~~] the number of placements that were
21 inconsistent with the guidelines included in the student code of
22 conduct under Section 37.001(a)(5).

23 (c) For each expulsion under Section 37.007, the district
24 shall report:

25 (1) information identifying the student, including the
26 student's race, sex, and date of birth, that will enable the
27 agency to compare placement data with information collected
28 through other reports;

29 (2) information indicating whether the student was
30 enrolled in a special education program under Subchapter A,
31 Chapter 29, at the time of the expulsion;

1 (3) information indicating whether the expulsion was
2 based on:

3 (A) conduct for which expulsion is required under
4 Section 37.007, including information specifically indicating
5 whether a student was expelled on the basis of Section
6 37.007(e); or

7 (B) conduct for which expulsion is permitted
8 under Section 37.007;

9 (4) [~~3~~] the number of full or partial days the
10 student was expelled;

11 (5) [~~4~~] information indicating whether:

12 (A) the student was placed in a juvenile justice
13 alternative education program under Section 37.011;

14 (B) the student was placed in a disciplinary
15 alternative education program; or

16 (C) the student was not placed in a juvenile
17 justice or other disciplinary alternative education program; and

18 (6) [~~5~~] the number of expulsions that were
19 inconsistent with the guidelines included in the student code of
20 conduct under Section 37.001(a)(5).

21 PART J. CRIMINAL HISTORY RECORDS INFORMATION

22 SECTION 2J.01. Subchapter B, Chapter 21, Education Code, is
23 amended by adding Section 21.0401 to read as follows:

24 Sec. 21.0401. COLLECTION OF FINGERPRINTS REQUIRED. The
25 commissioner shall obtain a complete set of fingerprints from:

26 (1) each applicant for a certificate issued under this
27 subchapter;

28 (2) each applicant for or holder of a teaching permit
29 issued under this subchapter; and

30 (3) each person described by Section 11A.153 or
31 Section 21.0032 for whom the commissioner has received

1 information from a public charter district.

2 SECTION 2J.02. Section 21.041(c), Education Code, is
3 amended to read as follows:

4 (c) The commissioner by rule [~~board~~] shall set fees
5 [~~propose a rule adopting a fee~~] for:

6 (1) the issuance and maintenance of each [~~an~~] educator
7 certificate that is adequate to cover the cost of administration
8 of this subchapter, including costs related to the operation of
9 the board and any amount necessary to cover the cost of
10 obtaining fingerprints under Section 21.0401 or conducting a
11 national criminal background review and investigation under
12 Sections 21.0032 and 22.082; and

13 (2) the cost of obtaining fingerprints from or
14 conducting a national criminal background review of a holder of
15 a teaching permit issued under this subchapter.

16 SECTION 2J.03. Section 22.082, Education Code, is amended
17 to read as follows:

18 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
19 EDUCATION AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~]. (a)
20 The agency [~~State Board for Educator Certification~~] shall obtain
21 from any law enforcement or criminal justice agency all state
22 and national criminal history record information that relates
23 to:

24 (1) an applicant for or holder of a certificate or
25 permit issued under Subchapter B, Chapter 21; or

26 (2) a person described by Section 11A.153 or 21.0032.

27 (b) The Educators' Professional Practices Board may obtain
28 from any law enforcement or criminal justice agency all criminal
29 history record information that relates to a holder of a
30 certificate issued under Subchapter B, Chapter 21.

31 (c) The agency shall require each applicant, holder, and

1 person described by Subsection (a)(2) to pay any costs to the
2 agency related to obtaining criminal history record information
3 related to the person under this section.

4 SECTION 2J.04. Section 22.083(d), Education Code, is
5 amended to read as follows:

6 (d) The superintendent of a district or the director of a
7 public charter district [~~an open-enrollment charter school~~],
8 private school, regional education service center, or shared
9 services arrangement shall promptly notify the Educators'
10 Professional Practices [State] Board [~~for Educator~~
11 ~~Certification~~] in writing if the person obtains or has knowledge
12 of information showing that an applicant for or holder of a
13 certificate issued under Subchapter B, Chapter 21, has a
14 reported criminal history. The board shall notify the
15 commissioner of the reported criminal history.

16 SECTION 2J.05. Sections 22.085 and 22.086, Education Code,
17 are amended to read as follows:

18 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.

19 A school district, public charter district [~~open-enrollment~~
20 ~~charter school~~], private school, regional education service
21 center, or shared services arrangement may discharge an employee
22 if the district or school obtains information of the employee's
23 conviction of a felony or of a misdemeanor involving moral
24 turpitude that the employee did not disclose to the agency
25 [~~State Board for Educator Certification~~] or the district,
26 school, service center, or shared services arrangement. An
27 employee discharged under this section is considered to have
28 been discharged for misconduct for purposes of Section 207.044,
29 Labor Code.

30 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency,
31 the Educators' Professional Practices [State] Board [~~for~~

1 ~~Educator Certification~~], a school district, a public charter
2 district [~~an open-enrollment charter school~~], a private school,
3 a regional education service center, a shared services
4 arrangement, or an employee of the agency, board, district,
5 school, service center, or shared services arrangement is not
6 civilly or criminally liable for making a report required under
7 this subchapter.

8 SECTION 2J.06. Section 411.090, Government Code, is amended
9 to read as follows:

10 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION
11 AND FINGERPRINTS: STATE EDUCATIONAL AUTHORITIES [~~BOARD FOR~~
12 ~~EDUCATOR CERTIFICATION~~]. (a) The Texas Education Agency [~~State~~
13 ~~Board for Educator Certification~~] is entitled to obtain from the
14 department any criminal history record information maintained by
15 the department about:

16 (1) a person who has applied or expressed to the
17 commissioner an intention to apply [~~board~~] for a certificate or
18 permit or holds a certificate or permit under Subchapter B,
19 Chapter 21, Education Code; or

20 (2) a person described by Section 11A.153 or 21.0032,
21 Education Code.

22 (b) Criminal history record information obtained by the
23 agency [~~board~~] under Subsection (a):

24 (1) may be used for any purpose related to the
25 issuance or [~~]~~ denial [~~, suspension, or cancellation~~] of a
26 certificate issued under Subchapter B, Chapter 21, Education
27 Code, or for any purpose authorized by Section 11A.153 or
28 21.0032, Education Code [~~by the board~~];

29 (2) may be provided to the Educators' Professional
30 Practices Board to be used for any purpose related to the
31 suspension or revocation of a certificate issued under

1 Subchapter B, Chapter 21, Education Code;

2 (3) may not be released to any other person except on
3 court order or with the consent of the subject of the criminal
4 history record information [applicant for a certificate]; and

5 (4) [~~3~~] shall be destroyed by the agency [board]
6 after the information is used for the authorized purposes.

7 (c) The Texas Education Agency may keep on file with the
8 department all fingerprints obtained by the agency under Section
9 21.0401, Education Code. The department shall notify the agency
10 of the arrest of any person who has fingerprints on file with
11 the department pursuant to that section.

12 (d) On receipt of notice from the department of an arrest
13 of a person described by Section 11A.153 or 21.0032, Education
14 Code, the Texas Education Agency shall notify the public charter
15 district affected.

16 PART K. SAFETY OR LAP BELTS IN SCHOOL BUSES

17 SECTION 2K.01. Chapter 34, Education Code, is amended by
18 adding Section 34.012 to read as follows:

19 Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) A
20 person may offer to donate safety or lap belts or money for the
21 purchase of safety or lap belts for a school district's school
22 buses.

23 (b) The board of trustees of a school district shall
24 consider any offer made by a person under Subsection (a). The
25 board of trustees may accept or decline the offer after adequate
26 consideration.

27 (c) The board of trustees may acknowledge a person who
28 donates safety or lap belts or money for the purchase of safety
29 or lap belts for a school bus under this section by displaying a
30 small, discreet sign on the side or back of the bus recognizing
31 the person who made the donation. The sign may not serve as an

1 advertisement for the person who made the donation.

2 ARTICLE 3. CONFORMING AMENDMENTS

3 SECTION 3.01. Section 7.024(a), Education Code, is amended
4 to read as follows:

5 (a) The investment capital fund consists of money
6 transferred to the fund as provided by Section 42.152(e)(4)
7 [~~42.152(1)~~]. The agency shall administer the fund. The
8 purposes of this fund are to assist eligible public schools to
9 implement practices and procedures consistent with deregulation
10 and school restructuring in order to improve student achievement
11 and to help schools identify and train parents and community
12 leaders who will hold the school and the school district
13 accountable for achieving high academic standards.

14 SECTION 3.02. Section 7.055(b)(34), Education Code, is
15 amended to read as follows:

16 (34) The commissioner shall perform duties in
17 connection with equalization actions [~~the equalized wealth~~
18 ~~level~~] under Chapter 41.

19 SECTION 3.03. Section 11.158(a), Education Code, is amended
20 to read as follows:

21 (a) The board of trustees of an independent school district
22 may require payment of:

23 (1) a fee for materials used in any program in which
24 the resultant product in excess of minimum requirements becomes,
25 at the student's option, the personal property of the student,
26 if the fee does not exceed the cost of materials;

27 (2) membership dues in student organizations or clubs
28 and admission fees or charges for attending extracurricular
29 activities, if membership or attendance is voluntary;

30 (3) a security deposit for the return of materials,
31 supplies, or equipment;

1 (4) a fee for personal physical education and athletic
2 equipment and apparel, although any student may provide the
3 student's own equipment or apparel if it meets reasonable
4 requirements and standards relating to health and safety
5 established by the board;

6 (5) a fee for items of personal use or products that a
7 student may purchase at the student's option, such as student
8 publications, class rings, annuals, and graduation
9 announcements;

10 (6) a fee specifically permitted by any other statute;

11 (7) a fee for an authorized voluntary student health
12 and accident benefit plan;

13 (8) a reasonable fee, not to exceed the actual annual
14 maintenance cost, for the use of musical instruments and
15 uniforms owned or rented by the district;

16 (9) a fee for items of personal apparel that become
17 the property of the student and that are used in extracurricular
18 activities;

19 (10) a parking fee or a fee for an identification
20 card;

21 (11) a fee for a driver training course, not to exceed
22 the actual district cost per student in the program for the
23 current school year;

24 (12) a fee for a course offered for credit that
25 requires the use of facilities not available on the school
26 premises or the employment of an educator who is not part of the
27 school's regular staff, if participation in the course is at the
28 student's option;

29 (13) a fee for a course offered during summer school,
30 except that the board may charge a fee for a course required for
31 graduation only if the course is also offered without a fee

1 during the regular school year;

2 (14) a reasonable fee for transportation of a student
3 who lives within two miles of the school the student attends to
4 and from that school[, ~~except that the board may not charge a~~
5 ~~fee for transportation for which the school district receives~~
6 ~~funds under Section 42.155(d)~~]; or

7 (15) a reasonable fee, not to exceed \$50, for costs
8 associated with an educational program offered outside of
9 regular school hours through which a student who was absent from
10 class receives instruction voluntarily for the purpose of making
11 up the missed instruction and meeting the level of attendance
12 required under Section 25.092.

13 SECTION 3.04. Section 12.013(b), Education Code, is amended
14 to read as follows:

15 (b) A home-rule school district is subject to:

16 (1) a provision of this title establishing a criminal
17 offense;

18 (2) a provision of this title relating to limitations
19 on liability; and

20 (3) a prohibition, restriction, or requirement, as
21 applicable, imposed by this title or a rule adopted under this
22 title, relating to:

23 (A) the Public Education Information Management
24 System (PEIMS) to the extent necessary to monitor compliance
25 with this subchapter as determined by the commissioner;

26 (B) educator certification under Chapter 21 and
27 educator rights under Sections 21.407, 21.408, and 22.001;

28 (C) criminal history records under Subchapter C,
29 Chapter 22;

30 (D) student admissions under Section 25.001;

31 (E) school attendance under Sections 25.085,

1 25.086, and 25.087;

2 (F) inter-district or inter-county transfers of
3 students under Subchapter B, Chapter 25;

4 (G) elementary class size limits under Section
5 25.112, in the case of any campus in the district that is
6 considered academically unacceptable [~~low-performing~~] under
7 Section 39.132;

8 (H) high school graduation under Section 28.025;

9 (I) special education programs under Subchapter
10 A, Chapter 29;

11 (J) bilingual education under Subchapter B,
12 Chapter 29;

13 (K) prekindergarten programs under Subchapter E,
14 Chapter 29;

15 (L) safety provisions relating to the
16 transportation of students under Sections 34.002, 34.003,
17 34.004, and 34.008;

18 (M) computation and distribution of state aid
19 under Chapters 31, 42, and 43;

20 (N) extracurricular activities under Section
21 33.081;

22 (O) health and safety under Chapter 38;

23 (P) public school accountability under
24 Subchapters B, C, D, and G, Chapter 39;

25 (Q) equalization [~~equalized wealth~~] under Section
26 42.401 [~~Chapter 41~~];

27 (R) a bond or other obligation or tax rate under
28 Chapters 42, 43, and 45; and

29 (S) purchasing under Chapter 44.

30 SECTION 3.05. Section 13.054(f), Education Code, is amended
31 to read as follows:

1 (f) For five years beginning with the school year in which
2 the annexation occurs, the commissioner shall annually adjust
3 the local share [~~fund assignment~~] of a district to which
4 territory is annexed under this section by multiplying the
5 enlarged district's local share [~~fund assignment~~] computed under
6 Section 42.306 [~~42.252~~] by a fraction, the numerator of which is
7 the number of students residing in the district preceding the
8 date of the annexation and the denominator of which is the
9 number of students residing in the district as enlarged on the
10 date of the annexation.

11 SECTION 3.06. Sections 13.282(a) and (b), Education Code,
12 are amended to read as follows:

13 (a) The amount of incentive aid payments may not exceed the
14 difference between:

15 (1) the sum of the entitlements computed under Section
16 42.313 [~~42.253~~] that would have been paid to the districts
17 included in the reorganized district if the districts had not
18 been consolidated; and

19 (2) the amount to which the reorganized district is
20 entitled under Section 42.313 [~~42.253~~].

21 (b) If the reorganized district is not eligible for an
22 entitlement under Section 42.313 [~~42.253~~], the amount of the
23 incentive aid payments may not exceed the sum of the
24 entitlements computed under Section 42.313 [~~42.253~~] for which
25 the districts included in the reorganized district were eligible
26 in the school year when they were consolidated.

27 SECTION 3.07. Section 21.410(h), Education Code, is amended
28 to read as follows:

29 (h) A grant a school district receives under this section
30 is in addition to any funding the district receives under
31 Chapter 42. The commissioner shall distribute funds under this

1 section with the Foundation School Program payment to which the
2 district is entitled as soon as practicable after the end of the
3 school year as determined by the commissioner. A district to
4 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
5 grants paid under this section. The commissioner shall
6 determine the timing of the distribution of grants to a district
7 that does not receive Foundation School Program payments.

8 SECTION 3.08. Section 21.411(h), Education Code, is amended
9 to read as follows:

10 (h) A grant a school district receives under this section
11 is in addition to any funding the district receives under
12 Chapter 42. The commissioner shall distribute funds under this
13 section with the Foundation School Program payment to which the
14 district is entitled as soon as practicable after the end of the
15 school year as determined by the commissioner. A district to
16 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
17 grants paid under this section. The commissioner shall
18 determine the timing of the distribution of grants to a district
19 that does not receive Foundation School Program payments.

20 SECTION 3.09. Section 21.412(h), Education Code, is amended
21 to read as follows:

22 (h) A grant a school district receives under this section
23 is in addition to any funding the district receives under
24 Chapter 42. The commissioner shall distribute funds under this
25 section with the Foundation School Program payment to which the
26 district is entitled as soon as practicable after the end of the
27 school year as determined by the commissioner. A district to
28 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
29 grants paid under this section. The commissioner shall
30 determine the timing of the distribution of grants to a district
31 that does not receive Foundation School Program payments.

1 SECTION 3.10. Section 21.414(h), Education Code, as
2 renumbered by Section 23.001(12), H.B. No. 2018, Acts of the
3 79th Legislature, Regular Session, 2005, is amended to read as
4 follows:

5 (h) A grant a school district receives under this section
6 is in addition to any funding the district receives under
7 Chapter 42. The commissioner shall distribute funds under this
8 section with the Foundation School Program payment to which the
9 district is entitled as soon as practicable after the end of the
10 school year as determined by the commissioner. A district to
11 which Section 42.401 [~~Chapter 41~~] applies is entitled to the
12 grants paid under this section. The commissioner shall
13 determine the timing of the distribution of grants to a district
14 that does not receive Foundation School Program payments.

15 SECTION 3.11. Section 21.453(b), Education Code, is amended
16 to read as follows:

17 (b) The commissioner may allocate funds from the account to
18 regional education service centers to provide staff development
19 resources to school districts that:

20 (1) are rated academically unacceptable;

21 (2) have one or more campuses rated academically
22 unacceptable [~~as low performing~~]; or

23 (3) are otherwise in need of assistance as indicated
24 by the academic performance of students, as determined by the
25 commissioner.

26 SECTION 3.12. Section 22.004(c), Education Code, as amended
27 by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th
28 Legislature, Regular Session, 2005, is amended to read as
29 follows:

30 (c) The cost of the coverage provided under the program
31 described by Subsection (a) shall be paid by the state, the

1 district, and the employees in the manner provided by Subchapter
2 F, Chapter 1579, Insurance Code. The cost of coverage provided
3 under a plan adopted under Subsection (b) shall be shared by the
4 employees and the district using the contributions by the state
5 described by Subchapter F, Chapter 1579, Insurance Code~~, or~~
6 ~~Subchapter D~~].

7 SECTION 3.13. Section 29.008(b), Education Code, is amended
8 to read as follows:

9 (b) Except as provided by Subsection (c), costs of an
10 approved contract for residential placement may be paid from a
11 combination of federal, state, and local funds. The local share
12 of the total contract cost for each student is that portion of
13 the local tax effort that exceeds the district's local share
14 [~~fund assignment~~] under Section 42.306 [~~42.252~~], divided by the
15 average daily attendance in the district. If the contract
16 involves a private facility, the state share of the total
17 contract cost is that amount remaining after subtracting the
18 local share. If the contract involves a public facility, the
19 state share is that amount remaining after subtracting the local
20 share from the portion of the contract that involves the costs
21 of instructional and related services. For purposes of this
22 subsection, "local tax effort" means the total amount of money
23 generated by taxes imposed for debt service and maintenance and
24 operation less any amounts paid into a tax increment fund under
25 Chapter 311, Tax Code.

26 SECTION 3.14. Section 29.014(d), Education Code, is amended
27 to read as follows:

28 (d) The accreditation [~~basic~~] allotment for a student
29 enrolled in a district to which this section applies is adjusted
30 by:

31 (1) the cost of education adjustment under Section

1 42.301 [~~42.102~~] for the school district in which the district is
2 geographically located; and

3 (2) any other appropriate factor adopted by the
4 commissioner [~~the weight for a homebound student under Section~~
5 ~~42.151(a)~~].

6 SECTION 3.15. Section 29.087(j), Education Code, is amended
7 to read as follows:

8 (j) For purposes of funding under Chapters [41,] 42[7] and
9 46, a student attending a program authorized by this section may
10 be counted in attendance only for the actual number of hours
11 each school day the student attends the program, in accordance
12 with Sections 25.081 and 25.082.

13 SECTION 3.16. Section 29.161(a), Education Code, as added
14 by S.B. No. 23, Acts of the 79th Legislature, Regular Session,
15 2005, is amended to read as follows:

16 (a) The State Center for Early Childhood Development, in
17 conjunction with the P-16 Council established under Section
18 61.076 [~~61.077~~], shall develop and adopt a school readiness
19 certification system for use in certifying the effectiveness of
20 prekindergarten programs, Head Start and Early Head Start
21 programs, government-subsidized child-care programs provided by
22 nonprofit or for-profit entities, government-subsidized faith-
23 based child-care programs, and other government-subsidized
24 child-care programs in preparing children for kindergarten. The
25 system shall be made available on a voluntary basis to program
26 providers seeking to obtain certification as evidence of the
27 quality of the program provided.

28 SECTION 3.17. Section 29.202(a), Education Code, is amended
29 to read as follows:

30 (a) A student is eligible to receive a public education
31 grant or to attend another public school in the district in

1 which the student resides under this subchapter if the student
2 is assigned to attend a public school campus:

3 (1) at which 50 percent or more of the students did
4 not perform satisfactorily on an assessment instrument
5 administered under Section 39.023(a) or (c) in any two of the
6 preceding three years; or

7 (2) that was, at any time in the preceding three
8 years, considered academically unacceptable [~~low-performing~~]
9 under Section 39.132.

10 SECTION 3.18. Section 29.203(b), Education Code, is amended
11 to read as follows:

12 (b) A school district is entitled to the allotment provided
13 by Section 42.155 [~~42.157~~] for each eligible student using a
14 public education grant. [~~If the district has a wealth per
15 student greater than the guaranteed wealth level but less than
16 the equalized wealth level, a school district is entitled under
17 rules adopted by the commissioner to additional state aid in an
18 amount equal to the difference between the cost to the district
19 of providing services to a student using a public education
20 grant and the sum of the state aid received because of the
21 allotment under Section 42.157 and money from the available
22 school fund attributable to the student.]~~]

23 SECTION 3.19. Section 33.002(a), Education Code, is amended
24 to read as follows:

25 (a) This section applies only to a school district that
26 receives funds as provided by Section 42.152(e)(3) [~~42.152(i)~~].

27 SECTION 3.20. Section 34.002(c), Education Code, is amended
28 to read as follows:

29 (c) A school district that fails or refuses to meet the
30 safety standards for school buses established under this section
31 is ineligible to share in the transportation allotment under

1 Subchapter D, Chapter 42, [Section 42.155] until the first
2 anniversary of the date the district begins complying with the
3 safety standards.

4 SECTION 3.21. Section 37.0061, Education Code, is amended
5 to read as follows:

6 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
7 JUVENILE RESIDENTIAL FACILITIES. A school district that
8 provides education services to pre-adjudicated and post-
9 adjudicated students who are confined by court order in a
10 juvenile residential facility operated by a juvenile board is
11 entitled to count such students in the district's average daily
12 attendance for purposes of receipt of state funds under the
13 Foundation School Program. ~~[If the district has a wealth per
14 student greater than the guaranteed wealth level but less than
15 the equalized wealth level, the district in which the student is
16 enrolled on the date a court orders the student to be confined
17 to a juvenile residential facility shall transfer to the
18 district providing education services an amount equal to the
19 difference between the average Foundation School Program costs
20 per student of the district providing education services and the
21 sum of the state aid and the money from the available school
22 fund received by the district that is attributable to the
23 student for the portion of the school year for which the
24 district provides education services to the student.]~~

25 SECTION 3.22. Section 39.031, Education Code, is amended to
26 read as follows:

27 Sec. 39.031. COST. (a) The commissioner shall set aside
28 an appropriate amount from the Foundation School Program to pay
29 the cost of preparing, administering, or grading the assessment
30 instruments and the ~~[shall be paid from the funds allotted under~~
31 ~~Section 42.152, and each district shall bear the cost in the~~

1 ~~same manner described for a reduction in allotments under~~
2 ~~Section 42.253. If a district does not receive an allotment~~
3 ~~under Section 42.152, the commissioner shall subtract the cost~~
4 ~~from the district's other foundation school fund allotments.~~

5 [~~(b) The~~] cost of releasing the question and answer keys
6 under Section 39.023(e) [~~shall be paid from amounts appropriated~~
7 ~~to the agency~~].

8 (b) After setting aside an appropriate amount in accordance
9 with this section, the commissioner shall reduce each district's
10 tier one allotments proportionately. A reduction in tier one
11 allotments under this subsection does not affect the computation
12 of the guaranteed amount of revenue per student per cent of tax
13 effort under Section 42.252.

14 (c) Any amount set aside under this section must be
15 approved by the Legislative Budget Board and the governor's
16 office of budget, planning, and policy.

17 SECTION 3.23. Section 43.002(b), Education Code, is amended
18 to read as follows:

19 (b) Of the amounts available for transfer from the general
20 revenue fund to the available school fund for the months of
21 January and February of each fiscal year, no more than the
22 amount necessary to enable the comptroller to distribute from
23 the available school fund an amount equal to 9-1/2 percent of
24 the estimated annual available school fund apportionment to
25 category 1 school districts, as defined by Section 42.316
26 [~~42.259~~], and 3-1/2 percent of the estimated annual available
27 school fund apportionment to category 2 school districts, as
28 defined by Section 42.316 [~~42.259~~], may be transferred from the
29 general revenue fund to the available school fund. Any
30 remaining amount that would otherwise be available for transfer
31 for the months of January and February shall be transferred from

1 the general revenue fund to the available school fund in equal
2 amounts in June and in August of the same fiscal year.

3 SECTION 3.24. Section 44.004, Education Code, is amended by
4 amending Subsections (b), (e), and (i) and adding Subsections
5 (b-1) and (b-2) to read as follows:

6 (b) Except as provided by Subsection (b-2), the [The]
7 president shall provide for the publication of notice of the
8 budget and proposed tax rate meeting in a daily, weekly, or
9 biweekly newspaper published in the district. If no daily,
10 weekly, or biweekly newspaper is published in the district, the
11 president shall provide for the publication of notice in at
12 least one newspaper of general circulation in the county in
13 which the district's central administrative office is located.
14 Notice under this subsection shall be published not earlier than
15 the 30th day or later than the 10th day before the date of the
16 hearing.

17 (b-1) The notice of the public meeting to discuss and adopt
18 the budget and the proposed tax rate may not be smaller than
19 one-quarter page of a standard-size or a tabloid-size newspaper,
20 and the headline on the notice must be in 18-point or larger
21 type.

22 (b-2) Instead of publishing notice in the manner prescribed
23 by Subsection (b), a school district may publish the required
24 notice on its Internet website not earlier than the 30th day or
25 later than the 10th day before the date of the hearing. A
26 school district that publishes notice under this subsection must
27 have a link on its Internet website that is clearly identified
28 as the link to the public notice for the budget and proposed tax
29 rate meeting.

30 (e) A person who owns taxable property in a school district
31 is entitled to an injunction restraining the collection of taxes

1 by the district if the district has not complied with the
2 requirements of Subsections (b), (b-1), and (b-2)~~[, (e),]~~ and
3 ~~[(d), and]~~, if applicable, Subsection (i), and the failure to
4 comply was not in good faith. An action to enjoin the
5 collection of taxes must be filed before the date the school
6 district delivers substantially all of its tax bills.

7 (i) A school district that uses a certified estimate, as
8 authorized by Subsection (h), may adopt a budget at the public
9 meeting designated in the notice prepared using the estimate,
10 but the district may not adopt a tax rate before the district
11 receives the certified appraisal roll for the district required
12 by Section 26.01(a), Tax Code. After receipt of the certified
13 appraisal roll, the district must publish a revised notice and
14 hold another public meeting before the district may adopt a tax
15 rate that exceeds:

16 (1) the rate proposed in the notice prepared using the
17 estimate; or

18 (2) the district's rollback rate determined under
19 Section 26.08, Tax Code, if applicable, using the certified
20 appraisal roll.

21 SECTION 3.25. Section 46.003(a), Education Code, is amended
22 to read as follows:

23 (a) For each year, except as provided by Sections 46.005
24 and 46.006, a school district is guaranteed a specified amount
25 per student in state and local funds for each cent of tax
26 effort, up to the maximum rate under Subsection (b), to pay the
27 principal of and interest on eligible bonds issued to construct,
28 acquire, renovate, or improve an instructional facility. The
29 amount of state support is determined by the formula:

30
$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

31 where:

1 "FYA" is the guaranteed facilities yield amount of state
2 funds allocated to the district for the year;

3 "FYL" is the dollar amount guaranteed level of state and
4 local funds per student per cent of tax effort, which is \$35 or
5 a greater amount for any year provided by appropriation;

6 "ADA" is the greater of the number of students in average
7 daily attendance, as determined under Section 42.005, in the
8 district or 400;

9 "BTR" is the district's bond tax rate for the current year,
10 which is determined by dividing the amount budgeted by the
11 district for payment of eligible bonds by the quotient of the
12 district's taxable value of property as determined under
13 Subchapter M, Chapter 403, Government Code, [~~or, if applicable,~~
14 ~~Section 42.2521,~~] divided by 100; and

15 "DPV" is the district's taxable value of property as
16 determined under Subchapter M, Chapter 403, Government Code[~~,~~
17 ~~or, if applicable, Section 42.2521~~].

18 SECTION 3.26. Section 46.006(g), Education Code, is amended
19 to read as follows:

20 (g) In this section, "wealth per student" means a school
21 district's taxable value of property as determined under
22 Subchapter M, Chapter 403, Government Code, [~~or, if applicable,~~
23 ~~Section 42.2521,~~] divided by the district's average daily
24 attendance as determined under Section 42.005.

25 SECTION 3.27. Sections 46.009(b), (e), and (f), Education
26 Code, are amended to read as follows:

27 (b) If the amount appropriated for purposes of this
28 subchapter for a year is less than the total amount determined
29 under Subsection (a) for that year, the commissioner shall:

30 (1) transfer from the Foundation School Program to the
31 instructional facilities program the amount by which the total

1 amount determined under Subsection (a) exceeds the amount
2 appropriated; and

3 (2) reduce each district's Texas education [~~foundation~~
4 ~~school~~] fund allocations in the manner provided by Section
5 42.313(f) [~~42.253(h)~~].

6 (e) Section 42.317 [~~42.258~~] applies to payments under this
7 subchapter.

8 (f) If a school district would have received a greater
9 amount under this subchapter for the applicable school year
10 using the adjusted value determined under Section 42.309
11 [~~42.257~~], the commissioner shall add the difference between the
12 adjusted value and the amount the district received under this
13 subchapter to subsequent distributions to the district under
14 this subchapter.

15 SECTION 3.28. Section 46.013, Education Code, is amended to
16 read as follows:

17 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
18 district is not entitled to state assistance under this
19 subchapter based on taxes with respect to which the district
20 receives state assistance under Subchapter G [~~F~~], Chapter 42.

21 SECTION 3.29. Section 46.032(a), Education Code, is amended
22 to read as follows:

23 (a) Each school district is guaranteed a specified amount
24 per student in state and local funds for each cent of tax effort
25 to pay the principal of and interest on eligible bonds. The
26 amount of state support, subject only to the maximum amount
27 under Section 46.034, is determined by the formula:

28
$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

29 where:

30 "EDA" is the amount of state funds to be allocated to the
31 district for assistance with existing debt;

1 "EDGL" is the dollar amount guaranteed level of state and
2 local funds per student per cent of tax effort, which is \$35 or
3 a greater amount for any year provided by appropriation;

4 "ADA" is the number of students in average daily attendance,
5 as determined under Section 42.005, in the district;

6 "EDTR" is the existing debt tax rate of the district, which
7 is determined by dividing the amount budgeted by the district
8 for payment of eligible bonds by the quotient of the district's
9 taxable value of property as determined under Subchapter M,
10 Chapter 403, Government Code, [~~or, if applicable, under Section~~
11 ~~42.2521,~~] divided by 100; and

12 "DPV" is the district's taxable value of property as
13 determined under Subchapter M, Chapter 403, Government Code[~~or,~~
14 ~~if applicable, under Section 42.2521~~].

15 SECTION 3.30. Section 46.037, Education Code, is amended to
16 read as follows:

17 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
18 district is not entitled to state assistance under this
19 subchapter based on taxes with respect to which the district
20 receives state assistance under Subchapter G [~~F~~], Chapter 42.

21 SECTION 3.31. Section 56.208, Education Code, is amended to
22 read as follows:

23 Sec. 56.208. FUNDING. (a) The Early High School
24 Graduation Scholarship program is financed under the Foundation
25 School Program. [~~Funding for the state tuition credits is not~~
26 ~~subject to the provisions of Sections 42.253(e) through (k).~~]

27 (b) The commissioner of education shall reduce the total
28 annual amount of Texas education [~~foundation school~~] fund
29 payments made to a school district by an amount equal to $F \times A$,
30 where:

31 (1) "F" is the lesser of one or the quotient of the

1 district's local share for the preceding school year under
2 Section 42.306 [~~42.252~~] divided by the tier one allotment under
3 Section 42.304 [~~amount of money to which the district was~~
4 ~~entitled under Subchapters B and C, Chapter 42,~~] for the
5 preceding school year; and

6 (2) "A" is the amount of state tuition credits under
7 this subchapter applied by institutions of higher education on
8 behalf of eligible persons who graduated from the district that
9 has not been used to compute a previous reduction under this
10 subsection.

11 (c) A school district that does not receive Texas education
12 [~~foundation school~~] fund payments during a year in which the
13 commissioner would otherwise withhold money from the district
14 under Subsection (b) shall remit an amount equal to the amount
15 that would be withheld under Subsection (b) to the comptroller
16 for deposit to the credit of the Texas education [~~foundation~~
17 ~~school~~] fund.

18 SECTION 3.32. Section 105.301(e), Education Code, is
19 amended to read as follows:

20 (e) The academy is not subject to the provisions of this
21 code, or to the rules of the Texas Education Agency, regulating
22 public schools, except that:

23 (1) professional employees of the academy are entitled
24 to the limited liability of an employee under Section 22.0511,
25 22.0512, or 22.052;

26 (2) a student's attendance at the academy satisfies
27 compulsory school attendance requirements; and

28 (3) for each student enrolled, the academy is entitled
29 to allotments from the foundation school program under Chapter
30 42 as if the academy were a school district without a tier one
31 local share for purposes of Section 42.306 [~~42.253~~].

1 SECTION 3.33. Section 317.005(f), Government Code, is
2 amended to read as follows:

3 (f) The governor or board may adopt an order under this
4 section withholding or transferring any portion of the total
5 amount appropriated to finance the foundation school program for
6 a fiscal year. The governor or board may not adopt such an
7 order if it would result in an allocation of money between
8 particular programs or statutory allotments under the foundation
9 school program contrary to the statutory proration formula
10 provided by Section 42.313(f) [~~42.253(h)~~], Education Code. The
11 governor or board may transfer an amount to the total amount
12 appropriated to finance the foundation school program for a
13 fiscal year and may increase the accreditation [~~basic~~]
14 allotment. The governor or board may adjust allocations of
15 amounts between particular programs or statutory allotments
16 under the foundation school program only for the purpose of
17 conforming the allocations to actual pupil enrollments or
18 attendance.

19 SECTION 3.34. Section 403.093(d), Government Code, is
20 amended to read as follows:

21 (d) The comptroller shall transfer from the general revenue
22 fund to the Texas education [~~foundation school~~] fund an amount
23 of money necessary to fund the foundation school program as
24 provided by Chapter 42, Education Code. The comptroller shall
25 make the transfers in installments as necessary to comply with
26 Section 42.316 [~~42.259~~], Education Code. An installment must be
27 made not earlier than two days before the date an installment to
28 school districts is required by Section 42.316 [~~42.259~~],
29 Education Code, and must not exceed the amount necessary for
30 that payment.

31 SECTION 3.35. Section 403.302(k), Government Code, is

1 amended to read as follows:

2 (k) For purposes of Section 42.308 [~~42.2522~~], Education
3 Code, the comptroller shall certify to the commissioner of
4 education:

5 (1) a final value for each school district computed
6 without any deduction for residence homestead exemptions granted
7 under Section 11.13(n), Tax Code; and

8 (2) a final value for each school district computed
9 after deducting one-half the total dollar amount of residence
10 homestead exemptions granted under Section 11.13(n), Tax Code.

11 SECTION 3.36. Section 404.121(1), Government Code, is
12 amended to read as follows:

13 (1) "Cash flow deficit" for any period means the
14 excess, if any, of expenditures paid and transfers made from the
15 general revenue fund in the period, including payments provided
16 by Section 42.316 [~~42.259~~], Education Code, over taxes and other
17 revenues deposited to the fund in the period, other than
18 revenues deposited pursuant to Section 403.092, that are legally
19 available for the expenditures and transfers.

20 SECTION 3.37. Section 466.355(c), Government Code, is
21 amended to read as follows:

22 (c) Each August the comptroller shall:

23 (1) estimate the amount to be transferred to the Texas
24 education [~~foundation school~~] fund on or before September 15;
25 and

26 (2) notwithstanding Subsection (b)(4), transfer the
27 amount estimated in Subdivision (1) to the Texas education
28 [~~foundation school~~] fund before August 25 [~~installment payments~~
29 ~~are made under Section 42.259, Education Code~~].

30 SECTION 3.38. Section 822.201(c), Government Code, as
31 amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th

1 Legislature, Regular Session, 2005, is amended to read as
2 follows:

3 (c) Excluded from salary and wages are:

4 (1) expense payments;

5 (2) allowances;

6 (3) payments for unused vacation or sick leave;

7 (4) maintenance or other nonmonetary compensation;

8 (5) fringe benefits;

9 (6) deferred compensation other than as provided by
10 Subsection (b)(3);

11 (7) compensation that is not made pursuant to a valid
12 employment agreement;

13 (8) payments received by an employee in a school year
14 that exceed \$5,000 for teaching a driver education and traffic
15 safety course that is conducted outside regular classroom hours;

16 (9) the benefit replacement pay a person earns as a
17 result of a payment made under Subchapter B or C, Chapter 661;

18 (10) amounts received under the educator excellence
19 incentive program under Subchapter N, Chapter 21, Education Code
20 ~~[any amount received by an employee under Subchapter D, Chapter~~
21 ~~22, Education Code, former Article 3.50-8, Insurance Code,~~
22 ~~former Chapter 1580, Insurance Code, or Rider 9, Page III-39,~~
23 ~~Chapter 1330, Acts of the 78th Legislature, Regular Session,~~
24 ~~2003 (the General Appropriations Act)]~~; and

25 (11) any compensation not described by Subsection (b).

26 SECTION 3.39. Section 2175.304(c), Government Code, is
27 amended to read as follows:

28 (c) The procedures established under Subsection (b) must
29 give preference to transferring the property directly to a
30 public school or school district or to an assistance
31 organization designated by the school district before disposing

1 of the property in another manner. If more than one public
2 school or school district or assistance organization seeks to
3 acquire the same property on substantially the same terms, the
4 system, institution, or agency shall give preference to a public
5 school that is considered academically unacceptable under
6 Section 39.132, Education Code, [low performing by the
7 commissioner of education] or to a school district that has a
8 relatively low [taxable] wealth per student, as determined by
9 the commissioner of education [that entitles the district to an
10 allotment of state funds under Subchapter F, Chapter 42,
11 Education Code], or to the assistance organization designated by
12 such a school district.

13 SECTION 3.40. Section 1579.251, Insurance Code, is amended
14 by amending Subsection (a) and adding Subsection (c) to read as
15 follows:

16 (a) The state shall assist employees of participating
17 school districts and charter schools in the purchase of group
18 health coverage under this chapter by providing for each covered
19 employee the amount of \$900 each state fiscal year or a greater
20 amount as provided by the General Appropriations Act. The state
21 contribution shall be distributed through the school finance
22 formulas under Chapters 41 and 42, Education Code, and used by
23 school districts and charter schools to pay contributions under
24 a group health coverage plan for employees [as provided by
25 Sections 42.2514 and 42.260, Education Code].

26 (c) A school district or charter school that does not
27 participate in the program is entitled to state assistance
28 computed and distributed as provided by Subsection (a). State
29 funds received under this subsection must be used to pay for
30 employee health coverage.

31 SECTION 3.41. Section 1581.702, Insurance Code, as amended

1 by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th
2 Legislature, Regular Session, 2005, is amended to read as
3 follows:

4 Sec. 1581.702. ADDITIONAL SUPPORT. The state shall provide
5 additional support for a school district to which this section
6 applies in an amount computed by multiplying the total amount of
7 supplemental compensation that district employees would have
8 received [~~by district employees~~] under Chapter 1580, as it
9 existed on January 1, 2005 [~~Subchapter D, Chapter 22, Education~~
10 ~~Code~~], by 0.062.

11 SECTION 3.42. Section 302.006(c), Labor Code, is amended to
12 read as follows:

13 (c) To be eligible to receive a scholarship awarded under
14 this section, a person must:

15 (1) be employed in a child-care facility, as defined
16 by Section 42.002, Human Resources Code;

17 (2) intend to obtain a credential, certificate, or
18 degree specified in Subsection (b);

19 (3) agree to work for at least 18 additional months in
20 a child-care facility, as defined by Section 42.002, Human
21 Resources Code, that accepts federal Child Care Development Fund
22 subsidies and that, at the time the person begins to fulfill the
23 work requirement imposed by this subdivision, is located:

24 (A) within the attendance zone of a public school
25 campus considered academically unacceptable [~~low-performing~~]
26 under Section 39.132, Education Code; or

27 (B) in an economically disadvantaged community,
28 as determined by the commission; and

29 (4) satisfy any other requirements adopted by the
30 commission.

31 SECTION 3.43. Section 6.02(b), Tax Code, is amended to read

1 as follows:

2 (b) A taxing unit that has boundaries extending into two or
3 more counties may choose to participate in only one of the
4 appraisal districts. In that event, the boundaries of the
5 district chosen extend outside the county to the extent of the
6 unit's boundaries. To be effective, the choice must be approved
7 by resolution of the board of directors of the district chosen.

8 ~~[The choice of a school district to participate in a single~~
9 ~~appraisal district does not apply to property annexed to the~~
10 ~~school district under Subchapter C or G, Chapter 41, Education~~
11 ~~Code, unless:~~

12 ~~[(1) the school district taxes property other than~~
13 ~~property annexed to the district under Subchapter C or G,~~
14 ~~Chapter 41, Education Code, in the same county as the annexed~~
15 ~~property; or~~

16 ~~[(2) the annexed property is contiguous to property in~~
17 ~~the school district other than property annexed to the district~~
18 ~~under Subchapter C or G, Chapter 41, Education Code.]~~

19 SECTION 3.44. Section 21.02(a), Tax Code, is amended to
20 read as follows:

21 (a) Except as provided by ~~[Subsection (b) and]~~ Sections
22 21.021, 21.04, and 21.05, tangible personal property is taxable
23 by a taxing unit if:

24 (1) it is located in the unit on January 1 for more
25 than a temporary period;

26 (2) it normally is located in the unit, even though it
27 is outside the unit on January 1, if it is outside the unit only
28 temporarily;

29 (3) it normally is returned to the unit between uses
30 elsewhere and is not located in any one place for more than a
31 temporary period; or

1 (4) the owner resides (for property not used for
2 business purposes) or maintains the owner's [~~his~~] principal
3 place of business in this state (for property used for business
4 purposes) in the unit and the property is taxable in this state
5 but does not have a taxable situs pursuant to Subdivisions (1)
6 through (3) [~~of this section~~].

7 SECTION 3.45. Section 313.029, Tax Code, is amended to read
8 as follows:

9 Sec. 313.029. TAX RATE LIMITATION. If the governing body
10 of a school district grants an application for a limitation on
11 appraised value under this subchapter, for each of the first two
12 tax years that begins after the date the application is
13 approved, the governing body of the school district may not
14 adopt a tax rate that exceeds the school district's rollback tax
15 rate under Section 26.08, if applicable, for that year. If, in
16 any tax year in which a restriction on the school district's tax
17 rate under this section is in effect, the governing body
18 approves a subsequent application for a limitation on appraised
19 value under this section, the restriction on the school
20 district's tax rate is extended until the first tax year that
21 begins after the second anniversary of the date the subsequent
22 application is approved.

23 ARTICLE 4. CHARTER SCHOOLS

24 SECTION 4.01. (a) Effective August 1, 2006, Subchapter D,
25 Chapter 12, Education Code, is repealed.

26 (b) Except as provided by Section 11A.1041, Education Code,
27 as added by this Act, each open-enrollment charter school
28 operating or holding a charter to operate on August 1, 2006,
29 shall be dissolved in accordance with Subchapter J, Chapter 11A,
30 Education Code, as added by this Act.

31 SECTION 4.02. Subtitle C, Title 2, Education Code, is

1 amended by adding Chapter 11A to read as follows:

2 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

3 SUBCHAPTER A. GENERAL PROVISIONS

4 Sec. 11A.001. DEFINITIONS. In this chapter:

5 (1) "Charter holder" means the entity to which a
6 charter is granted under this chapter.

7 (2) "Governing body of a charter holder" means the
8 board of directors, board of trustees, or other governing body
9 of a charter holder.

10 (3) "Governing body of a public charter district"
11 means the board of directors, board of trustees, or other
12 governing body of a public charter district. The term includes
13 the governing body of a charter holder if that body acts as the
14 governing body of the public charter district.

15 (4) "Management company" means a person, other than a
16 charter holder, who provides management services for a public
17 charter district.

18 (5) "Management services" means services related to
19 the management or operation of a public charter district,
20 including:

21 (A) planning, operating, supervising, and
22 evaluating the public charter district's educational programs,
23 services, and facilities;

24 (B) making recommendations to the governing body
25 of the public charter district relating to the selection of
26 school personnel;

27 (C) managing the public charter district's day-
28 to-day operations as its administrative manager;

29 (D) preparing and submitting to the governing
30 body of the public charter district a proposed budget;

31 (E) recommending policies to be adopted by the

1 governing body of the public charter district, developing
2 appropriate procedures to implement policies adopted by the
3 governing body of the public charter district, and overseeing
4 the implementation of adopted policies; and

5 (F) providing leadership for the attainment of
6 student performance at the public charter district based on the
7 indicators adopted under Section 39.051 or by the governing body
8 of the public charter district.

9 (6) "Officer of a public charter district" means:

10 (A) the principal, director, or other chief
11 operating officer of a public charter district or campus; or

12 (B) a person charged with managing the finances
13 of a public charter district.

14 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
15 chapter, the State Board of Education may grant a charter on the
16 application of an eligible entity for a public charter district
17 to operate in a facility of a commercial or nonprofit entity, an
18 eligible entity, or a school district, including a home-rule
19 school district. In this subsection, "eligible entity" means:

20 (1) an institution of higher education as defined
21 under Section 61.003;

22 (2) a private or independent institution of higher
23 education as defined under Section 61.003;

24 (3) an organization that is exempt from federal income
25 taxation under Section 501(a), Internal Revenue Code of 1986, as
26 an organization described by Section 501(c)(3) of that code; or

27 (4) a governmental entity in this state.

28 (b) The State Board of Education may grant a charter for a
29 public charter district only to an applicant that meets all
30 financial, governing, and operational standards adopted by the
31 commissioner under this chapter.

1 (c) The State Board of Education may not grant more than a
2 total of 215 charters for public charter districts.

3 (d) An educator employed by a school district before the
4 effective date of a charter for a public charter district
5 operated at a school district facility may not be transferred to
6 or employed by the public charter district over the educator's
7 objection.

8 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
9 district:

10 (1) shall provide instruction to and assess a number
11 of students at a number of elementary or secondary grade levels,
12 as provided by the charter, sufficient to permit the agency to
13 assign an accountability rating under Chapter 39;

14 (2) is governed under the governing structure required
15 by this chapter and described by the charter;

16 (3) retains authority to operate under the charter
17 contingent on satisfactory student performance as provided by
18 the charter in accordance with Section 11A.103; and

19 (4) does not have authority to impose taxes.

20 Sec. 11A.004. STATUS. A public charter district or campus
21 is part of the public school system of this state.

22 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related
23 to operation of a public charter district, a public charter
24 district is immune from liability to the same extent as a school
25 district, and its employees and volunteers are immune from
26 liability to the same extent as school district employees and
27 volunteers. Except as provided by Section 11A.154, a member of
28 the governing body of a public charter district or of a charter
29 holder is immune from liability to the same extent as a school
30 district trustee.

31 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.

1 A reference in law to an open-enrollment charter school means a
2 public charter district or public charter campus, as applicable.

3 [Sections 11A.007-11A.050 reserved for expansion]

4 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

5 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
6 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided
7 by Subsection (b) or (c), a public charter district is subject
8 to federal and state laws and rules governing public schools and
9 to municipal zoning ordinances governing public schools.

10 (b) A public charter district is subject to this code and
11 rules adopted under this code only to the extent the
12 applicability to a public charter district of a provision of
13 this code or a rule adopted under this code is specifically
14 provided.

15 (c) Notwithstanding Subsection (a), a campus of a public
16 charter district located in whole or in part in a municipality
17 with a population of 20,000 or less is not subject to a
18 municipal zoning ordinance governing public schools.

19 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public
20 charter district has the powers granted to schools under this
21 title.

22 (b) A public charter district is subject to:

23 (1) a provision of this title establishing a criminal
24 offense; and

25 (2) a prohibition, restriction, or requirement, as
26 applicable, imposed by this title or a rule adopted under this
27 title, relating to:

28 (A) the Public Education Information Management
29 System (PEIMS) under Section 7.007;

30 (B) reporting an educator's misconduct under
31 Section 21.006;

1 (C) criminal history records under Subchapter C,
2 Chapter 22;

3 (D) reading instruments and accelerated reading
4 instruction programs under Section 28.006;

5 (E) satisfactory performance on assessment
6 instruments and to accelerated instruction under Section
7 28.0211;

8 (F) intensive programs of instruction under
9 Section 28.0213;

10 (G) high school graduation under Section 28.025;

11 (H) special education programs under Subchapter
12 A, Chapter 29, including a requirement that special education
13 teachers obtain appropriate certification;

14 (I) bilingual education under Subchapter B,
15 Chapter 29, including a requirement that bilingual education
16 teachers obtain appropriate certification;

17 (J) prekindergarten programs under Subchapter E,
18 Chapter 29;

19 (K) extracurricular activities under Section
20 33.081;

21 (L) discipline management practices or behavior
22 management techniques under Section 37.0021;

23 (M) health and safety under Chapter 38; and

24 (N) public school accountability under
25 Subchapters B, C, D, G, and I, Chapter 39.

26 (c) A public charter district is entitled to the same level
27 of services provided to school districts by regional education
28 service centers. The commissioner shall adopt rules that
29 provide for the representation of public charter districts on
30 the boards of directors of regional education service centers.

31 (d) The commissioner may by rule permit a public charter

1 district to voluntarily participate in any state program
2 available to school districts, including a purchasing program,
3 if the public charter district complies with all terms of the
4 program.

5 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
6 INFORMATION LAWS. (a) With respect to the operation of a
7 public charter district, the governing body of a charter holder
8 and the governing body of a public charter district are
9 considered to be governmental bodies for purposes of Chapters
10 551 and 552, Government Code.

11 (b) With respect to the operation of a public charter
12 district, any requirement in Chapter 551 or 552, Government
13 Code, that applies to a school district, the board of trustees
14 of a school district, or public school students applies to a
15 public charter district, the governing body of a charter holder,
16 the governing body of a public charter district, or students in
17 attendance at a public charter district campus.

18 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
19 GOVERNMENT RECORDS. (a) With respect to the operation of a
20 public charter district, a public charter district is considered
21 to be a local government for purposes of Subtitle C, Title 6,
22 Local Government Code, and Subchapter J, Chapter 441, Government
23 Code.

24 (b) Records of a public charter district, a charter holder,
25 or a management company that relate to a public charter district
26 are government records for all purposes under state law.

27 (c) Any requirement in Subtitle C, Title 6, Local
28 Government Code, or Subchapter J, Chapter 441, Government Code,
29 that applies to a school district, the board of trustees of a
30 school district, or an officer or employee of a school district
31 applies to a public charter district or management company, the

1 governing body of a charter holder, the governing body of a
2 public charter district, or an officer or employee of a public
3 charter district or management company except that the records
4 of a public charter district or management company that ceases
5 to operate shall be transferred in the manner prescribed by
6 Subsection (d).

7 (d) The records of a public charter district or management
8 company that ceases to operate shall be transferred in the
9 manner specified by the commissioner to a custodian designated
10 by the commissioner. The commissioner may designate any
11 appropriate entity to serve as custodian, including the agency,
12 a regional education service center, or a school district. In
13 designating a custodian, the commissioner shall ensure that the
14 transferred records, including student and personnel records,
15 are transferred to a custodian capable of:

16 (1) maintaining the records;

17 (2) making the records readily accessible to students,
18 parents, former school employees, and other persons entitled to
19 access; and

20 (3) complying with applicable state or federal law
21 restricting access to the records.

22 (e) If the charter holder of a public charter district that
23 ceases to operate or an officer or employee of the district or a
24 management company refuses to transfer school records in the
25 manner specified by the commissioner under Subsection (d), the
26 commissioner may ask the attorney general to petition a court
27 for recovery of the records. If the court grants the petition,
28 the court shall award attorney's fees and court costs to the
29 state.

30 (f) A record described by this section is a public school
31 record for purposes of Section 37.10(c)(2), Penal Code.

1 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
2 PURCHASING AND CONTRACTING. (a) This section applies to a
3 public charter district unless the district's charter otherwise
4 describes procedures for purchasing and contracting and the
5 procedures are approved by the State Board of Education.

6 (b) A public charter district is considered to be:

7 (1) a governmental entity for purposes of:

8 (A) Subchapter D, Chapter 2252, Government Code;

9 and

10 (B) Subchapter B, Chapter 271, Local Government

11 Code;

12 (2) a political subdivision for purposes of Subchapter
13 A, Chapter 2254, Government Code; and

14 (3) a local government for purposes of Sections
15 2256.009-2256.016, Government Code.

16 (c) To the extent consistent with this section, a
17 requirement in a law listed in this section that applies to a
18 school district or the board of trustees of a school district
19 applies to a public charter district, the governing body of a
20 charter holder, or the governing body of a public charter
21 district.

22 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
23 INTEREST. (a) A member of the governing body of a charter
24 holder, a member of the governing body of a public charter
25 district, or an officer of a public charter district is
26 considered to be a local public official for purposes of Chapter
27 171, Local Government Code. For purposes of that chapter:

28 (1) a member of the governing body of a charter holder
29 or a member of the governing body or officer of a public charter
30 district is considered to have a substantial interest in a
31 business entity if a person related to the member or officer in

1 the third degree by consanguinity or affinity, as determined
2 under Chapter 573, Government Code, has a substantial interest
3 in the business entity under Section 171.002, Local Government
4 Code; and

5 (2) a teacher at a public charter district may serve
6 as a member of the governing body of the charter holder or the
7 governing body of the public charter district if the teachers
8 -serving on the governing body:

9 (A) do not constitute a quorum of the governing
10 body or any committee of the governing body; and

11 (B) comply with the requirements of Sections
12 171.003-171.007, Local Government Code.

13 (b) To the extent consistent with this section, a
14 requirement of a law listed in this section that applies to a
15 school district or the board of trustees of a school district
16 applies to a public charter district, the governing body of a
17 charter holder, or the governing body of a public charter
18 district.

19 (c) An employee who is not a teacher may serve as a member
20 of the governing body of a charter holder or the governing body
21 of a public charter district if:

22 (1) the charter holder operating the public charter
23 district where the individual is employed and serves as a member
24 of the governing body operated an open-enrollment charter school
25 under Subchapter D, Chapter 12, on August 31, 2005;

26 (2) the individual was employed by the charter holder
27 and serving as a member of the governing body on August 31,
28 2005, in compliance with former Section 12.1054; and

29 (3) the individual had been continuously so employed
30 and serving since a date on or before January 1, 2005.

31 (d) If under Subsection (c) an individual continues to be

1 employed and serve as a member of the governing body, the
2 individual may not participate in any deliberation or voting on
3 the appointment, reappointment, confirmation of the appointment
4 or reappointment, employment, reemployment, change in the
5 status, compensation, or dismissal of the individual if that
6 action applies only to the individual and is not taken regarding
7 a bona fide class or category of employees. In addition, the
8 individual may not hear, consider, or act on any grievance or
9 complaint concerning the individual or a matter with which the
10 individual has dealt in the individual's capacity as an
11 employee.

12 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A
13 public charter district, including the governing body of a
14 public charter district and any district employee with final
15 authority to hire a district employee, is subject to a
16 prohibition, restriction, or requirement, as applicable, imposed
17 by state law or by a rule adopted under state law, relating to
18 nepotism under Chapter 573, Government Code.

19 (b) Notwithstanding Subsection (a), a member of the
20 governing body of a charter holder or public charter district
21 may not be related in the third degree by consanguinity or
22 affinity, as determined under Chapter 573, Government Code, to
23 another member of the governing body of the charter holder or
24 public charter district.

25 (c) This section does not apply to an appointment,
26 confirmation of an appointment, or vote for an appointment or
27 confirmation of an appointment of an individual to a position
28 if:

29 (1) the charter holder operating the public charter
30 district where the individual is employed or serves as a member
31 of the governing body operated an open-enrollment charter school

1 under Subchapter D, Chapter 12, on August 31, 2005;

2 (2) the individual was employed or serving in the
3 position on August 31, 2005, in compliance with former Section
4 12.1055; and

5 (3) the individual has been continuously employed or
6 serving since a date on or before January 1, 2005.

7 (d) If, under Subsection (c), an individual continues to be
8 employed or serve in a position, the public official to whom the
9 individual is related in a prohibited degree may not participate
10 in any deliberation or voting on the appointment, reappointment,
11 confirmation of the appointment or reappointment, employment,
12 reemployment, change in status, compensation, or dismissal of
13 the individual if that action applies only to the individual and
14 is not taken regarding a bona fide class or category of
15 employees.

16 [Sections 11A.058-11A.100 reserved for expansion]

17 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

18 Sec. 11A.101. APPLICATION. (a) The State Board of
19 Education shall adopt:

20 (1) an application form and a procedure that must be
21 used to apply for a charter for a public charter district; and

22 (2) criteria to use in selecting a program for which
23 to grant a charter.

24 (b) The application form must provide for including the
25 information required under Section 11A.103 to be contained in a
26 charter.

27 (c) The State Board of Education may approve or deny an
28 application based on criteria it adopts and on financial,
29 governing, and operational standards adopted by the commissioner
30 under this chapter. The criteria the board adopts must include:

31 (1) criteria relating to improving student performance

1 and encouraging innovative programs; and

2 (2) criteria relating to the educational benefit for
3 students residing in the geographic area to be served by the
4 proposed public charter district, as compared to any significant
5 financial difficulty that a loss in enrollment may have on any
6 school district whose enrollment is likely to be affected by the
7 public charter district.

8 (d) A public charter district may not begin operating under
9 this chapter unless the commissioner has certified that the
10 applicant has acceptable administrative and accounting systems
11 and procedures in place for the operation of the proposed public
12 charter district.

13 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
14 commissioner by rule shall adopt a procedure for providing
15 notice to each member of the legislature that represents the
16 geographic area to be served by the proposed public charter
17 district, as determined by the commissioner, on receipt by the
18 State Board of Education of an application for a charter for a
19 public charter district under Section 11A.101.

20 Sec. 11A.103. CONTENT. (a) Each charter granted under
21 this chapter must:

22 (1) describe the educational program to be offered,
23 which must include the required curriculum as provided by
24 Section 28.002;

25 (2) establish educational goals, which must include
26 acceptable student performance as determined under Chapter 39;

27 (3) specify the grade levels to be offered, which must
28 be sufficient to permit the agency to assign an accountability
29 rating under Chapter 39;

30 (4) describe the facilities to be used;

31 (5) describe the geographical area served by the

1 program, which may not be statewide; and

2 (6) specify any type of enrollment criteria to be
3 used.

4 (b) A charter holder of a public charter district shall
5 consider including in the district's charter a requirement that
6 the district develop and administer personal graduation plans
7 under Section 28.0212.

8 (c) The terms of a charter may not include plans for future
9 increases in student enrollment, grade levels, campuses, or
10 geographical area, except that:

11 (1) the charter may contain a plan for adding grade
12 levels as necessary to comply with Section 11A.253(c) or (d);
13 and

14 (2) the commissioner may approve such an increase in a
15 charter revision request under Section 11A.106.

16 Sec. 11A.104. FORM. A charter for a public charter
17 district shall be in the form of a license issued by the State
18 Board of Education to the charter holder.

19 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN
20 ENTITIES. (a) Notwithstanding Section 11A.101, the
21 commissioner shall immediately grant a charter under this
22 chapter to the following entities on or before August 1, 2006:

23 (1) an eligible entity holding a charter granted
24 before September 1, 2002, under Subchapter D, Chapter 12, as
25 that subchapter existed on January 1, 2005, if:

26 (A) for fiscal years 2004 and 2005, the entity
27 had total assets that exceeded total liabilities, as determined
28 by the entity's annual audit report under Section 44.008;

29 (B) at least 25 percent of all students enrolled
30 at the entity's open-enrollment charter school and administered
31 an assessment instrument under Section 39.023(a), (c), or (l)

1 performed satisfactorily on the assessment instrument in
2 mathematics, as determined by the school's assessment instrument
3 results for the 2005-2006 school year; and

4 (C) at least 25 percent of all students enrolled
5 at the entity's open-enrollment charter school and administered
6 an assessment instrument under Section 39.023(a), (c), or (l)
7 performed satisfactorily on the assessment instrument in reading
8 or English language arts, as applicable, as determined by the
9 school's assessment instrument results for the 2005-2006 school
10 year;

11 (2) a governmental entity holding a charter under
12 Subchapter D, Chapter 12, as that subchapter existed on January
13 1, 2005;

14 (3) an eligible entity holding a charter under
15 Subchapter D, Chapter 12, as that subchapter existed on January
16 1, 2005, if at least 85 percent of students enrolled in the
17 school reside in a residential facility; and

18 (4) an eligible entity granted a charter on or after
19 September 1, 2002, under Subchapter D, Chapter 12, as that
20 subchapter existed on January 1, 2005.

21 (b) Assessment instrument results for fewer than five
22 students are not considered for purposes of Subsection (a)(1)(B)
23 or (C).

24 (c) The commissioner shall determine which entities are
25 eligible for a charter under this section as soon as
26 practicable.

27 (d) The content and terms of a charter granted to an
28 eligible entity under this section must be the same as those
29 under which the entity operated under Subchapter D, Chapter 12,
30 as that subchapter existed on January 1, 2005, except that where
31 the terms conflict with this chapter, this chapter prevails.

1 (e) An eligible entity holding multiple charters prior to
2 January 1, 2005, may not combine those charters into one charter
3 for a public charter district but must retain each of those
4 charters which count towards the limit imposed under Section
5 11A.002(c).

6 (f) Section 11A.157 does not apply to an entity granted a
7 charter under this section.

8 (g) A decision of the commissioner under this section is
9 not subject to a hearing or an appeal to a district court.

10 (h) This section expires January 1, 2008.

11 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

12 (a) For purposes of Section 11A.1041(a), the commissioner shall
13 compute the percentage of students who performed satisfactorily
14 on an assessment instrument in a manner consistent with this
15 section.

16 (b) The commissioner may only consider the performance of a
17 student who was enrolled as of the date for reporting enrollment
18 for the fall semester under the Public Education Information
19 Management System (PEIMS).

20 (c) In computing performance under this section, the
21 commissioner must:

22 (1) add the results for third through 11th grade
23 assessment instruments in English and third through sixth grade
24 assessment instruments in Spanish across grade levels tested at
25 all campuses operated by the charter holder and evaluate those
26 results for all students;

27 (2) combine the results for third through ninth grade
28 assessment instruments in reading and 10th and 11th grade
29 assessment instruments in English language arts and evaluate
30 those results as a single subject; and

31 (3) separately determine student performance for

1 reading and mathematics as a percentage equal to the sum of
2 students who performed satisfactorily on the specific subject
3 area assessment instrument in all grade levels tested at all
4 campuses operated by the charter holder divided by the number of
5 students who took the specific subject area assessment
6 instrument in grade levels tested at all campuses operated by
7 the charter holder.

8 (d) To the extent consistent with this section, the
9 commissioner shall use the methodology used to compute passing
10 rates for reading and mathematics assessment instruments for
11 purposes of determining accountability ratings under Chapter 39
12 for the 2004-2005 school year as provided by 19 T.A.C. Section
13 97.1002.

14 (e) This section expires January 1, 2008.

15 Sec. 11A.105. CHARTER GRANTED. Each charter the State
16 Board 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
23 the commissioner.

24 (b) Not more than once each year, a public charter district
25 may request approval to revise the maximum student enrollment
26 described by the district's charter.

27 (c) The commissioner may not approve a charter revision
28 that increases a public charter district's enrollment, increases
29 the grade levels offered, increases the number of campuses, or
30 changes the boundaries of the geographic area served by the
31 program unless the commissioner determines that:

1 (1) the public charter district has operated one or
2 more campuses for at least three school years;

3 (2) each campus operated by the public charter
4 district has been rated at least academically acceptable under
5 Subchapter D, Chapter 39, for each of its most recent three
6 years of operation;

7 (3) each campus operated by the public charter
8 district has achieved performance levels that are at least five
9 percentage points above the applicable accountability standard
10 for academically acceptable performance on statewide assessments
11 under Subchapter D, Chapter 39, as determined by the
12 commissioner, for all tested subjects for each of its most
13 recent two years of operation;

14 (4) the public charter district has been rated
15 superior, above standard, standard, or the equivalent, under the
16 financial accountability system under Subchapter I, Chapter 39;

17 (5) during the three years preceding the proposed
18 charter revision, the public charter district and its campuses
19 have not been subject to an intervention or sanction under
20 Subchapter D, Chapter 39, including an intervention or sanction
21 related to:

22 (A) the quality of data or reports required by
23 state or federal law or court order;

24 (B) high school graduation requirements under
25 Section 28.025; or

26 (C) the effectiveness of programs for special
27 student populations; and

28 (6) the charter revision is in the best interest of
29 students of this state.

30 (d) In making a determination under Subsection (c)(6), the
31 commissioner shall review all available information relating to

1 the charter holder, including the charter holder's:

2 (1) academic and financial performance;

3 (2) history of compliance with applicable laws;

4 (3) staffing, financial, and organizational data; and

5 (4) any other information regarding the charter

6 holder's capacity to successfully implement the requested
7 charter revision.

8 (e) The commissioner may not approve a charter revision
9 that proposes an increase in:

10 (1) a public charter district's enrollment, unless the
11 charter holder adopts a business plan for implementing the
12 enrollment increase that includes components identified by the
13 commissioner; or

14 (2) the grade levels offered by a public charter
15 district, unless the charter holder adopts an educational plan
16 for the additional grade levels that includes components
17 identified by the commissioner.

18 (f) The commissioner may approve a charter revision
19 authorizing a public charter district to serve students in a
20 geographical area that is not contiguous with the existing
21 boundaries of the district, but may not approve a statewide
22 geographical boundary.

23 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON
24 PROBATION, OR REVOCATION. (a) The commissioner may modify,
25 place on probation, or revoke the charter of a public charter
26 district if the commissioner determines under Section 11A.108
27 that the charter holder:

28 (1) committed a material violation of the charter;

29 (2) failed to satisfy generally accepted accounting
30 standards of fiscal management;

31 (3) failed to protect the health, safety, welfare, or

1 best interests of the students enrolled at the public charter
2 district; or

3 (4) failed to comply with this chapter or another
4 applicable law or rule.

5 (b) The commissioner shall revoke the charter of a public
6 charter district without a hearing if:

7 (1) in two consecutive years, the public charter
8 district:

9 (A) is rated academically unacceptable under
10 Subchapter D, Chapter 39; or

11 (B) is rated financially unacceptable by the
12 commissioner under Subchapter I, Chapter 39; or

13 (2) all campuses operated by the public charter
14 district have been ordered closed under Section 39.131(a) or
15 39.1322(f).

16 (c) A revocation under Subsection (b)(1) is effective on
17 January 1 following the school year in which the public charter
18 district received a second unacceptable rating.

19 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
20 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
21 procedure to be used for modifying, placing on probation, or
22 revoking the charter of a public charter district under Section
23 11A.107(a).

24 (b) The procedure adopted under Subsection (a) must provide
25 an opportunity for a hearing to the charter holder.

26 Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON
27 PROBATION, OR REVOCATION. A charter holder may appeal a
28 modification, placement on probation, or revocation under this
29 subchapter only in the manner provided by the applicable
30 procedures adopted by the commissioner under Section 11A.108.
31 The charter holder may not otherwise appeal to the commissioner

1 and may not appeal to a district court.

2 Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER.

3 If the commissioner revokes a charter of a public charter
4 district, if a district is ordered closed under Chapter 39, or
5 if a public charter district surrenders its charter, the
6 district may not:

7 (1) continue to operate under this chapter; or

8 (2) receive state funds under this chapter.

9 [Sections 11A.111-11A.150 reserved for expansion]

10 SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF

11 CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND

12 MANAGEMENT COMPANIES

13 Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.

14 The governing body of a charter holder is responsible for the
15 management, operation, and accountability of the public charter
16 district, regardless of whether the governing body delegates the
17 governing body's powers and duties to another person.

18 Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER

19 HOLDER. The governing body of a charter holder must be composed
20 of at least five members.

21 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF

22 GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR

23 AS OFFICER OR EMPLOYEE. (a) Except as provided by Subsection

24 (b), a person may not serve as a member of the governing body of

25 a charter holder, as a member of the governing body of a public

26 charter district, or as an officer or employee of a public

27 charter district if the person:

28 (1) has been convicted of a felony or a misdemeanor

29 involving moral turpitude;

30 (2) has been convicted of an offense listed in Section

31 37.007(a);

1 (3) has been convicted of an offense listed in Article
2 62.001(5), Code of Criminal Procedure; or

3 (4) has a substantial interest in a management
4 company.

5 (b) A person who has been convicted of an offense described
6 by Subsection (a)(1), (2), or (3) may serve as a member of the
7 governing body of a charter holder, as a member of the governing
8 body of a public charter district, or as an officer or employee
9 of a public charter district if the commissioner determines that
10 the person is fit to serve in that capacity. In making a
11 determination under this subsection, the commissioner shall
12 consider:

13 (1) the factors described by Section 53.022,
14 Occupations Code, for determining the extent to which a
15 conviction relates to an occupation;

16 (2) the factors described by Section 53.023,
17 Occupations Code, for determining the fitness of a person to
18 perform the duties and discharge the responsibilities of an
19 occupation; and

20 (3) other appropriate factors, as determined by the
21 commissioner.

22 (c) For purposes of Subsection (a)(4), a person has a
23 substantial interest in a management company if the person or a
24 relative within the third degree by consanguinity or affinity,
25 as determined under Chapter 573, Government Code:

26 (1) has a controlling interest in the company;

27 (2) owns more than 10 percent of the voting interest
28 in the company;

29 (3) owns more than \$25,000 of the fair market value of
30 the company;

31 (4) has a direct or indirect participating interest by

1 shares, stock, or otherwise, regardless of whether voting rights
2 are included, in more than 10 percent of the profits, proceeds,
3 or capital gains of the company;

4 (5) is a member of the board of directors or other
5 governing body of the company;

6 (6) serves as an elected officer of the company; or

7 (7) is an employee of the company.

8 Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF
9 CHARTER HOLDER. (a) Notwithstanding the Texas Non-Profit
10 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
11 Statutes), Chapter 22, Business Organizations Code, or other
12 law, on request of the commissioner, the attorney general shall
13 bring suit against a member of the governing body of a charter
14 holder for breach of a fiduciary duty by the member, including
15 misapplication of public funds.

16 (b) The attorney general may bring suit under Subsection

17 (a) for:

18 (1) damages;

19 (2) injunctive relief; or

20 (3) any other equitable remedy determined to be
21 appropriate by the court.

22 (c) This section is cumulative of all other remedies.

23 Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF
24 CHARTER HOLDER. (a) The commissioner shall adopt rules
25 prescribing training for members of governing bodies of charter
26 holders.

27 (b) The rules adopted under Subsection (a) may:

28 (1) specify the minimum amount and frequency of the
29 training;

30 (2) require the training to be provided by:

31 (A) the agency and regional education service

1 centers;

2 (B) entities other than the agency and service
3 centers, subject to approval by the commissioner; or

4 (C) both the agency, service centers, and other
5 entities; and

6 (3) require training to be provided concerning:

7 (A) basic school law, including school finance;

8 (B) health and safety issues;

9 (C) accountability requirements related to the
10 use of public funds; and

11 (D) other requirements relating to accountability
12 to the public, such as open meetings requirements under Chapter
13 551, Government Code, and public information requirements under
14 Chapter 552, Government Code.

15 Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder
16 shall file with the commissioner a copy of its articles of
17 incorporation and bylaws, or comparable documents if the charter
18 holder does not have articles of incorporation or bylaws, within
19 the period and in the manner prescribed by the commissioner.

20 (b) Each public charter district shall file annually with
21 the commissioner the following information in a form prescribed
22 by the commissioner:

23 (1) the name, address, and telephone number of each
24 officer and member of the governing body of the charter holder;
25 and

26 (2) the amount of annual compensation the public
27 charter district pays to each officer and member of the
28 governing body.

29 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During
30 a public charter district's first year of operation, the charter
31 holder shall submit quarterly financial reports to the

1 commissioner. The commissioner by rule shall determine the form
2 and content of the financial reports under this section.

3 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
4 public charter district shall comply with Section 42.006.

5 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
6 management company that provides management services to a public
7 charter district is liable for damages incurred by the state or
8 a school district as a result of the failure of the company to
9 comply with its contractual or other legal obligation to provide
10 services to the district.

11 (b) On request of the commissioner, the attorney general
12 may bring suit on behalf of the state against a management
13 company liable under Subsection (a) for:

14 (1) damages, including any state funding received by
15 the company and any consequential damages suffered by the state;

16 (2) injunctive relief; or

17 (3) any other equitable remedy determined to be
18 appropriate by the court.

19 (c) This section is cumulative of all other remedies and
20 does not affect:

21 (1) the liability of a management company to the
22 charter holder; or

23 (2) the liability of a charter holder, a member of the
24 governing body of a charter holder, or a member of the governing
25 body of a public charter district to the state.

26 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.

27 (a) The charter holder or the governing body of a public
28 charter district may not accept a loan from a management company
29 that has a contract to provide management services to:

30 (1) the district; or

31 (2) another public charter district that operates

1 under a charter granted to the charter holder.

2 (b) A charter holder or the governing body of a public
3 charter district that accepts a loan from a management company
4 may not enter into a contract with that management company to
5 provide management services to the district.

6 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any
7 contract, including a contract renewal, between a public charter
8 district and a management company proposing to provide
9 management services to the district must require the management
10 company to maintain all records related to the management
11 services separately from any other records of the management
12 company.

13 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS
14 PROHIBITED. The commissioner may prohibit, deny renewal of,
15 suspend, or revoke a contract between a public charter district
16 and a management company providing management services to the
17 district if the commissioner determines that the management
18 company has:

19 (1) failed to provide educational or related services
20 in compliance with the company's contractual or other legal
21 obligation to any public charter district in this state or to
22 any other similar entity in another state;

23 (2) failed to protect the health, safety, or welfare
24 of the students enrolled at a public charter district served by
25 the company;

26 (3) violated this chapter or a rule adopted under this
27 chapter; or

28 (4) otherwise failed to comply with any contractual or
29 other legal obligation to provide services to the district.

30 [Sections 11A.163-11A.200 reserved for expansion]

31 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

1 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent
2 with Subsection (c), a charter holder is entitled to receive for
3 the public charter district funding under Chapter 42 as if the
4 public charter district were a school district without a local
5 share for purposes of Section 42.306 and without any local
6 revenue ("LR") for purposes of Section 42.252. In determining
7 funding for a public charter district, adjustments under
8 Sections 42.301, 42.302, and 42.303 and the district enrichment
9 tax rate ("DTR") under Section 42.252 are based on the average
10 adjustment and average district enrichment tax rate for the
11 state.

12 (a-1) Notwithstanding Subsection (a), an entity granted a
13 charter under Section 11A.1041 is entitled to receive funding
14 for each student in weighted average daily attendance in an
15 amount equal to the greater of the amount determined under
16 Subsection (a) or the amount to which the entity was entitled
17 for the 2003-2004 or 2004-2005 school year, as determined by the
18 commissioner. A determination of the commissioner under this
19 subsection is final and not subject to appeal. This subsection
20 expires September 1, 2013.

21 (b) To the extent consistent with Subsection (c), a public
22 charter district is entitled to funds that are available to
23 school districts from the agency or the commissioner, including
24 grants and other discretionary funding and any teacher incentive
25 payments under Chapter 42, unless the statute authorizing the
26 funding explicitly provides that a public charter district is
27 not entitled to the funding.

28 (c) A charter holder is entitled to receive for a public
29 charter district funding under this section only if the holder:

30 (1) provides information for the Public Education
31 Information Management System (PEIMS) as required by this

1 chapter;

2 (2) submits to the commissioner appropriate fiscal and
3 financial records as required by this chapter and the
4 commissioner; and

5 (3) receives an annual unqualified opinion in the
6 standard report filed pursuant to Section 11A.210.

7 (d) The commissioner shall suspend the funding of a charter
8 holder that fails to comply with Subsection (c) until the
9 commissioner determines that the charter holder is in compliance
10 or has cured any noncompliance and has adopted adequate
11 procedures to prevent future noncompliance.

12 (e) The commissioner may adopt rules to provide and account
13 for state funding of public charter districts under this
14 section. A rule adopted under this section may be similar to a
15 provision of this code that is not similar to Section 11A.052(b)
16 if the commissioner determines that the rule is related to
17 financing of public charter districts and is necessary or
18 prudent to provide or account for state funds.

19 Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF
20 SALARIES. (a) This section applies only to a charter holder
21 that on January 1, 2005:

22 (1) operated an open-enrollment charter school under
23 former Subchapter D, Chapter 12; and

24 (2) participated in the program under Chapter 1579,
25 Insurance Code.

26 (b) In addition to any amounts to which a charter holder is
27 entitled under this chapter, a charter holder is entitled to
28 state aid in an amount, as determined by the commissioner, equal
29 to the product of \$1,000 multiplied by the number of classroom
30 teachers, full-time librarians, and full-time counselors
31 certified under Subchapter B, Chapter 21, and full-time school

1 nurses appropriately licensed under Chapter 301, Occupations
2 Code, who are employed by the charter holder at a public charter
3 district.

4 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) In
5 this section, "instructional facility" has the meaning assigned
6 by Section 46.001.

7 (b) A charter holder is initially eligible for
8 instructional facilities allotments in accordance with this
9 section if:

10 (1) any campus of a public charter district for which
11 the charter holder has been granted a license has for two
12 consecutive school years been rated exemplary or recognized
13 under Subchapter D, Chapter 39, or has performed at a comparable
14 level, as determined by the commissioner for purposes of this
15 section; and

16 (2) on the most recent audit of the financial
17 operations of the district conducted pursuant to Section
18 11A.210, the district has satisfied generally accepted
19 accounting standards of fiscal management as evidenced by an
20 unqualified opinion in the standard report issued and filed
21 pursuant to Section 11A.210.

22 (b-1) Notwithstanding Subsection (b), a charter holder is
23 eligible for instructional facilities allotments for the 2006-
24 2007 school year in accordance with this section if any campus
25 of a public charter district for which the charter holder has
26 been granted a license has been rated exemplary or recognized
27 under Subchapter D, Chapter 39, for at least two of the 2003-
28 2004, 2004-2005, and 2005-2006 school years.

29 (b-2) Subsection (b-1) and this subsection expire September
30 1, 2007.

31 (c) Once a public charter district satisfies the initial

1 eligibility requirements under Subsection (b) and receives an
2 allotment under this section, the district continues to remain
3 eligible until the district receives an accountability rating of
4 unacceptable under Subchapter D, Chapter 39, at which point the
5 district is again subject to the eligibility requirements of
6 Subsection (b).

7 (d) The commissioner annually shall review the eligibility
8 of a public charter district campus for purposes of this
9 section.

10 (e) Except as otherwise provided by this section, a charter
11 holder is entitled to an annual allotment in an amount
12 determined by the commissioner, not to exceed \$1,000 or a
13 different amount provided by appropriation, for each student in
14 average daily attendance during the preceding year at a campus
15 of a public charter district that is eligible for an allotment
16 under this section.

17 (f) A charter holder who receives funds under this section
18 may use the funds only to:

19 (1) purchase real property on which to construct an
20 instructional facility for a public charter district campus for
21 which the funds were paid under Subsection (e);

22 (2) purchase, lease, construct, expand, or renovate
23 instructional facilities for a public charter district campus
24 for which the funds were paid under Subsection (e);

25 (3) pay debt service in connection with instructional
26 facilities purchased or improved for a campus of the public
27 charter district that meets the requirements under Subsection
28 (b); or

29 (4) maintain and operate public charter district
30 instructional facilities.

31 (g) A decision of the commissioner under Subsection (e) is

1 final and may not be appealed.

2 (h) The commissioner shall by rule establish procedures to
3 ensure that funds a charter holder claims to be using for
4 purposes of Subsection (f)(3) are used only for that purpose.

5 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
6 under Section 11A.201 or 11A.202 by a charter holder:

7 (1) are considered to be public funds for all purposes
8 under state law;

9 (2) are held in trust by the charter holder for the
10 benefit of this state and the students of the public charter
11 district;

12 (3) may be used only for a purpose for which a school
13 may use local funds under Section 45.105(c) in the case of funds
14 received under Section 11A.201, and may be used only for a
15 purpose specified under Section 11A.202(f) in the case of funds
16 received under Section 11A.202; and

17 (4) pending their use, must be deposited into a bank,
18 as defined by Section 45.201, with which the charter holder has
19 entered into a depository contract under Section 11A.204.

20 (b) Funds deposited under Subsection (a)(4) may be directly
21 deposited into an account controlled by a bond trustee acting
22 for the charter holder pursuant to a bond indenture agreement
23 requiring direct deposit.

24 (c) The commissioner shall adopt rules for identifying
25 public funds in accordance with Subsection (a).

26 (d) The commissioner may bring an action in district court
27 in Travis County for injunctive or other relief to enforce this
28 section. In identifying public funds held by a charter holder,
29 the court shall use the criteria adopted by the commissioner
30 under Subsection (c). Except as otherwise provided by this
31 subsection, the court shall enter any order under this

1 subsection concerning public funds held by the charter holder
2 necessary to best serve the interests of the students of a
3 public charter district. In the case of a public charter
4 district that has ceased to operate, the court shall enter any
5 order under this subsection concerning public funds held by the
6 charter holder necessary to best serve the interests of this
7 state.

8 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank
9 selected as a school depository and the charter holder shall
10 enter into a depository contract, bond, or other necessary
11 instrument setting forth the duties and agreements pertaining to
12 the depository, in a form and with the content prescribed by the
13 State Board of Education.

14 (b) The depository bank shall attach to the contract and
15 file with the charter holder a bond in an initial amount equal
16 to the estimated highest daily balance, determined by the
17 charter holder, of all deposits that the charter holder will
18 have in the depository during the term of the contract, less any
19 applicable Federal Deposit Insurance Corporation insurance. The
20 bond must be payable to the charter holder and must be signed by
21 the depository bank and by a surety company authorized to engage
22 in business in this state. The depository bank shall increase
23 the amount of the bond if the charter holder determines the
24 increase is necessary to adequately protect the funds of the
25 charter holder deposited with the depository bank.

26 (c) The bond shall be conditioned on:

27 (1) the faithful performance of all duties and
28 obligations imposed by law on the depository;

29 (2) the payment on presentation of all checks or
30 drafts on order of the charter holder, in accordance with its
31 orders entered 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;
7 and

8 (6) the faithful paying over to the successor
9 depository all balances remaining in the accounts.

10 (d) The bond and the surety on the bond must be approved by
11 the charter holder. A premium on the depository bond may not be
12 paid out of charter holder funds related to operation of the
13 public charter district.

14 (e) The charter holder shall file a copy of the depository
15 contract and bond with the agency.

16 (f) Instead of the bond required under Subsection (b), the
17 depository bank may deposit or pledge, with the charter holder
18 or with a trustee designated by the charter holder, approved
19 securities, as defined by Section 45.201, in an amount
20 sufficient to adequately protect the funds of the charter holder
21 deposited with the depository bank. A depository bank may give
22 a bond and deposit or pledge approved securities in an aggregate
23 amount sufficient to adequately protect the funds of the charter
24 holder deposited with the depository bank. The charter holder
25 shall periodically designate the amount of approved securities
26 or the aggregate amount of the bond and approved securities
27 necessary to adequately protect the charter holder. The charter
28 holder may not designate an amount less than the balance of
29 charter holder funds on deposit with the depository bank from
30 day to day, less any applicable Federal Deposit Insurance
31 Corporation insurance. The depository bank may substitute

1 approved securities on obtaining the approval of the charter
2 holder. For purposes of this subsection, the approved
3 securities are valued at their market value.

4 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
5 holder who accepts state funds under Section 11A.201 or 11A.202
6 agrees to be subject to all requirements, prohibitions, and
7 sanctions authorized under this chapter.

8 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE
9 FUNDS. (a) Property purchased or leased with funds received by
10 a charter holder under Section 11A.201 or 11A.202:

11 (1) is considered to be public property for all
12 purposes under state law;

13 (2) is held in trust by the charter holder for the
14 benefit of this state and the students of the public charter
15 district; and

16 (3) may be used only for a purpose for which a school
17 district may use school district property.

18 (b) The commissioner shall:

19 (1) take possession and assume control of the property
20 described by Subsection (a) of a public charter district that
21 ceases to operate; and

22 (2) supervise the disposition of the property in
23 accordance with law.

24 (c) This section does not affect the priority of a security
25 interest in or lien on property established by a creditor in
26 compliance with law if the security interest or lien arose in
27 connection with the sale or lease of the property to the charter
28 holder.

29 (d) The commissioner shall adopt rules for identifying
30 public property in accordance with Subsection (a).

31 (e) The commissioner may bring an action in district court

1 in Travis County for injunctive or other relief to enforce this
2 section. In identifying public property held by a charter
3 holder, the court shall use the criteria adopted by the
4 commissioner under Subsection (d). Except as otherwise provided
5 by this subsection, the court shall enter any order under this
6 subsection concerning public property held by the charter holder
7 necessary to best serve the interests of the students of a
8 public charter district. In the case of a public charter
9 district that has ceased to operate, the court shall enter any
10 order under this subsection concerning public property held by
11 the charter holder necessary to best serve the interests of this
12 state. The court may order title to real or personal public
13 property held by the charter holder transferred to a trust
14 established for the purpose of managing the property or may make
15 other disposition of the property necessary to best serve the
16 interests of this state.

17 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
18 DISTRICT LAND OR FACILITIES. A municipality to which a charter
19 is granted under this chapter may borrow funds, issue
20 obligations, or otherwise spend its funds to acquire land or
21 acquire, construct, expand, or renovate school buildings or
22 facilities and related improvements for its public charter
23 district within the city limits of the municipality in the same
24 manner the municipality is authorized to borrow funds, issue
25 obligations, or otherwise spend its funds in connection with any
26 other public works project.

27 Sec. 11A.208. FUNDING FOR INSTRUCTIONAL MATERIALS AND
28 TECHNOLOGY. A public charter district is entitled to funding
29 for instructional materials under Chapter 31 and technology
30 under Subchapter A, Chapter 32, and is subject to those
31 provisions as if the public charter district were a school

1 district.

2 Sec. 11A.209. ANNUAL BUDGET. The governing body of a
3 public charter district shall annually adopt a budget for the
4 district.

5 Sec. 11A.210. ANNUAL AUDIT. The governing body of a public
6 charter district shall conduct an annual audit in a manner that
7 complies with Section 44.008.

8 [Sections 11A.211-11A.250 reserved for expansion]

9 SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

10 Sec. 11A.251. ADMISSION POLICY. (a) A public charter
11 district may not discriminate in admission policy on the basis
12 of sex, national origin, ethnicity, religion, disability, or
13 academic, artistic, or athletic ability or the district the
14 child would otherwise attend in accordance with this code.

15 (b) A public charter district admission policy may provide
16 for the exclusion of a student who has a documented history of a
17 criminal offense, a juvenile court adjudication, or discipline
18 problems under Subchapter A, Chapter 37.

19 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to
20 a public charter district campus, the governing body of the
21 district shall:

22 (1) require the applicant to complete and submit an
23 application not later than a reasonable deadline the district
24 establishes; and

25 (2) on receipt of more acceptable applications for
26 admission under this section than available positions in the
27 school:

28 (A) fill the available positions by lottery; or

29 (B) subject to Subsection (b), fill the available
30 positions in the order in which applications received before the
31 application deadline were received.

1 (b) A public charter district may fill applications for
2 admission under Subsection (a)(2)(B) only if the district
3 published a notice of the opportunity to apply for admission to
4 the district. A notice published under this subsection must:

5 (1) state the application deadline;

6 (2) be published in a newspaper of general circulation
7 in the community in which the district campus is located not
8 later than the seventh day before the application deadline; and

9 (3) be made available on the public charter district's
10 Internet website, if available.

11 (c) A public charter district may exempt an applicant from
12 the requirements of Subsection (a)(2) if the applicant is:

13 (1) the child or grandchild of a member of the
14 governing body of the charter holder at the time the district's
15 charter was first granted;

16 (2) the child of an employee of the district or the
17 charter holder; or

18 (3) a sibling of a student who is enrolled in the
19 district.

20 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
21 by Subsection (b) or as otherwise determined impracticable by
22 the commissioner, during a public charter district's first year
23 of operation, the district must have a student enrollment of at
24 least 100 and not more than 500 at any time during the school
25 year.

26 (b) A public charter district may have a student enrollment
27 of less than 100 if approved by the commissioner.

28 (c) Not later than a public charter district's third year
29 of operation, at least 25 percent of the district's students
30 must be enrolled in one or more grade levels for which
31 assessment instruments are administered under Section 39.023(a).

1 (d) The commissioner may grant a waiver from the
2 requirements of Subsection (c) for a public charter district
3 that opens a campus serving prekindergarten or kindergarten
4 students and agrees to:

5 (1) add at least one higher grade level class each
6 school year after opening the campus; and

7 (2) until the campus complies with Subsection (c),
8 adopt accountability measures to assess the performance of the
9 students not assessed under Section 39.023(a).

10 (e) The commissioner may grant a waiver from the
11 requirements of Subsection (c) for a public charter district
12 that was operating an open-enrollment charter school campus on
13 January 1, 2005, serving prekindergarten, kindergarten, and
14 first, second, and third grade students if the public charter
15 district:

16 (1) adopts one or more nationally norm-referenced
17 assessment instruments approved by the commissioner;

18 (2) administers the assessment instruments to its
19 second grade students at intervals and in the manner specified
20 by commissioner rule; and

21 (3) meets the applicable standards for student
22 performance on the assessment instruments, as determined by
23 commissioner rule.

24 (f) The commissioner shall adopt rules necessary to
25 implement this section.

26 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
27 charter district may not charge tuition to an eligible student
28 who applies for admission to the district under this chapter.

29 (b) The governing body of a public charter district may
30 require a student to pay any fee that the board of trustees of a
31 school district may charge under Section 11.158(a). The

1 governing body may not require a student to pay a fee that the
2 board of trustees of a school district may not charge under
3 Section 11.158(b).

4 Sec. 11A.255. TRANSPORTATION. A public charter district
5 shall provide transportation to each student attending the
6 school to the same extent a school district is required by law
7 to provide transportation to district students.

8 Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY
9 ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The
10 governing body of a public charter district shall adopt a code
11 of conduct for the district or for each campus in the district.

12 (b) The code of conduct must include:

13 (1) standards for student behavior, including the
14 types of prohibited behaviors and the possible consequences of
15 misbehavior; and

16 (2) the district's due process procedures regarding
17 expulsion of a student.

18 (c) A final decision of the governing body of a public
19 charter district regarding action taken under the code of
20 conduct may not be appealed.

21 (d) A public charter district may not expel a student for a
22 reason that is not authorized by Section 37.007 or specified in
23 the district's code of conduct as conduct that may result in
24 expulsion.

25 (e) Section 37.002 does not apply to a public charter
26 district except to the extent specified by the governing body of
27 the public charter district in the district's code of conduct.

28 [Sections 11A.257-11A.300 reserved for expansion]

29 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

30 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except
31 as otherwise required by this section or chapter, a person

1 employed as a teacher by a public charter district must hold a
2 high school diploma.

3 (b) To the extent required by federal law, including 20
4 U.S.C. Section 7801(11), a person employed as a teacher by a
5 public charter district must hold a baccalaureate degree.

6 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE
7 QUALIFICATIONS. (a) Each public charter district shall provide
8 to the parent or guardian of each student enrolled at a campus
9 in the district written notice of the qualifications of each
10 professional employee, including each teacher, employed at the
11 campus.

12 (b) The notice must include:

13 (1) any professional or educational degree held by the
14 employee;

15 (2) a statement of any certification under Subchapter
16 B, Chapter 21, held by the employee; and

17 (3) any relevant experience of the employee.

18 Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. The
19 governing body of a public charter district shall obtain a
20 complete set of fingerprints from each person described by
21 Section 21.0032(a).

22 Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF
23 CERTAIN APPLICANTS. A public charter district must comply with
24 Section 21.0032 before employing or otherwise securing the
25 services of a person as a teacher, teacher intern or trainee,
26 librarian, educational aide, administrator, or counselor,
27 regardless of whether the applicant is certified under
28 Subchapter B, Chapter 21.

29 Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF
30 TEXAS. (a) An employee of a public charter district who
31 qualifies for membership in the Teacher Retirement System of

1 Texas shall be covered under the system to the same extent a
2 qualified employee of a school district is covered.

3 (b) For each employee of a public charter district covered
4 under the system, the public charter district is responsible for
5 making any contribution that otherwise would be the legal
6 responsibility of a school district, and the state is
7 responsible for making contributions to the same extent it would
8 be legally responsible if the employee were a school district
9 employee.

10 Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

11 (a) This section applies only to a charter holder that on
12 January 1, 2005:

13 (1) operated an open-enrollment charter school under
14 former Subchapter D, Chapter 12; and

15 (2) participated in the program under Chapter 1579,
16 Insurance Code.

17 (b) Using state funds received by the charter holder for
18 that purpose under Section 11A.2011, a charter holder each
19 school year shall pay the following employees employed by the
20 charter holder at a public charter district an amount at least
21 equal to:

22 (1) \$1,000 for:

23 (A) classroom teachers, full-time librarians, and
24 full-time counselors certified under Subchapter B, Chapter 21;
25 and

26 (B) full-time school nurses appropriately
27 licensed under Chapter 301, Occupations Code;

28 (2) \$500 for full-time public charter district
29 employees, other than administrators or employees described by
30 Subdivision (1); and

31 (3) \$250 for part-time public charter district

1 employees.

2 (c) A payment under this section is in addition to wages
3 the charter holder would otherwise pay the employee during the
4 school year.

5 [Sections 11A.307-11A.350 reserved for expansion]

6 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

7 Sec. 11A.351. AUDIT. (a) To the extent consistent with
8 this section, the commissioner may audit the records of:

9 (1) a public charter district or campus;

10 (2) a charter holder; and

11 (3) a management company.

12 (b) An audit under Subsection (a) must be limited to
13 matters directly related to the management or operation of a
14 public charter district, including any financial, student, and
15 administrative records.

16 (c) Unless the commissioner has specific cause to conduct
17 an additional audit, the commissioner may not conduct more than
18 one on-site audit of a public charter district under this
19 section during any fiscal year, including any audit of
20 financial, student, and administrative records. For purposes of
21 this subsection, an audit of a charter holder or management
22 company associated with a public charter district is not
23 considered an audit of the district.

24 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a
25 subpoena to compel the attendance and testimony of a witness or
26 the production of materials relevant to an audit or
27 investigation under this chapter.

28 (b) A subpoena may be issued throughout the state and may
29 be served by any person designated by the commissioner.

30 (c) If a person fails to comply with a subpoena issued
31 under this section, the commissioner, acting through the

1 attorney general, may file suit to enforce the subpoena in a
2 district court in Travis County or in the county in which the
3 audit or investigation is conducted. The court shall order
4 compliance with the subpoena if the court finds that good cause
5 exists to issue the subpoena.

6 (d) This section expires September 1, 2007.

7 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
8 any of the actions described by Subsection (b) or by Section
9 39.131(a), to the extent the commissioner determines necessary,
10 if a public charter district, as determined by a report issued
11 under Section 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,
19 suspend the authority of a public charter district to operate,
20 or take any other reasonable action the commissioner determines
21 necessary to protect the health, safety, or welfare of students
22 enrolled at a district campus based on evidence that conditions
23 at the district campus present a danger to the health, safety,
24 or welfare of the students.

25 (c) After the commissioner acts under Subsection (b), the
26 public charter district may not receive funding and may not
27 resume operating until a determination is made that:

28 (1) despite initial evidence, the conditions at the
29 district campus do not present a danger of material harm to the
30 health, safety, or welfare of students; or

31 (2) the conditions at the district campus that

1 presented a danger of material harm to the health, safety, or
2 welfare of students have been corrected.

3 (d) Not later than the third business day after the date
4 the commissioner acts under Subsection (b), the commissioner
5 shall provide the charter holder an opportunity for a hearing.
6 This subsection does not apply to an action taken by the
7 commissioner under Chapter 39.

8 (e) Immediately after a hearing under Subsection (d), the
9 commissioner must cease the action under Subsection (b) or
10 initiate action under Section 11A.108.

11 Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN
12 ASSESSMENT INSTRUMENTS. (a) Using funds appropriated for the
13 Foundation School Program, the commissioner shall reduce the
14 total amount of state funds allocated to each district from any
15 source in the same manner described for a reduction in
16 allotments under Section 42.313 and adopt and implement a
17 program for supervising the administration of assessment
18 instruments under Section 39.023 during the 2005-2006 school
19 year at an open-enrollment charter school, other than a school
20 operated by an entity described by Section 11A.1041(a)(2), (3),
21 or (4), at which less than 25 percent of all students enrolled
22 at the school and administered an assessment instrument under
23 Section 39.023(a), (c), or (l) performed satisfactorily on:

24 (1) the assessment instrument in mathematics, as
25 determined by the school's assessment instrument results for the
26 2004-2005 school year; or

27 (2) the assessment instrument in reading or English
28 language arts, as applicable, as determined by the school's
29 assessment instrument results for the 2004-2005 school year.

30 (b) The program adopted under Subsection (a) must be
31 designed to:

1 (1) ensure that the location at which an assessment
2 instrument is administered is secure and under the supervision
3 of persons who do not have any interest in the results of the
4 assessment instrument; and

5 (2) provide direct supervision of:

6 (A) the transportation of the assessment
7 instrument materials to and from the location at which the
8 instrument is administered; and

9 (B) the administration of the assessment
10 instrument to students.

11 (c) The commissioner may adopt rules necessary to
12 administer this section and may take any action that the
13 commissioner determines necessary to ensure the integrity of the
14 results of an assessment instrument administered at an open-
15 enrollment charter school described by Subsection (a).

16 (d) After deducting the amount withheld under Subsection
17 (a) from the total amount appropriated for the Foundation School
18 Program, the commissioner shall reduce the total amount of state
19 funds allocated to each district from any source in the same
20 manner described for a reduction in allotments under Section
21 42.313.

22 (e) An open-enrollment charter school's failure to fully
23 cooperate with the commissioner under this section is sufficient
24 grounds for revocation of the district's charter, as determined
25 by the commissioner.

26 (f) This section expires September 1, 2006.

27 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The
28 commissioner shall periodically consult with representatives of
29 charter holders regarding the duties and mission of the agency
30 relating to the operation of public charter districts. The
31 commissioner shall determine the frequency of the consultations.

1 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
2 in this chapter may be construed to limit the commissioner's
3 authority under Chapter 39.

4 Sec. 11A.356. RULES. The commissioner may adopt rules for
5 the administration of this chapter.

6 [Sections 11A.357-11A.400 reserved for expansion]

7 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

8 Sec. 11A.401. AUTHORIZATION. (a) In this section,
9 "eligible entity" means an organization that is exempt from
10 taxation under Section 501(a), Internal Revenue Code of 1986, as
11 an organization described by Section 501(c)(3) of that code.

12 (b) In accordance with this subchapter, the commissioner
13 may authorize not more than three charter holders to grant a
14 charter to an eligible entity to operate a blue ribbon charter
15 campus if:

16 (1) the charter holder proposes to grant the blue
17 ribbon charter to replicate a distinctive education program;

18 (2) the charter holder has demonstrated the ability to
19 replicate the education program;

20 (3) the education program has been implemented by the
21 charter holder for at least seven school years; and

22 (4) the charter school in which the charter holder has
23 implemented the program has been rated recognized or exemplary
24 under Section 39.072 for at least five school years.

25 (b-1) An eligible entity that assumed operation of an
26 existing charter school program during the seven years preceding
27 the proposed authorization under Subsection (b) may be
28 authorized to grant a blue ribbon charter under Subsection (b)
29 if:

30 (1) the performance level of the program at a campus
31 before and after the entity assumed operation of the program

1 meets the qualifications described by Subsection (b); and

2 (2) the entity has met the qualifications described by
3 Subsection (b) since assuming operation of the program.

4 (c) A charter holder may grant a blue ribbon charter only
5 to an applicant that meets any financial, governing, and
6 operational standards adopted by the commissioner under this
7 subchapter.

8 (d) A charter holder may grant not more than two blue
9 ribbon charters under this subchapter.

10 Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) A blue
11 ribbon charter campus is considered a public charter district
12 campus for purposes of state and federal law.

13 (b) A blue ribbon charter granted under this subchapter is
14 not considered for purposes of the limit on the number of public
15 charter districts imposed by Section 11A.002.

16 Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE
17 RIBBON CHARTER CAMPUS. (a) The governing body of the public
18 charter district authorizing a blue ribbon charter is
19 responsible for the management and operation of the campus
20 operated under a blue ribbon charter. A blue ribbon charter
21 campus is subject to the rules and policies of the governing
22 body of the charter holder that granted the blue ribbon charter.

23 (b) For purposes of academic and financial accountability
24 and all other purposes under this chapter and Chapter 39, a blue
25 ribbon charter campus is considered a campus of the public
26 charter district operated by the charter holder that granted the
27 blue ribbon charter.

28 (c) A charter holder is entitled to receive funding for a
29 blue ribbon charter campus as if the blue ribbon charter campus
30 were a campus of the public charter district operated by the
31 charter holder.

1 Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The
2 commissioner by rule shall adopt an application form and
3 procedures for a charter holder to apply for authorization to
4 grant a blue ribbon charter to an eligible entity under this
5 subchapter.

6 (b) The application must specify:

7 (1) the criteria that will be used to grant blue
8 ribbon charters;

9 (2) procedures for governance and management of
10 campuses operating under a blue ribbon charter; and

11 (3) the performance standard by which continuation of
12 a blue ribbon charter will be determined.

13 (c) A determination by the commissioner regarding an
14 application under this section is final and may not be appealed.

15 Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) The
16 commissioner may revoke a charter holder's authorization to
17 grant a blue ribbon charter or operate a campus granted a blue
18 ribbon charter if the commissioner determines that the purposes
19 of this subchapter are not being satisfied.

20 (b) On revocation of a charter holder's authority under
21 this section, the charter holder shall:

22 (1) operate a campus granted a blue ribbon charter as
23 a standard campus of the charter holder under this chapter; or

24 (2) close the campus effective at the end of the
25 school year in which the commissioner revokes the authorization.

26 Sec. 11A.406. CONTENT. (a) Each blue ribbon charter
27 granted under this subchapter must:

28 (1) describe the educational program to be offered,
29 which may be a general or specialized education program;

30 (2) provide that continuation of the charter is
31 contingent on satisfactory student performance under Subchapter

1 B, Chapter 39, and on compliance with other applicable
2 accountability provisions under Chapter 39;

3 (3) specify any basis, in addition to a basis
4 specified by this subchapter, on which the charter may be placed
5 on probation or revoked;

6 (4) prohibit discrimination in admission on the basis
7 of national origin, ethnicity, race, religion, or disability;

8 (5) describe the governing structure of the blue
9 ribbon charter campus;

10 (6) specify any procedure or requirement, in addition
11 to those under Chapter 38, that the campus will follow to ensure
12 the health and safety of students and employees; and

13 (7) describe the manner in which the campus and
14 charter holder granting the blue ribbon charter will comply with
15 financial and operational requirements, including requirements
16 related to the Public Education Information Management System
17 (PEIMS) under Section 11A.158 and the audit requirements under
18 Section 11A.210.

19 (b) A charter holder may reserve the right to approve
20 contracts, governance alterations, personnel decisions, and
21 other matters affecting the operation of the blue ribbon charter
22 campus.

23 (c) A blue ribbon charter must specify the basis and
24 procedure to be used by the charter holder for placing the blue
25 ribbon charter campus on probation or revoking the charter,
26 which must include an opportunity for an informal review of the
27 blue ribbon charter campus and governing body of the campus by
28 the charter holder. A charter holder's decision to place on
29 probation or revoke a blue ribbon charter is final and may not
30 be appealed.

31 Sec. 11A.407. FORM. A blue ribbon charter issued under

1 this subchapter must be in the form and substance of a written
2 contract signed by the president or equivalent officer of the
3 governing body of the charter holder granting the blue ribbon
4 charter and the president or equivalent officer of the governing
5 body of the eligible entity to which the blue ribbon charter is
6 granted.

7 Sec. 11A.408. REVISION. A blue ribbon charter granted
8 under this subchapter may be revised with the approval of the
9 charter holder that granted the charter.

10 [Sections 11A.409-11A.450 reserved for expansion]

11 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT

12 CHARTER SCHOOLS

13 Sec. 11A.451. DEFINITIONS. In this subchapter:

14 (1) "Assets" means:

15 (A) public funds, as determined under Section
16 12.107, as that section existed on January 1, 2005; and

17 (B) public property, as determined under Section
18 12.128, as that section existed on January 1, 2005.

19 (2) "Records" means government records, as determined
20 under Section 12.1052, as that section existed on January 1,
21 2005.

22 Sec. 11A.452. APPLICABILITY. The commissioner shall
23 appoint a receiver under this subchapter for each open-
24 enrollment charter school that on June 1, 2005, was operating
25 under a charter issued under Subchapter D, Chapter 12, as that
26 subchapter existed on January 1, 2005, and:

27 (1) is not authorized to operate as a public charter
28 district under this chapter; or

29 (2) elects not to operate as a public charter district
30 under this chapter.

31 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a)

1 The commissioner shall appoint a receiver to protect the assets
2 and direct the dissolution of open-enrollment charter schools
3 subject to this subchapter.

4 (b) The receiver shall execute a bond in an amount set by
5 the commissioner to ensure the proper performance of the
6 receiver's duties.

7 (c) Until discharged by the commissioner, the receiver
8 shall perform the duties that the commissioner directs to
9 preserve the assets and direct the dissolution of the open-
10 enrollment charter school under this subchapter.

11 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After
12 appointment and execution of bond under Section 11A.453, the
13 receiver shall take possession of:

14 (1) assets and records in the possession of the open-
15 enrollment charter school specified by the commissioner; and

16 (2) any Foundation School Program funds and any other
17 public funds received by the school's charter holder.

18 (b) On request of the receiver, the attorney general shall
19 file a suit for attachment, garnishment, or involuntary
20 bankruptcy and take any other action necessary for the
21 dissolution of an open-enrollment charter school under this
22 subchapter.

23 (c) If the charter holder of an open-enrollment charter
24 school or an officer or employee of such a school refuses to
25 transfer school assets or records to a receiver under this
26 subsection, the receiver may ask the attorney general to
27 petition a court for recovery of the assets or records. If the
28 court grants the petition, the court shall award attorney's fees
29 and court costs to the state.

30 (d) A record described by this section is a public school
31 record for purposes of Section 37.10(c)(2), Penal Code.

1 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
2 wind up the affairs of an open-enrollment charter school and,
3 except as provided by Subsection (b), reduce its assets to cash
4 for the purpose of discharging all existing liabilities and
5 obligations of the school. In winding up the affairs of a
6 school, the receiver shall cooperate in any bankruptcy
7 proceeding affecting the school. The receiver shall distribute
8 any remaining balance to the commissioner.

9 (b) A receiver shall offer free of charge any equipment and
10 supplies of an open-enrollment charter school dissolved under
11 this subchapter to school districts, giving priority to
12 districts based on the percentage of the charter school's
13 students that reside in the districts.

14 (c) The commissioner shall use money in the foundation
15 school fund and money received under this section to pay the
16 costs described by Section 11A.458 and discharge liabilities and
17 obligations of open-enrollment charter schools under this
18 subchapter. The commissioner shall deposit any remaining
19 balance in the foundation school fund.

20 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
21 an open-enrollment charter school subject to this subchapter
22 shall be transferred in the manner specified by the commissioner
23 to a custodian designated by the commissioner. The commissioner
24 may designate any appropriate entity to serve as custodian of
25 records, including the agency, a regional education service
26 center, or a school district. In designating a custodian, the
27 commissioner shall ensure that the transferred records,
28 including student and personnel records, are transferred to a
29 custodian capable of:

30 (1) maintaining the records;

31 (2) making the records readily accessible to students,

1 parents, former school employees, and other persons entitled to
2 access; and

3 (3) complying with applicable state or federal law
4 restricting access to the records.

5 (b) The commissioner is entitled to access to any records
6 transferred to a custodian under this section as the
7 commissioner determines necessary for auditing, investigative,
8 or monitoring purposes.

9 Sec. 11A.457. LIABILITY. A receiver is not personally
10 liable for actions taken by the receiver under this subchapter.

11 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
12 authorize reimbursement of reasonable costs related to the
13 receivership, including:

14 (1) payment of fees to the receiver for the receiver's
15 services; and

16 (2) payment of fees to attorneys, accountants, or any
17 other person that provides goods or services necessary to the
18 operation of the receivership.

19 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
20 competitive bidding requirements of this code and the
21 contracting requirements of Chapter 2155, Government Code, do
22 not apply to the appointment of a receiver, attorney,
23 accountant, or other person appointed under this subchapter.

24 SECTION 4.03. Subchapter D, Chapter 12, Education Code, is
25 amended by adding Section 12.1058 to read as follows:

26 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
27 PROVISIONS. (a) An open-enrollment charter school is subject to
28 Sections 11A.201, 11A.204, 11A.205, 11A.206, 11A.210, 11A.303,
29 11A.304, 11A.352, 21.0032, and 21.058.

30 (b) The commissioner may bring an action for injunctive or
31 other relief as provided by Section 11A.203(d) to enforce

1 Section 12.107.

2 (c) For purposes of this section, a reference in a law
3 described by this section to a public charter district means an
4 open-enrollment charter school.

5 SECTION 4.04. Sections 12.152 and 12.156, Education Code,
6 are amended to read as follows:

7 Sec. 12.152. AUTHORIZATION. [~~a~~] In accordance with this
8 subchapter and Chapter 11A [~~Subchapter D~~], the State Board of
9 Education may grant a charter on the application of a public
10 senior college or university for a public [~~an open-enrollment~~]
11 charter district [~~school~~] to operate on the campus of the public
12 senior college or university or in the same county in which the
13 campus of the public senior college or university is located.

14 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS. (a)
15 Except as otherwise provided by this subchapter, Chapter 11A
16 [~~Subchapter D~~] applies to a college or university charter school
17 as though the college or university charter school were granted
18 a charter under that chapter [~~subchapter~~].

19 (b) A charter granted under this subchapter is not
20 considered for purposes of the limit on the number of public
21 [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section
22 11A.002 [~~12.101(b)~~].

23 (c) A college or university charter school is not subject
24 to a prohibition, restriction, or requirement relating to:

25 (1) open meetings and public information under Section
26 11A.053;

27 (2) maintenance of records under Section 11A.054;

28 (3) purchasing and contracting under Section 11A.055;

29 (4) conflict of interest under Section 11A.056;

30 (5) nepotism under Section 11A.057;

31 (6) composition of a governing body under Section

1 11A.152;

2 (7) restrictions on serving as a member of a governing
3 body or as an officer or employee under Section 11A.153;

4 (8) liability of members of a governing body under
5 Section 11A.154;

6 (9) training for members of a governing body under
7 Section 11A.155;

8 (10) bylaws and annual reports under Section 11A.156;

9 (11) quarterly financial reports under Section
10 11A.157; and

11 (12) depository bond and security requirements under
12 Section 11A.204.

13 (d) A college or university charter school and the
14 governing body of the school are subject to regulations and
15 procedures that govern a public senior college or university
16 relating to open meetings, records retention, purchasing,
17 contracting, conflicts of interest, and nepotism.

18 SECTION 4.05. Section 5.001, Education Code, is amended by
19 adding Subdivision (5-a) and amending Subdivision (6) to read as
20 follows:

21 (5-a) "Public charter campus" means a campus operated
22 by a public charter district.

23 (6) "Public charter district [~~Open-enrollment charter~~
24 school]" means a public school authorized by [~~that has been~~
25 granted] a charter under Chapter 11A [~~Subchapter D, Chapter 12].~~

26 SECTION 4.06. Section 7.003, Education Code, is amended to
27 read as follows:

28 Sec. 7.003. LIMITATION ON AUTHORITY. An educational
29 function not specifically delegated to the agency or the board
30 under this code is reserved to and shall be performed by school
31 districts or [~~open-enrollment~~] charter schools.

1 SECTION 4.07. Section 7.055(b)(17), Education Code, is
2 amended to read as follows:

3 (17) The commissioner shall distribute funds to public
4 charter districts [~~open-enrollment charter schools~~] as required
5 under Chapter 11A [~~Subchapter D, Chapter 12~~].

6 SECTION 4.08. Section 7.102(c)(9), Education Code, is
7 amended to read as follows:

8 (9) The board may grant a charter for a public charter
9 district [~~an open-enrollment charter or approve a charter~~
10 ~~revision~~] as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

11 SECTION 4.09. Section 12.002, Education Code, is amended to
12 read as follows:

13 Sec. 12.002. CLASSES OF CHARTER. The classes of charter
14 under this chapter are:

15 (1) a home-rule school district charter as provided by
16 Subchapter B;

17 (2) a campus or campus program charter as provided by
18 Subchapter C; or

19 (3) a college or university [~~an open-enrollment~~]
20 charter as provided by Subchapter E [~~D~~].

21 SECTION 4.10. Subchapter A, Chapter 21, Education Code, is
22 amended by adding Section 21.0032 to read as follows:

23 Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER
24 DISTRICT PERSONNEL; APPEAL. (a) A person may not be employed
25 by or serve as a teacher, teacher intern or teacher trainee,
26 librarian, educational aide, administrator, educational
27 diagnostician, or counselor for a public charter district unless
28 the person has been cleared by the agency following a national
29 criminal history record review and investigation under this
30 section.

31 (b) Before or immediately after employing or securing the

1 services of a person described by Subsection (a), a public
2 charter district shall send to the agency the person's
3 fingerprints and social security number. The person may be
4 employed or serve pending action by the agency.

5 (c) The agency shall review and investigate the person's
6 national criminal history record information, educator
7 certification discipline history in any state, and other
8 information in the same manner as a review or investigation
9 conducted regarding an initial application for educator
10 certification. If the agency finds the person would not be
11 eligible for educator certification, the agency shall notify the
12 public charter district in writing that the person may not be
13 employed or serve in a capacity described by Subsection (a).

14 (d) On receipt of written notice under Subsection (c), a
15 public charter district may not employ or permit the person to
16 serve unless the person timely submits a written appeal under
17 this section. The agency shall conduct an appeal under this
18 subsection in the same manner as an appeal regarding the denial
19 of an initial application for educator certification.

20 SECTION 4.11. Sections 21.058(b) and (c), Education Code,
21 are amended to read as follows:

22 (b) Notwithstanding Section 21.041(b)(7), not later than
23 the fifth day after the date the board receives notice under
24 Article 42.018, Code of Criminal Procedure, of the conviction of
25 a person described by Section 21.0032 or who holds a certificate
26 under this subchapter, the board shall:

27 (1) revoke the certificate or clearance held by the
28 person; and

29 (2) provide to the person and to any school district
30 or public charter district [~~open-enrollment charter school~~]
31 employing the person at the time of revocation written notice

1 of:

2 (A) the revocation; and

3 (B) the basis for the revocation.

4 (c) A school district or public charter district [~~open-~~
5 ~~enrollment charter school~~] that receives notice under Subsection
6 (b) of the revocation of a certificate issued under this
7 subchapter shall:

8 (1) immediately remove the person whose certificate
9 has been revoked from campus or from an administrative office,
10 as applicable, to prevent the person from having any contact
11 with a student; and

12 (2) as soon as practicable, terminate the employment
13 of the person in accordance with the person's contract and with
14 this subchapter.

15 SECTION 4.12. Sections 22.083(b) and (c), Education Code,
16 are amended to read as follows:

17 (b) A public charter district may [~~An open-enrollment~~
18 ~~charter school shall~~] obtain from the Department of Public
19 Safety [~~any law enforcement or criminal justice agency~~] all
20 criminal history record information that relates to:

21 (1) a person whom the district [~~school~~] intends to
22 employ in any capacity; or

23 (2) a person who has indicated, in writing, an
24 intention to serve as a volunteer with the district [~~school~~].

25 (c) A school district, public charter district [~~open-~~
26 ~~enrollment charter school~~], private school, regional education
27 service center, or shared services arrangement may obtain from a
28 federal or state [~~any~~] law enforcement or criminal justice
29 agency all criminal history record information that relates to:

30 (1) a volunteer or employee of the district, school,
31 service center, or shared services arrangement; or

1 (2) an employee of or applicant for employment by a
2 person that contracts with the district, school, service center,
3 or shared services arrangement to provide services, if:

4 (A) the employee or applicant has or will have
5 continuing duties related to the contracted services; and

6 (B) the duties are or will be performed on school
7 property or at another location where students are regularly
8 present.

9 SECTION 4.13. Section 22.084, Education Code, is amended to
10 read as follows:

11 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL
12 BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as
13 provided by Subsections (c) and (d), a school district, public
14 charter district [~~open-enrollment charter school~~], private
15 school, regional education service center, or shared services
16 arrangement that contracts with a person for transportation
17 services shall obtain from the Department of Public Safety [~~any~~
18 ~~law enforcement or criminal justice agency~~] all criminal history
19 record information that relates to:

20 (1) a person employed by the person as a bus driver;
21 or

22 (2) a person the person intends to employ as a bus
23 driver.

24 (b) Except as provided by Subsections (c) and (d), a person
25 that contracts with a school district, public charter district
26 [~~open-enrollment charter school~~], private school, regional
27 education service center, or shared services arrangement to
28 provide transportation services shall submit to the district,
29 school, service center, or shared services arrangement the name
30 and other identification data required to obtain criminal
31 history record information of each person described by

1 Subsection (a). If the district, school, service center, or
2 shared services arrangement obtains information that a person
3 described by Subsection (a) has been convicted of a felony or a
4 misdemeanor involving moral turpitude, the district, school,
5 service center, or shared services arrangement shall inform the
6 chief personnel officer of the person with whom the district,
7 school, service center, or shared services arrangement has
8 contracted, and the person may not employ that person to drive a
9 bus on which students are transported without the permission of
10 the board of trustees of the district or service center, the
11 governing body of the public charter district [~~open-enrollment~~
12 ~~charter school~~], or the chief executive officer of the private
13 school or shared services arrangement.

14 (c) A commercial transportation company that contracts with
15 a school district, public charter district [~~open-enrollment~~
16 ~~charter school~~], private school, regional education service
17 center, or shared services arrangement to provide transportation
18 services may obtain from a federal or state [~~any~~] law
19 enforcement or criminal justice agency all criminal history
20 record information that relates to:

21 (1) a person employed by the commercial transportation
22 company as a bus driver, bus monitor, or bus aide; or

23 (2) a person the commercial transportation company
24 intends to employ as a bus driver, bus monitor, or bus aide.

25 (d) If the commercial transportation company obtains
26 information that a person employed or to be employed by the
27 company has been convicted of a felony or a misdemeanor
28 involving moral turpitude, the company may not employ that
29 person to drive or to serve as a bus monitor or bus aide on a
30 bus on which students are transported without the permission of
31 the board of trustees of the district or service center, the

1 governing body of the public charter district [~~open-enrollment~~
2 ~~charter school~~], or the chief executive officer of the private
3 school or shared services arrangement. Subsections (a) and (b)
4 do not apply if information is obtained as provided by
5 Subsection (c).

6 SECTION 4.14. Section 25.087, Education Code, is amended by
7 amending Subsection (b) and adding Subsection (c) to read as
8 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
15 complete paperwork required in connection with the student's
16 application for United States citizenship or to take part in a
17 naturalization oath ceremony;

18 (C) attending an appointment with the student's
19 probation officer;

20 (D) attending an adoption proceeding involving
21 the student; or

22 (E) attending a required court appearance; or

23 (2) a [~~, including traveling for that purpose. A~~
24 ~~school district shall excuse a student for~~] temporary absence
25 resulting from health care professionals if that student
26 commences classes or returns to school on the same day of the
27 appointment.

28 (c) A student whose absence is excused under Subsection (b)
29 [~~this subsection~~] may not be penalized for that absence and
30 shall be counted as if the student attended school for purposes
31 of calculating the average daily attendance of students in the

1 school district. A student whose absence is excused under
2 Subsection (b) [~~this subsection~~] shall be allowed a reasonable
3 time to make up school work missed on those days. If the
4 student satisfactorily completes the school work, the day of
5 absence shall be counted as a day of compulsory attendance.

6 SECTION 4.15. Section 25.088, Education Code, is amended to
7 read as follows:

8 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school
9 attendance officer may be selected by:

- 10 (1) the county school trustees of any county;
11 (2) the board of trustees of any school district or
12 the boards of trustees of two or more school districts jointly;
13 or
14 (3) the governing body of a public charter district
15 [~~an open-enrollment charter school~~].

16 SECTION 4.16. Section 25.089(a), Education Code, is amended
17 to read as follows:

18 (a) An attendance officer may be compensated from the funds
19 of the county, independent school district, or public charter
20 district [~~open-enrollment charter school~~], as applicable.

21 SECTION 4.17. Section 25.090(b), Education Code, is amended
22 to read as follows:

23 (b) If the governing body of a public charter district [~~an~~
24 ~~open-enrollment charter school~~] has not selected an attendance
25 officer for a district campus, the duties of attendance officer
26 shall be performed by the peace officers of the county in which
27 the campus [~~school~~] is located.

28 SECTION 4.18. Sections 25.093(d) and (e), Education Code,
29 are amended to read as follows:

30 (d) A fine collected under this section shall be deposited
31 as follows:

1 (1) one-half shall be deposited to the credit of the
2 operating fund of, as applicable:

3 (A) the school district in which the child
4 attends school;

5 (B) the public charter district [~~open-enrollment~~
6 ~~charter school~~] the child attends; or

7 (C) the juvenile justice alternative education
8 program that the child has been ordered to attend; and

9 (2) one-half shall be deposited to the credit of:

10 (A) the general fund of the county, if the
11 complaint is filed in the justice court or the constitutional
12 county court; or

13 (B) the general fund of the municipality, if the
14 complaint is filed in municipal court.

15 (e) At the trial of any person charged with violating this
16 section, the attendance records of the child may be presented in
17 court by any authorized employee of the school district or
18 public charter district [~~open-enrollment charter school~~], as
19 applicable.

20 SECTION 4.19. Sections 25.095(a) and (b), Education Code,
21 are amended to read as follows:

22 (a) A school district or public charter district [~~open-~~
23 ~~enrollment charter school~~] shall notify a student's parent in
24 writing at the beginning of the school year that if the student
25 is absent from school on 10 or more days or parts of days within
26 a six-month period in the same school year or on three or more
27 days or parts of days within a four-week period:

28 (1) the student's parent is subject to prosecution
29 under Section 25.093; and

30 (2) the student is subject to prosecution under
31 Section 25.094 or to referral to a juvenile court in a county

1 with a population of less than 100,000 for conduct that violates
2 that section.

3 (b) A school district or public charter district shall
4 notify a student's parent if the student has been absent from
5 school, without excuse under Section 25.087, on three days or
6 parts of days within a four-week period. The notice must:

7 (1) inform the parent that:

8 (A) it is the parent's duty to monitor the
9 student's school attendance and require the student to attend
10 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
14 the parent to discuss the absences.

15 SECTION 4.20. Section 25.0951(a), Education Code, as
16 amended by H.B. No. 1575, Acts of the 79th Legislature, Regular
17 Session, 2005, is amended to read as follows:

18 (a) If a student fails to attend school without excuse on
19 10 or more days or parts of days within a six-month period in
20 the same school year, a school district or public charter
21 district shall within seven school days of the student's last
22 absence:

23 (1) file a complaint against the student or the
24 student's parent or both in a county, justice, or municipal
25 court for an offense under Section 25.093 or 25.094, as
26 appropriate, or refer the student to a juvenile court in a
27 county with a population of less than 100,000 for conduct that
28 violates Section 25.094; or

29 (2) refer the student to a juvenile court for conduct
30 indicating a need for supervision under Section 51.03(b)(2),
31 Family Code.

1 SECTION 4.21. Section 25.0951(b), Education Code, is
2 amended to read as follows:

3 (b) If a student fails to attend school without excuse on
4 three or more days or parts of days within a four-week period
5 but does not fail to attend school for the time described by
6 Subsection (a), the school district or public charter district
7 may:

8 (1) file a complaint against the student or the
9 student's parent or both in a county, justice, or municipal
10 court for an offense under Section 25.093 or 25.094, as
11 appropriate, or refer the student to a juvenile court in a
12 county with a population of less than 100,000 for conduct that
13 violates Section 25.094; or

14 (2) refer the student to a juvenile court for conduct
15 indicating a need for supervision under Section 51.03(b)(2),
16 Family Code.

17 SECTION 4.22. Sections 26.0085(a), (c), (d), and (e),
18 Education Code, are amended to read as follows:

19 (a) A school district or public charter district [~~open-~~
20 ~~enrollment charter school~~] that seeks to withhold information
21 from a parent who has requested public information relating to
22 the parent's child under Chapter 552, Government Code, and that
23 files suit as described by Section 552.324, Government Code, to
24 challenge a decision by the attorney general issued under
25 Subchapter G, Chapter 552, Government Code, must bring the suit
26 not later than the 30th calendar day after the date the school
27 district or public charter district [~~open-enrollment charter~~
28 ~~school~~] receives the decision of the attorney general being
29 challenged.

30 (c) Notwithstanding any other law, a school district or
31 public charter district [~~open-enrollment charter school~~] may not

1 appeal the decision of a court in a suit filed under Subsection
2 (a). This subsection does not affect the right of a parent to
3 appeal the decision.

4 (d) If the school district or public charter district
5 [~~open-enrollment charter school~~] does not bring suit within the
6 period established by Subsection (a), the school district or
7 public charter district [~~open-enrollment charter school~~] shall
8 comply with the decision of the attorney general.

9 (e) A school district or public charter district [~~open-~~
10 ~~enrollment charter school~~] that receives a request from a parent
11 for public information relating to the parent's child shall
12 comply with Chapter 552, Government Code. If an earlier
13 deadline for bringing suit is established under Chapter 552,
14 Government Code, Subsection (a) does not apply. This section
15 does not affect the earlier deadline for purposes of Section
16 552.353(b)(3), Government Code, [532.353(b)(3)] for a suit
17 brought by an officer for public information.

18 SECTION 4.23. Section 28.0211(j), Education Code, is
19 amended to read as follows:

20 (j) A school district [~~or open-enrollment charter school~~]
21 shall provide students required to attend accelerated programs
22 under this section with transportation to those programs if the
23 programs occur outside of regular school hours.

24 SECTION 4.24. Section 29.010(f), Education Code, is amended
25 to read as follows:

26 (f) This section does not create an obligation for or
27 impose a requirement on a school district [~~or open-enrollment~~
28 ~~charter school~~] that is not also created or imposed under
29 another state law or a federal law.

30 SECTION 4.25. Sections 29.012(a) and (c), Education Code,
31 are amended to read as follows:

1 (a) Except as provided by Subsection (b)(2), not later than
2 the third day after the date a person 22 years of age or younger
3 is placed in a residential facility, the residential facility
4 shall:

5 (1) if the person is three years of age or older,
6 notify the school district in which the facility is located,
7 unless the facility is a public charter district [~~an open-~~
8 ~~enrollment charter school~~]; or

9 (2) if the person is younger than three years of age,
10 notify a local early intervention program in the area in which
11 the facility is located.

12 (c) For purposes of enrollment in a school, a person who
13 resides in a residential facility is considered a resident of
14 the school district or geographical area served by the public
15 charter district campus [~~open-enrollment charter school~~] in
16 which the facility is located.

17 SECTION 4.26. Sections 29.062(c)-(e), Education Code, are
18 amended to read as follows:

19 (c) Not later than the 30th day after the date of an on-
20 site monitoring inspection, the agency shall report its findings
21 to the school district [~~or open-enrollment charter school~~] and
22 to the division of accreditation.

23 (d) The agency shall notify a school district [~~or open-~~
24 ~~enrollment charter school~~] found in noncompliance in writing,
25 not later than the 30th day after the date of the on-site
26 monitoring. The district [~~or open-enrollment charter school~~]
27 shall take immediate corrective action.

28 (e) If a school district [~~or open-enrollment charter~~
29 ~~school~~] fails to satisfy appropriate standards adopted by the
30 commissioner for purposes of Subsection (a), the agency shall
31 apply sanctions, which may include the removal of accreditation,

1 loss of foundation school funds, or both.

2 SECTION 4.27. Sections 29.087(a)-(c), (e), (k), and (l),
3 Education Code, are amended to read as follows:

4 (a) The agency shall develop a process by which a school
5 district or public charter district [~~open-enrollment charter~~
6 ~~school~~] may apply to the commissioner for authority to operate a
7 program to prepare eligible students to take a high school
8 equivalency examination.

9 (b) Any school district or public charter district [~~open-~~
10 ~~enrollment charter school~~] may apply for authorization to
11 operate a program under this section. As part of the application
12 process, the commissioner shall require a school district or
13 public charter district [~~or school~~] to provide information
14 regarding the operation of any similar program during the
15 preceding five years.

16 (b-1) A school district or public charter district [~~open-~~
17 ~~enrollment charter school~~] authorized by the commissioner on or
18 before August 31, 2003, to operate a program under this section
19 may continue to operate that program in accordance with this
20 section.

21 (c) A school district or public charter district [~~open-~~
22 ~~enrollment charter school~~] may not increase enrollment of
23 students in a program authorized by this section by more than
24 five percent of the number of students enrolled in the similar
25 program operated by the school district or public charter
26 district [~~or school~~] during the 2000-2001 school year.

27 (e) A school district or public charter district [~~open-~~
28 ~~enrollment charter school~~] shall inform each student who has
29 completed a program authorized by this section of the time and
30 place at which the student may take the high school equivalency
31 examination. Notwithstanding any provision of this section, a

1 student may not take the high school equivalency examination
2 except as authorized by Section 7.111.

3 (k) The board of trustees of a school district or the
4 governing body [~~board~~] of a public charter district [~~an open-~~
5 ~~enrollment charter school~~] shall:

6 (1) hold a public hearing concerning the proposed
7 application of the school district or public charter district
8 [~~or school~~] before applying to operate a program authorized by
9 this section; and

10 (2) subsequently hold a public hearing annually to
11 review the performance of the program.

12 (l) The commissioner may revoke a school district's or
13 public charter district's [~~open-enrollment charter school's~~]
14 authorization under this section after consideration of relevant
15 factors, including performance of students participating in the
16 school district's or public charter district's [~~or school's~~]
17 program on assessment instruments required under Chapter 39, the
18 percentage of students participating in the school district's or
19 public charter district's [~~or school's~~] program who complete the
20 program and perform successfully on the high school equivalency
21 examination, and other criteria adopted by the commissioner. A
22 decision by the commissioner under this subsection is final and
23 may not be appealed.

24 SECTION 4.28. Sections 29.155(a)-(d), (i), and (j),
25 Education Code, are amended to read as follows:

26 (a) From amounts appropriated for the purposes of this
27 section, the commissioner may make grants to school districts
28 and public charter districts [~~open-enrollment charter schools~~]
29 to implement or expand kindergarten and prekindergarten programs
30 by:

31 (1) operating an existing half-day kindergarten or

1 prekindergarten program on a full-day basis; or

2 (2) implementing a prekindergarten program at a campus
3 that does not have a prekindergarten program.

4 (b) A school district or public charter district [~~open-~~
5 ~~enrollment charter school~~] may use funds received under this
6 section to employ teachers and other personnel for a
7 kindergarten or prekindergarten program and acquire curriculum
8 materials or equipment, including computers, for use in
9 kindergarten and prekindergarten programs.

10 (c) To be eligible for a grant under this section, a school
11 district or public charter district [~~open-enrollment charter~~
12 ~~school~~] must apply to the commissioner in the manner and within
13 the time prescribed by the commissioner.

14 (d) In awarding grants under this section, the commissioner
15 shall give priority to districts and public charter districts
16 [~~open-enrollment charter schools~~] in which the level of
17 performance of students on the assessment instruments
18 administered under Section 39.023 to students in grade three is
19 substantially below the average level of performance on those
20 assessment instruments for all school districts in the state.

21 (i) In carrying out the purposes of Subsection (g), a
22 school district or public charter district [~~open-enrollment~~
23 ~~charter school~~] may use funds granted to the school district or
24 public charter district [~~or school~~] under this section
25 [~~subsection~~] in contracting with another entity, including a
26 private entity.

27 (j) If a school district or public charter district [~~open-~~
28 ~~enrollment charter school~~] returns to the commissioner funds
29 granted under this section, the commissioner may grant those
30 funds to another entity, including a private entity, for the
31 purposes of Subsection (g).

1 SECTION 4.29. Section 29.905(b), Education Code, is amended
2 to read as follows:

3 (b) The agency shall make the program available to a school
4 on the request of the board of trustees of [~~or~~] the school
5 district of which the school is a part, or if the school is a
6 public charter district [~~an open-enrollment charter school~~], on
7 the request of the governing body of the public charter district
8 [~~school~~].

9 SECTION 4.30. Subchapter C, Chapter 32, Education Code, is
10 amended by adding Section 32.1011 to read as follows:

11 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.
12 This subchapter applies to a public charter district as if the
13 public charter district were a school district.

14 SECTION 4.31. Section 32.102, Education Code, is amended to
15 read as follows:

16 Sec. 32.102. AUTHORITY. (a) As provided by this
17 subchapter, a school district [~~or open-enrollment charter~~
18 ~~school~~] may transfer to a student enrolled in the district [~~or~~
19 ~~school~~]:

20 (1) any data processing equipment donated to the
21 district [~~or school~~], including equipment donated by:

- 22 (A) a private donor; or
- 23 (B) a state eleemosynary institution or a state
24 agency under Section 2175.128, Government Code;

25 (2) any equipment purchased by the district [~~or~~
26 ~~school~~], to the extent consistent with Section 32.105; and

27 (3) any surplus or salvage equipment owned by the
28 district [~~or school~~].

29 (b) A school district [~~or open-enrollment charter school~~]
30 may accept:

31 (1) donations of data processing equipment for

1 transfer under this subchapter; and

2 (2) any gifts, grants, or donations of money or
3 services to purchase, refurbish, or repair data processing
4 equipment under this subchapter.

5 SECTION 4.32. Section 32.103, Education Code, is amended to
6 read as follows:

7 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
8 eligible to receive data processing equipment under this
9 subchapter only if the student does not otherwise have home
10 access to data processing equipment, as determined by the
11 student's school district [~~or open-enrollment charter school~~].

12 (b) In transferring data processing equipment to students,
13 a school district [~~or open-enrollment charter school~~] shall give
14 preference to educationally disadvantaged students.

15 SECTION 4.33. Section 32.104, Education Code, is amended to
16 read as follows:

17 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before
18 transferring data processing equipment to a student, a school
19 district [~~or open-enrollment charter school~~] must:

20 (1) adopt rules governing transfers under this
21 subchapter, including provisions for technical assistance to the
22 student by the district [~~or school~~];

23 (2) determine that the transfer serves a public
24 purpose and benefits the district [~~or school~~]; and

25 (3) remove from the equipment any offensive,
26 confidential, or proprietary information, as determined by the
27 district [~~or school~~].

28 SECTION 4.34. Section 32.105, Education Code, is amended to
29 read as follows:

30 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school
31 district [~~or open-enrollment charter school~~] may spend public

1 funds to:

2 (1) purchase, refurbish, or repair any data processing
3 equipment transferred to a student under this subchapter; and

4 (2) store, transport, or transfer data processing
5 equipment under this subchapter.

6 SECTION 4.35. Section 32.106, Education Code, is amended to
7 read as follows:

8 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided
9 by Subsection (b), a student who receives data processing
10 equipment from a school district [~~or open-enrollment charter~~
11 ~~school~~] under this subchapter shall return the equipment to the
12 district [~~or school~~] not later than the earliest of:

13 (1) five years after the date the student receives the
14 equipment;

15 (2) the date the student graduates;

16 (3) the date the student transfers to another school
17 district [~~or open-enrollment charter school~~]; or

18 (4) the date the student withdraws from school.

19 (b) Subsection (a) does not apply if, at the time the
20 student is required to return the data processing equipment
21 under that subsection, the district [~~or school~~] determines that
22 the equipment has no marketable value.

23 SECTION 4.36. Section 33.007, Education Code, is amended to
24 read as follows:

25 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION. (a)
26 Each counselor at an elementary, middle, or junior high school,
27 including a public charter district [~~an open-enrollment charter~~
28 ~~school~~] offering those grades, shall advise students and their
29 parents or guardians regarding the importance of higher
30 education, coursework designed to prepare students for higher
31 education, and financial aid availability and requirements.

1 (b) During the first school year a student is enrolled in a
2 high school or at the high school level in a public charter
3 district [~~an open-enrollment charter school~~], and again during a
4 student's senior year, a counselor shall provide information
5 about higher education to the student and the student's parent
6 or guardian. The information must include information
7 regarding:

8 (1) the importance of higher education;

9 (2) the advantages of completing the recommended or
10 advanced high school program adopted under Section 28.025(a);

11 (3) the disadvantages of taking courses to prepare for
12 a high school equivalency examination relative to the benefits
13 of taking courses leading to a high school diploma;

14 (4) financial aid eligibility;

15 (5) instruction on how to apply for federal financial
16 aid;

17 (6) the center for financial aid information
18 established under Section 61.0776;

19 (7) the automatic admission of certain students to
20 general academic teaching institutions as provided by Section
21 51.803; and

22 (8) the eligibility and academic performance
23 requirements for the TEXAS Grant as provided by Subchapter M,
24 Chapter 56[, ~~as added by Chapter 1590, Acts of the 76th~~
25 ~~Legislature, Regular Session, 1999~~].

26 SECTION 4.37. Section 33.901, Education Code, is amended to
27 read as follows:

28 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of
29 the students enrolled in one or more schools in a school
30 district or enrolled in a public charter district campus [~~an~~
31 ~~open-enrollment charter school~~] are eligible for free or

1 reduced-price breakfasts under the national school breakfast
2 program provided for by the Child Nutrition Act of 1966 (42
3 U.S.C. Section 1773), the governing body of the district or the
4 public charter district [~~open-enrollment charter school~~] shall
5 participate in the program and make the benefits of the program
6 available to all eligible students in the schools or campus
7 [~~school~~].

8 SECTION 4.38. Section 37.007(e), Education Code, is amended
9 to read as follows:

10 (e) In accordance with 20 U.S.C. Section 7151, a local
11 educational agency, including a school district, home-rule
12 school district, or public charter district [~~open-enrollment~~
13 ~~charter school~~], shall expel a student who brings a firearm, as
14 defined by 18 U.S.C. Section 921, to school. The student must
15 be expelled from the student's regular campus for a period of at
16 least one year, except that:

17 (1) the superintendent or other chief administrative
18 officer of the school district or of the other local educational
19 agency, as defined by 20 U.S.C. Section 7801, may modify the
20 length of the expulsion in the case of an individual student;

21 (2) the district or other local educational agency
22 shall provide educational services to an expelled student in a
23 disciplinary alternative education program as provided by
24 Section 37.008 if the student is younger than 10 years of age on
25 the date of expulsion; and

26 (3) the district or other local educational agency may
27 provide educational services to an expelled student who is 10
28 years of age or older in a disciplinary alternative education
29 program as provided in Section 37.008.

30 SECTION 4.39. Section 37.008(j), Education Code, as amended
31 by H.B. No. 603, Acts of the 79th Legislature, Regular Session,

1 2005, is amended to read as follows:

2 (j) If a student placed in a disciplinary alternative
3 education program enrolls in another school district before the
4 expiration of the period of placement, the board of trustees of
5 the district requiring the placement shall provide to the
6 district in which the student enrolls, at the same time other
7 records of the student are provided, a copy of the placement
8 order. The district in which the student enrolls shall inform
9 each educator who will have responsibility for, or will be under
10 the direction and supervision of an educator who will have
11 responsibility for, the instruction of the student of the
12 contents of the placement order. Each educator shall keep the
13 information received under this subsection confidential from any
14 person not entitled to the information under this subsection,
15 except that the educator may share the information with the
16 student's parent or guardian as provided for by state or federal
17 law. The district in which the student enrolls may continue the
18 disciplinary alternative education program placement under the
19 terms of the order or may allow the student to attend regular
20 classes without completing the period of placement. A school
21 district may take any action permitted by this subsection if:

22 (1) the student was placed in a disciplinary
23 alternative education program by a public charter district [~~an~~
24 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~]
25 and the public charter district [~~school~~] provides to the school
26 district a copy of the placement order; or

27 (2) the student was placed in a disciplinary
28 alternative education program by a school district in another
29 state and:

30 (A) the out-of-state district provides to the
31 school district a copy of the placement order; and

1 (B) the grounds for the placement by the out-of-
2 state district are grounds for placement in the school district
3 in which the student is enrolling.

4 SECTION 4.40. Section 37.022(a)(2), Education Code, as
5 renumbered by Section 23.001(16), H.B. No. 2018, Acts of the
6 79th Legislature, Regular Session, 2005, is amended to read as
7 follows:

8 (2) "District or school" includes an independent
9 school district, a home-rule school district, a campus or campus
10 program charter holder, or a public charter district [~~an open-~~
11 ~~enrollment charter school~~].

12 SECTION 4.41. Section 44.008(a), Education Code, is amended
13 to read as follows:

14 (a) The board of school trustees of each school district
15 shall have its school district fiscal accounts audited annually
16 at district expense by a certified or public accountant holding
17 a permit from the Texas State Board of Public Accountancy.
18 Except as determined impracticable by the commissioner, the
19 accountant must have completed at least one peer-reviewed audit
20 of a school district, governmental entity, quasi-governmental
21 entity, or nonprofit corporation and received an unqualified
22 opinion from the peer review. The audit must be completed
23 following the close of each fiscal year.

24 SECTION 4.42. Section 46.012, Education Code, is amended to
25 read as follows:

26 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
27 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district
28 [~~An open-enrollment charter school~~] is not entitled to an
29 allotment under this subchapter.

30 SECTION 4.43. Section 46.036, Education Code, is amended to
31 read as follows:

1 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
2 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district
3 [~~An open-enrollment charter school~~] is not entitled to an
4 allotment under this subchapter.

5 SECTION 4.44. Section 53.02(13), Education Code, is amended
6 to read as follows:

7 (13) "Authorized charter school" means a public
8 charter district [~~an open-enrollment charter school~~] that holds
9 a charter granted under Chapter 11A [~~Subchapter D, Chapter 12~~].

10 SECTION 4.45. The heading to Section 53.351, Education
11 Code, is amended to read as follows:

12 Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN-ENROLLMENT~~] CHARTER
13 SCHOOL FACILITIES.

14 SECTION 4.46. Sections 53.351(a), (c), (d), (f), and (g),
15 Education Code, are amended to read as follows:

16 (a) The Texas Public Finance Authority shall establish a
17 nonprofit corporation to issue revenue bonds on behalf of
18 authorized [~~open-enrollment~~] charter schools for the
19 acquisition, construction, repair, or renovation of educational
20 facilities of those schools.

21 (c) The corporation has all powers granted under the Texas
22 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
23 Texas Civil Statutes) for the purpose of aiding authorized
24 [~~open-enrollment~~] charter schools in providing educational
25 facilities. The corporation may make expenditures from the fund
26 described by Subsection (e) and may solicit and accept grants
27 for deposit into the fund. In addition, Sections 53.131, 53.15,
28 53.31, 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42
29 apply to and govern the corporation and its procedures and
30 bonds.

31 (d) The corporation shall adopt rules governing the

1 issuance of bonds on behalf of an authorized [~~open-enrollment~~]
2 charter school.

3 (f) A revenue bond issued under this section is not a debt
4 of the state or any state agency, political corporation, or
5 political subdivision of the state and is not a pledge of the
6 faith and credit of any of these entities. A revenue bond is
7 payable solely from the revenue of the authorized [~~open-~~
8 ~~enrollment~~] charter school on whose behalf the bond is issued.
9 A revenue bond issued under this section must contain on its
10 face a statement to the effect that:

11 (1) neither the state nor a state agency, political
12 corporation, or political subdivision of the state is obligated
13 to pay the principal of or interest on the bond; and

14 (2) neither the faith and credit nor the taxing power
15 of the state or any state agency, political corporation, or
16 political subdivision of the state is pledged to the payment of
17 the principal of or interest on the bond.

18 (g) An educational facility financed in whole or in part
19 under this section is exempt from taxation if the facility:

20 (1) is owned by an authorized [~~open-enrollment~~]
21 charter school;

22 (2) is held for the exclusive benefit of the school;
23 and

24 (3) is held for the exclusive use of the students,
25 faculty, and staff members of the school.

26 SECTION 4.47. Section 411.097(c), Government Code, is
27 amended to read as follows:

28 (c) A public charter district [~~An open-enrollment charter~~
29 ~~school~~] is entitled to obtain from the department criminal
30 history record information maintained by the department that
31 relates to a person who:

1 (1) is a member of the governing body of the public
2 charter district [~~school~~], as defined by Section 11A.001
3 [~~12.1012~~], Education Code; or

4 (2) has agreed to serve as a member of the governing
5 body of the public charter district [~~school~~].

6 SECTION 4.48. Sections 2175.128(a) and (b), Government
7 Code, are amended to read as follows:

8 (a) If a disposition of a state agency's surplus or salvage
9 data processing equipment is not made under Section 2175.125 or
10 2175.184, the state agency shall transfer the equipment to:

11 (1) a school district or public charter district
12 [~~open-enrollment charter school~~] in this state under Subchapter
13 C, Chapter 32, Education Code;

14 (2) an assistance organization specified by the school
15 district or public charter district; or

16 (3) the Texas Department of Criminal Justice.

17 (b) If a disposition of the surplus or salvage data
18 processing equipment of a state eleemosynary institution or an
19 institution or agency of higher education is not made under
20 other law, the institution or agency shall transfer the
21 equipment to:

22 (1) a school district or public charter district
23 [~~open-enrollment charter school~~] in this state under Subchapter
24 C, Chapter 32, Education Code;

25 (2) an assistance organization specified by the school
26 district or public charter district; or

27 (3) the Texas Department of Criminal Justice.

28 SECTION 4.49. Section 2306.630(a), Government Code, is
29 amended to read as follows:

30 (a) Subject to Subsection (b), the following entities may
31 apply to receive a grant for an eligible project under this

1 subchapter:

2 (1) a private, nonprofit, tax-exempt organization
3 listed in Section 501(c)(3), Internal Revenue Code of 1986 (26
4 U.S.C. Section 501(c)(3));

5 (2) a public agency that operates a community-based
6 youth employment training program;

7 (3) a community housing development organization
8 certified by the state;

9 (4) an educational facility approved by the Texas
10 Youth Commission;

11 (5) a corps-based community service organization;

12 (6) a public charter district [~~an open-enrollment~~
13 ~~charter school~~] approved by the State Board of Education [~~Texas~~
14 ~~Education Agency~~]; or

15 (7) another entity authorized by board rule.

16 SECTION 4.50. Section 1575.002(6), Insurance Code, is
17 amended to read as follows:

18 (6) "Public school" means:

19 (A) a school district;

20 (B) another educational district whose employees
21 are members of the Teacher Retirement System of Texas;

22 (C) a regional education service center
23 established under Chapter 8, Education Code; or

24 (D) a public charter district [~~an open-enrollment~~
25 ~~charter school~~] established under Chapter 11A [~~Subchapter D,~~
26 ~~Chapter 12~~], Education Code.

27 SECTION 4.51. Section 1579.002(3), Insurance Code, is
28 amended to read as follows:

29 (3) "Charter school" means a public charter district
30 [~~an open-enrollment charter school~~] established under Chapter
31 11A [~~Subchapter D, Chapter 12~~], Education Code.

1 SECTION 4.52. Section 140.005, Local Government Code, is
2 amended to read as follows:

3 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,
4 OR OTHER DISTRICT. The governing body of a school district,
5 public charter district [~~open-enrollment charter school~~], junior
6 college district, or a district or authority organized under
7 Article III, Section 52, or Article XVI, Section 59, of the
8 Texas Constitution, shall prepare an annual financial statement
9 showing for each fund subject to the authority of the governing
10 body during the fiscal year:

11 (1) the total receipts of the fund, itemized by source
12 of revenue, including taxes, assessments, service charges,
13 grants of state money, gifts, or other general sources from
14 which funds are derived;

15 (2) the total disbursements of the fund, itemized by
16 the nature of the expenditure; and

17 (3) the balance in the fund at the close of the fiscal
18 year.

19 SECTION 4.53. Section 140.006(c), Local Government Code, is
20 amended to read as follows:

21 (c) The presiding officer of a school district shall submit
22 a financial statement prepared under Section 140.005 to a daily,
23 weekly, or biweekly newspaper published within the boundaries of
24 the district. If a daily, weekly, or biweekly newspaper is not
25 published within the boundaries of the school district, the
26 financial statement shall be published in the manner provided by
27 Subsections (a) and (b). The financial statement of a public
28 charter district [~~an open-enrollment charter school~~] shall be
29 made available in the manner provided by Chapter 552, Government
30 Code.

31 SECTION 4.54. Section 375.303(2), Local Government Code, is

1 amended to read as follows:

2 (2) "Eligible project" means a program authorized by
3 Section 379A.051 and a project as defined by Sections 2(11) and
4 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
5 Vernon's Texas Civil Statutes). Notwithstanding this definition,
6 seeking a charter for or operating a public charter district [~~an~~
7 ~~open-enrollment charter school~~] authorized by Chapter 11A
8 [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~]
9 an eligible project.

10 SECTION 4.55. Sections 375.308(b) and (c), Local Government
11 Code, are amended to read as follows:

12 (b) An authority may not:

13 (1) issue bonds or notes without the prior approval of
14 the governing body of the municipality that created the
15 authority;

16 (2) seek a charter for or operate, within the
17 boundaries of the authority, a public charter district [~~an open-~~
18 ~~enrollment charter school~~] authorized by Chapter 11A [~~Subchapter~~
19 ~~D, Chapter 12~~], Education Code; or

20 (3) levy ad valorem property taxes.

21 (c) A municipality may not seek a charter for or operate a
22 public charter district [~~an open-enrollment charter school~~]
23 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education
24 Code, within the boundaries of the authority.

25 SECTION 4.56. Section 541.201(15), Transportation Code, is
26 amended to read as follows:

27 (15) "School activity bus" means a bus designed to
28 accommodate more than 15 passengers, including the operator,
29 that is owned, operated, rented, or leased by a school district,
30 county school, public charter district [~~open-enrollment charter~~
31 ~~school~~], regional education service center, or shared services

1 arrangement and that is used to transport public school students
2 on a school-related activity trip, other than on routes to and
3 from school. The term does not include a chartered bus, a bus
4 operated by a mass transit authority, or a school bus.

5 SECTION 4.57. Section 57.042(9), Utilities Code, is amended
6 to read as follows:

7 (9) "Public school" means a public elementary or
8 secondary school, including a public charter district [~~an open-~~
9 ~~enrollment charter school~~], a home-rule school district school,
10 and a school with a campus or campus program charter.

11 SECTION 4.58. Section 4(2), Chapter 22, Acts of the 57th
12 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
13 Texas Civil Statutes), is amended to read as follows:

14 (2) "Educational institution" means a school district
15 or a public charter district [~~an open-enrollment charter~~
16 ~~school~~].

17 SECTION 4.59. The following laws are repealed:

18 (1) Section 12.106, Education Code; and

19 (2) Section 40, Chapter 1504, Acts of the 77th
20 Legislature, Regular Session, 2001.

21 SECTION 4.60. Notwithstanding the repeal of Sections 12.107
22 and 12.128, Education Code, by this Act, those sections continue
23 to apply to state funds and property received or purchased by an
24 open-enrollment charter school before September 1, 2006.

25 SECTION 4.61. The changes in law made by Sections 4.04-4.60
26 of this article apply beginning August 1, 2006, except that
27 Sections 4.10, 4.11, 4.41, and 4.59 apply beginning September 1,
28 2005.

29 [ARTICLES 5-6 RESERVED]

30 ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR

31 CERTIFICATION; TRANSFER OF POWERS AND DUTIES

1 SECTION 7.01. Section 21.0031(a), Education Code, is
2 amended to read as follows:

3 (a) An employee's probationary, continuing, or term
4 contract under this chapter is void if the employee:

5 (1) does not hold a certificate or permit issued under
6 Subchapter B [~~by the State Board for Educator Certification~~]; or

7 (2) fails to fulfill the requirements necessary to
8 extend the employee's temporary or emergency certificate or
9 permit.

10 SECTION 7.02. Sections 21.004(a)-(e), Education Code, are
11 amended to read as follows:

12 (a) To the extent that funds are available, the agency[~~,~~
13 ~~the State Board for Educator Certification,~~] and the Texas
14 Higher Education Coordinating Board shall develop and implement
15 programs to identify talented students and recruit those
16 students and persons, including high school and undergraduate
17 students, mid-career and retired professionals, honorably
18 discharged and retired military personnel, and members of
19 underrepresented gender and ethnic groups, into the teaching
20 profession.

21 (b) From available funds, the agency[~~,~~ ~~the State Board for~~
22 ~~Educator Certification,~~] and the Texas Higher Education
23 Coordinating Board shall develop and distribute materials that
24 emphasize the importance of the teaching profession and inform
25 individuals about state-funded loan forgiveness and tuition
26 assistance programs.

27 (c) The commissioner, in cooperation with the commissioner
28 of higher education [~~and the executive director of the State~~
29 ~~Board for Educator Certification~~], shall annually identify the
30 need for teachers in specific subject areas and geographic
31 regions and among underrepresented groups. The commissioner

1 shall give priority to developing and implementing recruitment
2 programs to address those needs from the agency's discretionary
3 funds.

4 (d) The agency[, ~~the State Board for Educator~~
5 ~~Certification,~~] and the Texas Higher Education Coordinating
6 Board shall encourage the business community to cooperate with
7 local schools to develop recruiting programs designed to attract
8 and retain capable teachers, including programs to provide
9 summer employment opportunities for teachers.

10 (e) The agency[, ~~the State Board for Educator~~
11 ~~Certification,~~] and the Texas Higher Education Coordinating
12 Board shall encourage major education associations to cooperate
13 in developing a long-range program promoting teaching as a
14 career and to assist in identifying local activities and
15 resources that may be used to promote the teaching profession.

16 SECTION 7.03. Section 21.006, Education Code, is amended by
17 amending Subsections (a)-(c) and (e)-(g) and adding Subsection
18 (h) to read as follows:

19 (a) In this section:

20 (1) "Abuse" [~~,"abuse"~~] has the meaning assigned by
21 Section 261.001, Family Code, and includes any sexual conduct
22 involving an educator and a student or minor.

23 (2) "Board" means the Educators' Professional
24 Practices Board.

25 (b) In addition to the reporting requirement under Section
26 261.101, Family Code, the superintendent or director of a school
27 district, regional education service center, or shared services
28 arrangement shall notify the commissioner [~~State Board for~~
29 ~~Educator Certification~~] if the superintendent or director has
30 reasonable cause to believe that:

31 (1) an educator employed by or seeking employment by

1 the district, service center, or shared services arrangement has
2 a criminal record;

3 (2) an educator's employment at the district, service
4 center, or shared services arrangement was terminated based on a
5 determination that the educator:

6 (A) abused or otherwise committed an unlawful act
7 with a student or minor;

8 (B) possessed, transferred, sold, or distributed
9 a controlled substance, as defined by Chapter 481, Health and
10 Safety Code, or by 21 U.S.C. Section 801 et seq. [~~and its~~
11 ~~subsequent amendments~~];

12 (C) illegally transferred, appropriated, or
13 expended funds or other property of the district, service
14 center, or shared services arrangement;

15 (D) attempted by fraudulent or unauthorized means
16 to obtain or alter a professional certificate or license for the
17 purpose of promotion or additional compensation; or

18 (E) committed a criminal offense or any part of a
19 criminal offense on school property or at a school-sponsored
20 event; or

21 (3) the educator resigned and reasonable evidence
22 supports a recommendation by the superintendent or director to
23 terminate the educator based on a determination that the
24 educator engaged in misconduct described by Subdivision (2).

25 (c) The superintendent or director must notify the
26 commissioner [~~State Board for Educator Certification~~] by filing
27 a report with the commissioner [~~board~~] not later than the
28 seventh day after the date the superintendent or director first
29 learns about an alleged incident of misconduct described by
30 Subsection (b). The report must be:

31 (1) in writing; and

1 (2) in a form prescribed by the board.

2 (e) A superintendent or director who in good faith and
3 while acting in an official capacity files a report with the
4 commissioner [~~State Board for Educator Certification~~] under this
5 section is immune from civil or criminal liability that might
6 otherwise be incurred or imposed.

7 (f) The board, acting on a recommendation of the
8 commissioner, [~~State Board for Educator Certification~~] shall
9 determine whether to impose sanctions against a superintendent
10 or director who fails to file a report in violation of
11 Subsection (c).

12 (g) The commissioner [~~State Board for Educator~~
13 ~~Certification~~] shall adopt [~~propose~~] rules as necessary to
14 implement this section.

15 (h) The commissioner shall forward a report received under
16 this section to the board for use as the commissioner determines
17 appropriate in the execution of the board's duties.

18 SECTION 7.035. Subchapter A, Chapter 21, Education Code, is
19 amended by adding Section 21.007 to read as follows:

20 Sec. 21.007. RECOMMENDATION TO SANCTION. The commissioner
21 shall determine whether to recommend a sanction against an
22 educator to the Educators' Professional Practices Board under
23 this chapter. The board shall make a final determination
24 regarding the imposition of a sanction under this chapter.

25 SECTION 7.04. Sections 21.031 and 21.032, Education Code,
26 are amended to read as follows:

27 Sec. 21.031. PURPOSE. (a) The Educators' Professional
28 Practices [~~State~~] Board [~~for Educator Certification~~] is
29 established in the agency to [~~recognize public school educators~~
30 ~~as professionals and to grant educators the authority to govern~~
31 ~~the standards of their profession. The board shall~~] regulate

1 and oversee [~~all aspects of~~] the [~~certification, continuing~~
2 ~~education, and~~] standards of conduct of public school educators.

3 (b) The commissioner shall adopt rules governing the
4 certification of educators and continuing education for
5 educators. In adopting [~~In proposing~~] rules under this
6 subchapter, the commissioner [~~board~~] shall ensure that all
7 candidates for certification or renewal of certification
8 demonstrate the knowledge and skills necessary to improve the
9 performance of the diverse student population of this state.

10 Sec. 21.032. DEFINITION. In this subchapter, "board" means
11 the Educators' Professional Practices [~~State~~] Board [~~for~~
12 ~~Educator Certification~~].

13 SECTION 7.05. The heading to Section 21.033, Education
14 Code, is amended to read as follows:

15 Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES [~~STATE~~]
16 BOARD [~~FOR EDUCATOR CERTIFICATION~~].

17 SECTION 7.06. Section 21.033, Education Code, is amended by
18 amending Subsection (a) and adding Subsections (a-1), (d), (e),
19 and (f) to read as follows:

20 (a) The board [~~State Board for Educator Certification~~] is
21 composed of 11 [~~14~~] members[~~.—The commissioner of education~~
22 ~~shall appoint an employee of the agency to represent the~~
23 ~~commissioner as a nonvoting member. The commissioner of higher~~
24 ~~education shall appoint an employee of the Texas Higher~~
25 ~~Education Coordinating Board to represent the commissioner as a~~
26 ~~nonvoting member. The governor shall appoint a dean of a~~
27 ~~college of education in this state as a nonvoting member. The~~
28 ~~remaining 11 members are~~] appointed by the commissioner
29 [~~governor with the advice and consent of the senate,~~] as
30 follows:

31 (1) six [~~four~~] members must be classroom teachers,

1 appointed as provided by Subsection (a-1) [employed in public
2 schools];

3 (2) not more than two members of the board may [must]
4 be [public] school administrators; and

5 (3) a number of other members consistent with this
6 subsection who the commissioner determines are qualified [one
7 member must be a public school counselor; and

8 [~~4) four members must be citizens, three of whom are~~
9 ~~not and have not, in the five years preceding appointment, been~~
10 ~~employed by a public school district or by an educator~~
11 ~~preparation program in an institution of higher education and~~
12 ~~one of whom is not and has not been employed by a public school~~
13 ~~district or by an educator preparation program in an institution~~
14 ~~of higher education].~~

15 (a-1) In appointing a board member under Subsection (a)(1),
16 the commissioner shall:

17 (1) appoint teachers with at least five years'
18 experience as public school classroom teachers;

19 (2) give preference to teachers who have received
20 state or national awards for teaching excellence; and

21 (3) provide an opportunity for professional educator
22 associations to submit nominations for the appointment.

23 (d) The commissioner shall designate a member of the board
24 as the presiding officer of the board to serve in that capacity
25 at the pleasure of the commissioner.

26 (e) The agency shall provide administrative services for
27 the board as necessary.

28 (f) A reference in law to the State Board for Educator
29 Certification means the Educators' Professional Practices Board.

30 SECTION 7.07. Section 21.034, Education Code, is amended to
31 read as follows:

1 Sec. 21.034. TERMS; VACANCY. (a) The board members
2 ~~[appointed by the governor]~~ hold office for staggered terms of
3 six years with the terms of one-third, or as near to one-third
4 as possible, of the members expiring on February 1 of each odd-
5 numbered year. ~~[A member appointed by the commissioner of~~
6 ~~education or the commissioner of higher education serves at the~~
7 ~~will of the appointing commissioner.]~~

8 (b) In the event of a vacancy during a term of a member
9 ~~[appointed by the governor]~~, the commissioner ~~[governor]~~ shall
10 appoint a replacement who meets the qualifications of the
11 vacated office to fill the unexpired portion of the term.

12 (c) A vacancy arises if a member ~~[appointed by the~~
13 ~~governor]~~ no longer qualifies for the office to which the member
14 was appointed, as determined by the commissioner.

15 SECTION 7.075. Section 21.035, Education Code, as amended
16 by H.B. No. 1116, Acts of the 79th Legislature, Regular Session,
17 2005, is amended to read as follows:

18 Sec. 21.035. APPLICATION OF SUNSET ACT. The board is
19 subject to Chapter 325, Government Code (Texas Sunset Act).
20 Unless continued in existence as provided by that chapter, the
21 board is abolished and this subchapter expires on the date
22 prescribed by Section 7.004 for abolishment of the agency. ~~[The~~
23 ~~Texas Education Agency shall provide the board's administrative~~
24 ~~functions and services.]~~

25 SECTION 7.08. Subchapter B, Chapter 21, Education Code, is
26 amended by adding Section 21.0391 to read as follows:

27 Sec. 21.0391. ADVISORY COMMITTEE. (a) The commissioner
28 shall appoint an advisory committee composed of holders of each
29 class of educator certificate and stakeholders as required under
30 Chapter 2008, Government Code.

31 (b) The advisory committee shall recommend educator

1 certification standards under Section 21.041(b)(4) and educator
2 preparation program standards under Section 21.044 and propose
3 rules under those sections to the commissioner through
4 negotiated rulemaking under Chapter 2008, Government Code. For
5 purposes of that chapter, the advisory committee is considered
6 to be the negotiated rulemaking committee described by Section
7 2008.054, Government Code. As provided by Section 2008.058,
8 Government Code, the commissioner may propose and adopt a rule
9 that has not been recommended or proposed by the advisory
10 committee.

11 (c) The commissioner may not finally adopt or amend a rule
12 subject to this section unless the State Board of Education has
13 failed to reject the rule or amendment by an affirmative vote of
14 four-fifths of its members. A vote under this subsection may be
15 conducted by mail ballot, provided that the State Board of
16 Education has at least 30 days' written notice of the proposed
17 final rule adoption.

18 (d) Members of the advisory committee serve at the will of
19 the commissioner.

20 SECTION 7.09. Section 21.041, Education Code, is amended by
21 adding Subsection (a-1) and amending Subsection (b) to read as
22 follows:

23 (a-1) The board shall adopt rules that provide for the
24 adoption and amendment of an educator's code of ethics.

25 (b) The commissioner [~~board~~] shall adopt [~~propose~~] rules
26 that:

27 (1) provide for the issuance and renewal of educator
28 certificates [~~regulation of educators and the general~~
29 ~~administration of this subchapter~~] in a manner consistent with
30 this subchapter;

31 (2) specify the classes of educator certificates to be

1 issued, including emergency certificates;

2 (3) specify the period for which each class of
3 educator certificate is valid;

4 (4) specify the requirements for the issuance and
5 renewal of an educator certificate;

6 (5) provide for the issuance of an educator
7 certificate to a person who holds a similar certificate issued
8 by another state or foreign country, subject to Section 21.052;

9 (6) provide for special or restricted certification of
10 educators, including certification of instructors of American
11 Sign Language;

12 (7) provide for disciplinary proceedings, including:

13 (A) the suspension or revocation of an educator
14 certificate, as provided by Chapter 2001, Government Code; and

15 (B) enforcement of an educator's code of ethics
16 adopted by the board;

17 ~~(8) [provide for the adoption, amendment, and~~
18 ~~enforcement of an educator's code of ethics;~~

19 ~~[(9)] provide for continuing education requirements;~~
20 [and]

21 (9) ~~[(10)]~~ provide for certification of persons
22 performing appraisals under Subchapter H; and

23 (10) provide for the regulation of educators in a
24 manner consistent with this subchapter.

25 SECTION 7.10. Section 21.044, Education Code, is amended to
26 read as follows:

27 Sec. 21.044. EDUCATOR PREPARATION. The commissioner
28 [~~board~~] shall adopt [~~propose~~] rules establishing the training
29 requirements a person must accomplish to obtain a certificate,
30 enter an internship, or enter an induction-year program. The
31 commissioner [~~board~~] shall specify the minimum academic

1 qualifications required for a certificate.

2 SECTION 7.11. Sections 21.045(b)-(d), Education Code, are
3 amended to read as follows:

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

10 (1) the number of candidates who apply;

11 (2) the number of candidates admitted;

12 (3) the number of candidates retained;

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

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

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

18 (c) The commissioner [~~board~~] shall adopt [~~propose~~] rules
19 establishing performance standards for the Accountability System
20 for Educator Preparation for accrediting educator preparation
21 programs. At a minimum, performance standards must be based on
22 Subsection (a). The commissioner [~~board~~] shall adopt [~~propose~~]
23 rules for the sanction of educator preparation programs and
24 shall annually review the accreditation status of each educator
25 preparation program.

26 (d) The commissioner [~~executive director of the board~~]
27 shall appoint an oversight team of educators to make
28 recommendations and provide assistance to educator preparation
29 programs that do not meet accreditation standards. If, after
30 one year, an educator preparation program has not fulfilled the
31 recommendations of the oversight team, the commissioner

1 [~~executive director~~] shall appoint a person to administer and
2 manage the operations of the program. If the program does not
3 improve after two years, the commissioner [~~board~~] shall revoke
4 the approval of the program to prepare educators for state
5 certification.

6 SECTION 7.12. Sections 21.046(c) and (d), Education Code,
7 are amended to read as follows:

8 (c) Because an effective principal is essential to school
9 improvement, the commissioner [~~board~~] shall ensure that:

10 (1) each candidate for certification as a principal is
11 of the highest caliber; and

12 (2) multi-level screening processes, validated
13 comprehensive assessment programs, and flexible internships with
14 successful mentors exist to determine whether a candidate for
15 certification as a principal possesses the essential knowledge,
16 skills, and leadership capabilities necessary for success.

17 (d) In creating the qualifications for certification as a
18 principal, the commissioner [~~board~~] shall consider the
19 knowledge, skills, and proficiencies for principals as developed
20 by relevant national organizations and the State Board of
21 Education.

22 SECTION 7.13. Section 21.048(a), Education Code, is amended
23 to read as follows:

24 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
25 prescribing comprehensive examinations for each class of
26 certificate issued by the board.

27 SECTION 7.14. Sections 21.0481, 21.0482, 21.0483, 21.0484,
28 and 21.049, Education Code, are amended to read as follows:

29 Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. (a)
30 To ensure that there are teachers with special training to work
31 with other teachers and with students in order to improve

1 student reading performance, the commissioner [~~board~~] shall
2 establish a master reading teacher certificate.

3 (b) The board shall issue a master reading teacher
4 certificate to each eligible person.

5 (c) To be eligible for a master reading teacher
6 certificate, a person must:

7 (1) hold a reading specialist certificate issued under
8 this subchapter and satisfactorily complete a course of
9 instruction as prescribed under Subdivision (2)(B); or

10 (2) hold a teaching certificate issued under this
11 subchapter and:

12 (A) have at least three years of teaching
13 experience;

14 (B) satisfactorily complete a knowledge-based and
15 skills-based course of instruction on the science of teaching
16 children to read that includes training in:

17 (i) effective reading instruction
18 techniques, including effective techniques for students whose
19 primary language is a language other than English;

20 (ii) identification of dyslexia and related
21 reading disorders and effective reading instruction techniques
22 for students with those disorders; and

23 (iii) effective professional peer mentoring
24 techniques;

25 (C) perform satisfactorily on the master reading
26 teacher certification examination prescribed by the commissioner
27 [~~board~~]; and

28 (D) satisfy any other requirements prescribed by
29 the commissioner [~~board~~].

30 Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION.

31 (a) To ensure that there are teachers with special training to

1 work with other teachers and with students in order to improve
2 student mathematics performance, the commissioner [~~board~~] shall
3 establish:

4 (1) a master mathematics teacher certificate to teach
5 mathematics at elementary school grade levels;

6 (2) a master mathematics teacher certificate to teach
7 mathematics at middle school grade levels; and

8 (3) a master mathematics teacher certificate to teach
9 mathematics at high school grade levels.

10 (b) The board shall issue the appropriate master
11 mathematics teacher certificate to each eligible person.

12 (c) To be eligible for a master mathematics teacher
13 certificate, a person must:

14 (1) hold a teaching certificate issued under this
15 subchapter;

16 (2) have at least three years of teaching experience;

17 (3) satisfactorily complete a knowledge-based course
18 of instruction on the science of teaching children mathematics
19 that includes training in mathematics instruction and
20 professional peer mentoring techniques that, through scientific
21 testing, have been proven effective;

22 (4) perform satisfactorily on the appropriate master
23 mathematics teacher certification examination prescribed by the
24 commissioner [~~board~~]; and

25 (5) satisfy any other requirements prescribed by the
26 commissioner [~~board~~].

27 (d) The course of instruction prescribed under Subsection
28 (c)(3) shall be developed by the commissioner [~~board~~] in
29 consultation with mathematics and science faculty members at
30 institutions of higher education.

31 Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION. (a)

1 To ensure that there are teachers with special training to work
2 with other teachers and with students in order to increase the
3 use of technology in each classroom, the commissioner [~~board~~]
4 shall establish a master technology teacher certificate.

5 (b) The board shall issue a master technology teacher
6 certificate to each eligible person.

7 (c) To be eligible for a master technology teacher
8 certificate, a person must:

9 (1) hold a technology applications or Technology
10 Education certificate issued under this subchapter,
11 satisfactorily complete the course of instruction prescribed
12 under Subdivision (2)(B), and satisfactorily perform on the
13 examination prescribed under Subdivision (2)(C); 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 interdisciplinary
20 technology applications and the science of teaching technology
21 that includes training in:

22 (i) effective technology instruction
23 techniques, including applications designed to meet the
24 educational needs of students with disabilities;

25 (ii) classroom teaching methodology that
26 engages student learning through the integration of technology;

27 (iii) digital learning competencies,
28 including Internet research, graphics, animation, website
29 mastering, and video technologies;

30 (iv) curriculum models designed to prepare
31 teachers to facilitate an active student learning environment;

1 and

2 (v) effective professional peer mentoring
3 techniques;

4 (C) satisfactorily perform on an examination
5 developed in cooperation with the Telecommunications
6 Infrastructure Fund Board and administered at the conclusion of
7 the course of instruction prescribed under Paragraph (B); and

8 (D) satisfy any other requirements prescribed by
9 the commissioner [~~board~~].

10 (d) The commissioner [~~board~~] may provide technology
11 applications training courses under Subsection (c)(2)(B) in
12 cooperation with:

13 (1) regional education service centers; and

14 (2) other public or private entities, including any
15 state council on technology.

16 Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION. (a)
17 To ensure that there are teachers with special training to work
18 with other teachers and with students in order to improve
19 student science performance, the commissioner [~~board~~] shall
20 establish:

21 (1) a master science teacher certificate to teach
22 science at elementary school grade levels;

23 (2) a master science teacher certificate to teach
24 science at middle school grade levels; and

25 (3) a master science teacher certificate to teach
26 science at high school grade levels.

27 (b) The board shall issue the appropriate master science
28 teacher certificate to each eligible person.

29 (c) To be eligible for a master science teacher
30 certificate, a person must:

31 (1) hold a teaching certificate issued under this

1 subchapter;

2 (2) have at least three years of teaching experience;

3 (3) satisfactorily complete a knowledge-based course
4 of instruction on the science of teaching children science that
5 includes training in science instruction and professional peer
6 mentoring techniques that, through scientific testing, have been
7 proven effective;

8 (4) perform satisfactorily on the appropriate master
9 science teacher certification examination prescribed by the
10 commissioner [~~board~~]; and

11 (5) satisfy any other requirements prescribed by the
12 commissioner [~~board~~].

13 (d) The course of instruction prescribed under Subsection
14 (c)(3) shall be developed by the commissioner [~~board~~] in
15 consultation with science faculty members at institutions of
16 higher education.

17 Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a
18 continuing additional source of qualified educators, the
19 commissioner [~~board~~] shall adopt [~~propose~~] rules providing for
20 educator certification programs as an alternative to traditional
21 educator preparation programs. The rules may not provide that a
22 person may be certified under this section only if there is a
23 demonstrated shortage of educators in a school district or
24 subject area.

25 (b) The commissioner [~~board~~] may not require a person
26 employed as a teacher in a disciplinary [~~an~~] alternative
27 education program under Section 37.008 or a juvenile justice
28 alternative education program under Section 37.011 for at least
29 three years to complete an alternative educator certification
30 program adopted under this section before taking the appropriate
31 certification examination.

1 SECTION 7.15. Section 21.050(a), Education Code, is amended
2 to read as follows:

3 (a) A person who applies for a teaching certificate for
4 which commissioner [~~board~~] rules require a bachelor's degree
5 must possess a bachelor's degree received with an academic major
6 or interdisciplinary academic major, including reading, other
7 than education, that is related to the curriculum as prescribed
8 under Subchapter A, Chapter 28.

9 SECTION 7.16. Section 21.051, Education Code, is amended to
10 read as follows:

11 Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS.
12 The commissioner [~~board~~] shall adopt [~~propose~~] rules providing
13 flexible options for persons for any field experience or
14 internship required for certification.

15 SECTION 7.17. Section 21.054(a), Education Code, is amended
16 to read as follows:

17 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
18 establishing a process for identifying continuing education
19 courses and programs that fulfill educators' continuing
20 education requirements.

21 SECTION 7.18. Section 21.056, Education Code, is amended to
22 read as follows:

23 Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner
24 [~~board~~] by rule shall provide for a certified educator to
25 qualify for additional certification to teach at a grade level
26 or in a subject area not covered by the educator's certificate
27 upon satisfactory completion of an examination or other
28 assessment of the educator's qualification.

29 SECTION 7.19. Section 21.057(d), Education Code, is amended
30 to read as follows:

31 (d) For purposes of this section, "inappropriately

1 certified or uncertified teacher":

2 (1) includes:

3 (A) an individual serving on an emergency
4 certificate issued under Section 21.041(b)(2); or

5 (B) an individual who does not hold any
6 certificate or permit issued under this chapter and is not
7 employed as specified by Subdivision (2)(E); and

8 (2) does not include an individual:

9 (A) who is a certified teacher assigned to teach
10 a class or classes outside his or her area of certification, as
11 determined by rules adopted [~~proposed~~] by the commissioner
12 [~~board~~] in specifying the certificate required for each
13 assignment;

14 (B) serving on a certificate issued due to a
15 hearing impairment under Section 21.048;

16 (C) serving on a certificate issued pursuant to
17 enrollment in an approved alternative certification program
18 under Section 21.049;

19 (D) certified by another state or country and
20 serving on a certificate issued under Section 21.052;

21 (E) serving on a school district teaching permit
22 issued under Section 21.055; or

23 (F) employed under a waiver granted by the
24 commissioner pursuant to Section 7.056.

25 SECTION 7.20. Section 21.058(d), Education Code, is amended
26 to read as follows:

27 (d) A person whose certificate is revoked under Subsection
28 (b) may reapply for a certificate in accordance with
29 commissioner [~~board~~] rules.

30 SECTION 7.21. Section 21.105(c), Education Code, is amended
31 to read as follows:

1 (c) On written complaint by the employing district and
2 recommendation by the commissioner, the Educators' Professional
3 Practices [State] Board [~~for Educator Certification~~] may impose
4 sanctions against a teacher employed under a probationary
5 contract who:

- 6 (1) resigns;
- 7 (2) fails without good cause to comply with Subsection
8 (a) or (b); and
- 9 (3) fails to perform the contract.

10 SECTION 7.22. Section 21.160(c), Education Code, is amended
11 to read as follows:

12 (c) On written complaint by the employing district and
13 recommendation by the commissioner, the Educators' Professional
14 Practices [State] Board [~~for Educator Certification~~] may impose
15 sanctions against a teacher who is employed under a continuing
16 contract that obligates the district to employ the person for
17 the following school year and who:

- 18 (1) resigns;
- 19 (2) fails without good cause to comply with Subsection
20 (a) or (b); and
- 21 (3) fails to perform the contract.

22 SECTION 7.23. Section 21.210(c), Education Code, is amended
23 to read as follows:

24 (c) On written complaint by the employing district and
25 recommendation by the commissioner, the Educators' Professional
26 Practices [State] Board [~~for Educator Certification~~] may impose
27 sanctions against a teacher who is employed under a term
28 contract that obligates the district to employ the person for
29 the following school year and who:

- 30 (1) resigns;
- 31 (2) fails without good cause to comply with Subsection

1 (a) or (b); and

2 (3) fails to perform the contract.

3 SECTION 7.24. Section 21.503, Education Code, is amended to
4 read as follows:

5 Sec. 21.503. ELIGIBILITY. A person is eligible for the
6 program if the person:

7 (1) has served in the armed forces of the United
8 States;

9 (2) is honorably discharged, retired, or released from
10 active duty on or after October 1, 1990, after at least six
11 years of continuous active duty service immediately before the
12 discharge, retirement, or release;

13 (3) has received a baccalaureate or advanced degree
14 from a public or private institution of higher education
15 accredited by a regional accrediting agency or group that is
16 recognized by a nationally recognized accreditation board; and

17 (4) satisfies any other criteria for selection
18 [~~jointly~~] prescribed by the agency [~~and the State Board for~~
19 ~~Educator Certification~~].

20 SECTION 7.25. Section 21.504(b), Education Code, is amended
21 to read as follows:

22 (b) The agency [~~and the State Board for Educator~~
23 ~~Certification~~] shall distribute the applications and information
24 regarding the program.

25 SECTION 7.26. Section 21.510(c), Education Code, is amended
26 to read as follows:

27 (c) For purposes of this section, a participant in the
28 program is not considered to be in violation of an agreement
29 under Section 21.508 during any period in which the participant:

30 (1) is pursuing a full-time course of study related to
31 the field of teaching at a public or private institution of

1 higher education approved by the agency [~~State Board for~~
2 ~~Educator Certification~~];

3 (2) is serving on active duty as a member of the armed
4 forces of the United States;

5 (3) is temporarily totally disabled for a period not
6 to exceed three years as established by sworn affidavit of a
7 qualified physician;

8 (4) is unable to secure employment for a period not to
9 exceed one year because of care required by a disabled spouse;

10 (5) is seeking and unable to find full-time employment
11 as a teacher in a public elementary or secondary school for a
12 single period not to exceed 27 months; or

13 (6) satisfies the provisions of any additional
14 reimbursement exception adopted by the agency.

15 SECTION 7.27. Sections 21.551, 21.552, and 21.553,
16 Education Code, are amended to read as follows:

17 Sec. 21.551. PURPOSES. The purposes of the alternative
18 certification Teach for Texas Pilot Program are to:

19 (1) attract to the teaching profession persons who
20 have expressed interest in teaching and to support the
21 certification of those persons as teachers;

22 (2) recognize the importance of the certification
23 process governed by the commissioner [~~State Board for Educator~~
24 ~~Certification~~] under Subchapter B, which requires verification
25 of competence in subject area and professional knowledge and
26 skills;

27 (3) encourage the creation and expansion of educator
28 preparation programs that recognize the knowledge and skills
29 gained through previous educational and work-related experiences
30 and that are delivered in a manner that recognizes individual
31 circumstances, including the need to remain employed full-time

1 while enrolled in the Teach for Texas Pilot Program; and

2 (4) provide annual stipends to postbaccalaureate
3 teacher certification candidates.

4 Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [~~State~~
5 ~~Board for Educator Certification~~] by rule shall establish the
6 Teach for Texas Pilot Program consistent with the purposes
7 provided by Section 21.551.

8 Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program
9 must offer to participants financial incentives, including
10 tuition assistance and loan forgiveness. In offering a
11 financial incentive, the commissioner [~~State Board for Educator~~
12 ~~Certification~~] shall:

13 (1) require a contract between each participant who
14 accepts a financial incentive and the agency [~~State Board for~~
15 ~~Educator Certification~~] under which the participant is obligated
16 to teach in a public school in this state for a stated period
17 after certification;

18 (2) provide financial incentives in proportion to the
19 length of the period the participant is obligated by contract to
20 teach after certification; and

21 (3) give special financial incentives to a participant
22 who agrees in the contract to teach in an underserved area.

23 (b) Financial incentives may be paid only from funds
24 appropriated specifically for that purpose and from gifts,
25 grants, and donations solicited or accepted by the commissioner
26 [~~State Board for Educator Certification~~] for that purpose.

27 (c) The commissioner [~~State Board for Educator~~
28 ~~Certification~~] shall adopt [~~propose~~] rules establishing criteria
29 for awarding financial incentives under this section, including
30 criteria for awarding financial incentives if there are more
31 participants than funds available to provide the financial

1 incentives.

2 SECTION 7.28. Section 21.604(b), Education Code, is amended
3 to read as follows:

4 (b) The agency [~~and the State Board for Educator~~
5 ~~Certification~~] shall distribute the applications and information
6 regarding the program.

7 SECTION 7.29. Section 21.609(c), Education Code, is amended
8 to read as follows:

9 (c) For purposes of this section, a participant in the
10 program is not considered to be in violation of an agreement
11 under Section 21.607 during any period in which the participant:

12 (1) is pursuing a full-time course of study related to
13 the field of teaching at an institution of higher education
14 approved by the agency [~~State Board for Educator Certification~~];

15 (2) is serving on active duty as a member of the armed
16 forces of the United States;

17 (3) is temporarily totally disabled for a period not
18 to exceed three years as established by affidavit of a qualified
19 physician;

20 (4) is unable to secure employment for a period not to
21 exceed one year because of care required by a disabled spouse;

22 (5) is seeking and unable to find full-time employment
23 as a teacher in a public elementary or secondary school for a
24 single period not to exceed 27 months; or

25 (6) satisfies the provisions of any additional
26 reimbursement exception adopted by the agency.

27 SECTION 7.30. Section 22.0512(b), Education Code, is
28 amended to read as follows:

29 (b) In this section, "disciplinary proceeding" means:

30 (1) an action brought by the school district employing
31 a professional employee of a school district to discharge or

1 suspend the employee or terminate or not renew the employee's
2 term contract; or

3 (2) an action brought by the commissioner before the
4 Educators' Professional Practices [State] Board [~~for Educator~~
5 ~~Certification~~] to enforce the educator's code of ethics adopted
6 under Section 21.041(a-1) [~~21.041(b)(8)~~].

7 SECTION 7.31. Sections 29.061(a)-(c) and (e), Education
8 Code, are amended to read as follows:

9 (a) The commissioner [~~State Board for Educator~~
10 ~~Certification~~] shall provide for the issuance of teaching
11 certificates appropriate for bilingual education instruction to
12 teachers who possess a speaking, reading, and writing ability in
13 a language other than English in which bilingual education
14 programs are offered and who meet the general requirements of
15 Chapter 21. The commissioner [~~board~~] shall also provide for the
16 issuance of teaching certificates appropriate for teaching
17 English as a second language. The commissioner [~~board~~] may
18 issue emergency endorsements in bilingual education and in
19 teaching English as a second language.

20 (b) A teacher assigned to a bilingual education program
21 must be appropriately certified under Subchapter B, Chapter 21,
22 for bilingual education [~~by the board~~].

23 (c) A teacher assigned to an English as a second language
24 or other special language program must be appropriately
25 certified under Subchapter B, Chapter 21, for English as a
26 second language [~~by the board~~].

27 (e) The agency [~~State Board for Educator Certification~~] and
28 the Texas Higher Education Coordinating Board shall develop a
29 comprehensive plan for meeting the teacher supply needs created
30 by the programs outlined in this subchapter.

31 SECTION 7.32. Sections 33.002(b) and (c), Education Code,

1 are amended to read as follows:

2 (b) A school district with 500 or more students enrolled in
3 elementary school grades shall employ a counselor certified
4 under the rules of the commissioner [~~State Board for Educator~~
5 ~~Certification~~] for each elementary school in the district. A
6 school district shall employ at least one counselor for every
7 500 elementary school students in the district.

8 (c) A school district with fewer than 500 students enrolled
9 in elementary school grades shall provide guidance and
10 counseling services to elementary school students by:

11 (1) employing a part-time counselor certified under
12 the rules of the commissioner [~~State Board for Educator~~
13 ~~Certification~~];

14 (2) employing a part-time teacher certified as a
15 counselor under the rules of the commissioner [~~State Board for~~
16 ~~Educator Certification~~]; or

17 (3) entering into a shared services arrangement
18 agreement with one or more school districts to share a counselor
19 certified under the rules of the commissioner [~~State Board for~~
20 ~~Educator Certification~~].

21 SECTION 7.33. Section 37.007(g), Education Code, as amended
22 by H.B. No. 603, Acts of the 79th Legislature, Regular Session,
23 2005, is amended to read as follows:

24 (g) In addition to any notice required under Article 15.27,
25 Code of Criminal Procedure, a school district shall inform each
26 educator who has responsibility for, or is under the direction
27 and supervision of an educator who has responsibility for, the
28 instruction of a student who has engaged in any violation listed
29 in this section of the student's misconduct. Each educator
30 shall keep the information received under this subsection
31 confidential from any person not entitled to the information

1 under this subsection, except that the educator may share the
2 information with the student's parent or guardian as provided
3 for by state or federal law. The Educators' Professional
4 Practices [State] Board on recommendation of the commissioner
5 [~~for Educator Certification~~] may revoke or suspend the
6 certification of an educator who intentionally violates this
7 subsection.

8 SECTION 7.34. Section 61.0514, Education Code, is amended
9 to read as follows:

10 Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the
11 cooperation and advice of the commissioner of education [State
12 ~~Board for Educator Certification~~], shall adopt educator
13 preparation coursework guidelines that promote, to the greatest
14 extent practicable, the integration of subject matter knowledge
15 with classroom teaching strategies and techniques in order to
16 maximize the effectiveness and efficiency of coursework required
17 for certification under Subchapter B, Chapter 21.

18 SECTION 7.35. Section 61.076, Education Code, as amended by
19 H.B. No. 2808, Acts of the 79th Legislature, Regular Session,
20 2005, is amended by amending Subsection (b) and adding
21 Subsection (j) to read as follows:

22 (b) The P-16 Council is composed of the commissioner of
23 education, the commissioner of higher education, the executive
24 director of the Texas Workforce Commission, [~~the executive~~
25 ~~director of the State Board for Educator Certification,~~] and the
26 commissioner of assistive and rehabilitative services. The
27 commissioner of higher education and the commissioner of
28 education shall serve as co-chairs of the council.

29 (j) The P-16 Council, in conjunction with the State Center
30 for Early Childhood Development, shall develop and adopt a
31 school readiness certification system as required by Section

1 29.161.

2 SECTION 7.36. Section 1001.254(a), Education Code, is
3 amended to read as follows:

4 (a) A temporary driver education instructor license may be
5 issued authorizing a person to teach or provide classroom driver
6 education training if the person:

7 (1) has completed the educational requirements
8 prescribed by Section 1001.253(d)(1);

9 (2) holds a Texas teaching certificate with an
10 effective date before February 1, 1986;

11 (3) meets all license requirements, other than
12 successful completion of the examination required under rules
13 adopted by the commissioner [~~State Board for Educator~~
14 ~~Certification~~] to revalidate the teaching certificate; and

15 (4) demonstrates, in a manner prescribed by the
16 commissioner, the intention to comply with the examination
17 requirement at the first available opportunity.

18 SECTION 7.37. Article 15.27(a), Code of Criminal Procedure,
19 is amended to read as follows:

20 (a) A law enforcement agency that arrests any person or
21 refers a child to the office or official designated by the
22 juvenile board who the agency believes is enrolled as a student
23 in a public primary or secondary school, for an offense listed
24 in Subsection (h), shall attempt to ascertain whether the person
25 is so enrolled. If the law enforcement agency ascertains that
26 the individual is enrolled as a student in a public primary or
27 secondary school, the agency shall orally notify the
28 superintendent or a person designated by the superintendent in
29 the school district in which the student is enrolled of that
30 arrest or referral within 24 hours after the arrest or referral
31 is made, or on the next school day. If the law enforcement

1 agency cannot ascertain whether the individual is enrolled as a
2 student, the agency shall orally notify the superintendent or a
3 person designated by the superintendent in the school district
4 in which the student is believed to be enrolled of that arrest
5 or detention within 24 hours after the arrest or detention, or
6 on the next school day. If the individual is a student, the
7 superintendent shall promptly notify all instructional and
8 support personnel who have responsibility for supervision of the
9 student. All personnel shall keep the information received in
10 this subsection confidential. The Educators' Professional
11 Practices [State] Board [~~for Educator Certification~~] may revoke
12 or suspend the certification of personnel who intentionally
13 violate this subsection. Within seven days after the date the
14 oral notice is given, the law enforcement agency shall mail
15 written notification, marked "PERSONAL and CONFIDENTIAL" on the
16 mailing envelope, to the superintendent or the person designated
17 by the superintendent. Both the oral and written notice shall
18 contain sufficient details of the arrest or referral and the
19 acts allegedly committed by the student to enable the
20 superintendent or the superintendent's designee to determine
21 whether there is a reasonable belief that the student has
22 engaged in conduct defined as a felony offense by the Penal
23 Code. The information contained in the notice may be considered
24 by the superintendent or the superintendent's designee in making
25 such a determination.

26 SECTION 7.38. Article 42.018(b), Code of Criminal
27 Procedure, is amended to read as follows:

28 (b) Not later than the fifth day after the date a person
29 who holds a certificate issued under Subchapter B, Chapter 21,
30 Education Code, is convicted or granted deferred adjudication on
31 the basis of an offense, the clerk of the court in which the

1 conviction or deferred adjudication is entered shall provide to
2 the Texas Education Agency and the Educators' Professional
3 Practices [State] Board [~~for Educator Certification~~] written
4 notice of the person's conviction or deferred adjudication,
5 including the offense on which the conviction or deferred
6 adjudication was based.

7 SECTION 7.39. Section 654.011(a), Government Code, is
8 amended to read as follows:

9 (a) The position classification plan and the salary rates
10 and provisions in the General Appropriations Act apply to all
11 hourly, part-time, temporary, and regular, full-time salaried
12 employments in the state departments, agencies, or judicial
13 entities specified in the articles of the General Appropriations
14 Act that appropriate money to:

15 (1) general government agencies;

16 (2) health and human services agencies;

17 (3) the judiciary, except for judges, district
18 attorneys, and assistant district attorneys;

19 (4) public safety and criminal justice agencies;

20 (5) natural resources agencies;

21 (6) business and economic development agencies;

22 (7) regulatory agencies; and

23 (8) agencies of public education, but only the Texas
24 Education Agency, the Texas School for the Blind and Visually
25 Impaired, [~~the State Board for Educator Certification,~~] the
26 Telecommunications Infrastructure Fund, and the Texas School for
27 the Deaf.

28 SECTION 7.40. Section 821.001(7), Government Code, is
29 amended to read as follows:

30 (7) "Employer" means any agents or agencies in the
31 state responsible for public education, including the governing

1 board of any school district created under the laws of this
2 state, any county school board, the board of trustees, the board
3 of regents of any college or university, or any other legally
4 constituted board or agency of any public school, but excluding
5 the State Board of Education and[7] the Texas Education Agency[7
6 ~~and the State Board for Educator Certification~~].

7 SECTION 7.41. Section 821.103, Government Code, is amended
8 to read as follows:

9 Sec. 821.103. REVOCATION [~~CANCELLATION~~] OF TEACHER
10 CERTIFICATE. (a) After receiving notice from the board of
11 trustees of an offense under Section 821.101 and after complying
12 with Chapter 2001 and rules adopted by the commissioner of
13 education [~~State Board for Educator Certification~~], the
14 Educators' Professional Practices Board [~~State Board for~~
15 ~~Educator Certification~~] may revoke [~~cancel~~] the teacher
16 certificate of a person if the board [~~State Board for Educator~~
17 ~~Certification~~] determines that the person committed the offense.

18 (b) The Educators' Professional Practices [~~executive~~
19 ~~director of the State~~] Board [~~for Educator Certification~~] may
20 enter into an agreed sanction.

21 (c) A criminal prosecution of an offender under Section
22 821.101 is not a prerequisite to action by the Educators'
23 Professional Practices [~~State~~] Board [~~for Educator Certification~~
24 ~~or its executive director~~].

25 SECTION 7.42. Section 2054.352(a), Government Code, as
26 amended by S.B. No. 411, Acts of the 79th Legislature, Regular
27 Session, 2005, is amended to read as follows:

28 (a) The following licensing entities shall participate in
29 the system established under Section 2054.353:

- 30 (1) Texas Board of Chiropractic Examiners;
31 (2) Court Reporters Certification Board;

- 1 (3) State Board of Dental Examiners;
- 2 (4) Texas Funeral Service Commission;
- 3 (5) Texas Board of Professional Land Surveying;
- 4 (6) Texas State Board of Medical Examiners;
- 5 (7) Board of Nurse Examiners;
- 6 (8) Texas Optometry Board;
- 7 (9) Texas Structural Pest Control Board;
- 8 (10) Texas State Board of Pharmacy;
- 9 (11) Executive Council of Physical Therapy and
10 Occupational Therapy Examiners;
- 11 (12) Texas State Board of Plumbing Examiners;
- 12 (13) Texas State Board of Podiatric Medical Examiners;
- 13 (14) Board of Tax Professional Examiners;
- 14 (15) Polygraph Examiners Board;
- 15 (16) Texas State Board of Examiners of Psychologists;
- 16 (17) State Board of Veterinary Medical Examiners;
- 17 (18) Texas Real Estate Commission;
- 18 (19) Texas Appraiser Licensing and Certification
19 Board;
- 20 (20) Texas Department of Licensing and Regulation;
- 21 (21) Texas State Board of Public Accountancy;
- 22 (22) Educators' Professional Practices [State] Board
23 [~~for Educator Certification~~];
- 24 (23) Texas Board of Professional Engineers;
- 25 (24) Department of State Health Services;
- 26 (25) Texas Board of Architectural Examiners;
- 27 (26) Texas Racing Commission;
- 28 (27) Commission on Law Enforcement Officer Standards
29 and Education; [~~and~~]
- 30 (28) Texas Private Security Board; and
- 31 (29) Texas Education Agency.

1 SECTION 7.43. Section 504.002(b), Occupations Code, is
2 amended to read as follows:

3 (b) This chapter does not apply to an activity or service
4 of a person who:

5 (1) is employed as a counselor by a federal
6 institution and is providing chemical dependency counseling
7 within the scope of the person's employment;

8 (2) except as provided by Section 504.01515 [504.057],
9 is a student, intern, or trainee pursuing a supervised course of
10 study in counseling at a regionally accredited institution of
11 higher education or training institution, if the person:

12 (A) is designated as a "counselor intern"; and

13 (B) is engaging in the activity or providing the
14 service as part of the course of study;

15 (3) is not a resident of this state, if the person:

16 (A) engages in the activity or provides the
17 service in this state for not more than 30 days during any year;
18 and

19 (B) is authorized to engage in the activity or
20 provide the service under the law of the state of the person's
21 residence;

22 (4) is a licensed physician, psychologist,
23 professional counselor, or social worker;

24 (5) is a religious leader of a congregation providing
25 pastoral chemical dependency counseling within the scope of the
26 person's duties;

27 (6) is working for or providing counseling with a
28 program exempt under Subchapter C, Chapter 464, Health and
29 Safety Code; or

30 (7) is a school counselor certified under Subchapter
31 B, Chapter 21, Education Code [~~by the State Board for Educator~~

1 ~~Certification]~~.

2 SECTION 7.44. Sections 21.036, 21.040, 21.042, and 21.047,
3 Education Code, are repealed.

4 SECTION 7.45. (a) The State Board for Educator
5 Certification is abolished, and all powers, duties, personnel,
6 property, assets, and obligations of the board are transferred
7 to the Educators' Professional Practices Board and the Texas
8 Education Agency, as determined appropriate by the commissioner
9 of education. The validity of a prior action of the State Board
10 for Educator Certification is not affected by the abolishment,
11 and any pending activities of the State Board for Educator
12 Certification shall be deemed to have continued without
13 interruption or material change.

14 (b) The powers and duties of the Educators' Professional
15 Practices Board, as created by this Act, shall continue to be
16 exercised by the State Board for Educator Certification until
17 the initial appointees of the Educators' Professional Practices
18 Board assume their offices, which may not be later than January
19 1, 2006.

20 (c) All rules of the State Board for Educator Certification
21 relating to a transferred power or duty remain in effect as
22 rules of the Educators' Professional Practices Board or
23 commissioner of education, as appropriate, until amended or
24 repealed by the board or commissioner.

25 (d) A contested case, rulemaking procedure, program, test,
26 fee, contract, review, evaluation, sanction, act, or decision of
27 the State Board for Educator Certification that is pending,
28 completed, or in effect on the effective date of this Act shall
29 be deemed that of the commissioner of education or the
30 Educators' Professional Practices Board to the extent authorized
31 by Subchapter B, Chapter 21, Education Code, as amended by this

1 article, or other law, until and unless a change is expressly
2 made by the commissioner or the board, as appropriate.

3 (e) As soon as practicable after the effective date of this
4 article and not later than November 1, 2005, the commissioner
5 shall make initial appointments to the Educators' Professional
6 Practices Board. In making the initial appointments, the
7 commissioner shall designate four members to serve terms
8 expiring February 1, 2007, four members to serve terms expiring
9 February 1, 2009, and three members to serve terms expiring
10 February 1, 2011.

11 (f) A person who holds a certificate issued under
12 Subchapter B, Chapter 21, Education Code, as it existed on
13 January 1, 2005, may continue to practice under that certificate
14 until the certificate is renewed or replaced under Subchapter B,
15 Chapter 21, Education Code, as amended by this article.

16 (g) The code of ethics adopted under Subchapter B, Chapter
17 21, Education Code, by the State Board for Educator
18 Certification and in effect on the effective date of this
19 article remains in effect until superseded by rules of the
20 Educators' Professional Practices Board.

21 ARTICLE 8. APPROPRIATION FOR TEXAS EDUCATION AGENCY

22 SECTION 8.01. The several sums of money herein specified,
23 or so much thereby as may be necessary, are appropriated out of
24 any funds in the State Treasury not otherwise appropriated, or
25 out of special funds as indicated, for the support, maintenance,
26 or improvement of the Texas Education Agency:

27

	For the Years Ending	
	<u>August 31,</u> <u>2006</u>	<u>August 31,</u> <u>2007</u>
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 523,690,734	\$ 524,368,466
Available School Fund No. 002,	1,271,000,000	1,622,000,000

estimated		
State Textbook Fund No. 003,	329,057,832	1,971,597
estimated		
Foundation School Fund No. 193,	8,556,398,505	7,979,015,981
estimated		
Certification and Assessment Fees	18,359,121	18,378,121
(General Revenue Fund)		
GR MOE for Temporary Assistance	2,000,000	2,000,000
for Needy Families		
Lottery Proceeds, estimated	1,045,000,000	1,046,000,000
Subtotal, General Revenue Fund	\$	\$
	<u>11,745,506,192</u>	<u>11,193,734,165</u>
<u>General Revenue Fund - Dedicated</u>		
Telecommunications Infrastructure	115,000,000	115,000,000
Fund No. 345		
Read to Succeed Account No. 5027	42,960	42,960
Subtotal, General Revenue Fund -	\$ 115,042,96	\$ 115,042,96
Dedicated	<u>0</u>	<u>0</u>
<u>Federal Funds</u>		
Federal Funds	13,153,500	13,153,500
Federal Health, Education and	2,939,024,866	2,938,215,169
Welfare Fund No. 148		
Federal School Lunch Fund No. 171	1,058,000,000	1,104,000,000
Subtotal, Federal Funds	\$	\$
	<u>4,010,178,366</u>	<u>4,055,368,669</u>
<u>Other Funds</u>		
Appropriated Receipts	1,133,000,000	1,284,000,000
(Redistributed Local Revenue),		
estimated		
State Highway Fund No. 006	50,000,000	50,000,000
Permanent School Fund	6,851,389	6,914,804
Interagency Contracts	451,636	448,905
Subtotal, Other Funds	\$	\$
	<u>1,190,303,025</u>	<u>1,341,363,709</u>
Total, Method of Financing	<u>\$17,061,030,54</u>	<u>\$16,705,509,50</u>
	<u>3</u>	<u>3</u>
Other Direct and Indirect Costs	\$ 1,340,119	\$ 1,319,693
Appropriated Elsewhere in this		
Act		
This bill pattern represents an		
estimated 100% of this agency's		
estimated total available funds		
for the biennium.		
Number of Full-Time-Equivalents	797.0	797.0
(FTE):		
Schedule of Exempt Positions:		
Commissioner, Group 6	\$164,748	\$164,748
Executive Director, State Board	78,000	78,000
for Educator Certification,		
Group 3		
Items of Appropriation:		
A. Goal: PROGRAM LEADERSHIP		
A.1.1. Strategy: FSP -	\$	\$
EQUALIZED OPERATIONS Foundation	11,293,400,000	11,224,000,000
School Program - Equalized		
Operations.		
A.1.2. Strategy: FSP -	\$ 765,000,00	\$ 774,000,00
EQUALIZED FACILITIES	0	0
Foundation School Program -		
Equalized Facilities.		

A.2.1. Strategy: STUDENT SUCCESS Statewide Initiatives to Further Student Achievement.	\$ 411,502,833	\$ 411,513,111
A.2.2. Strategy: ACHIEVEMENT OF STUDENTS AT RISK Resources for Low-income and Other At-risk Students.	\$ 1,317,068,251	\$ 1,317,121,454
A.2.3. Strategy: STUDENTS WITH DISABILITIES Resources for Mentally/Physically Disabled Students.	\$ 961,715,519	\$ 961,715,519
A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT PGMS Grants for School and Program Improvement and Innovation.	\$ 159,084,132	\$ 159,085,478
A.2.5. Strategy: ADULT EDUCATION & FAMILY LITERACY	\$ 74,894,091	\$ 74,894,091
Total, Goal A: PROGRAM LEADERSHIP	<u>\$15,322,264,826</u>	<u>\$14,922,329,653</u>
B. Goal: OPERATIONAL EXCELLENCE		
B.1.1. Strategy: ASSESSMENT & ACCOUNTABILITY SYSTEM	\$ 61,207,441	\$ 61,207,441
B.2.1. Strategy: EDUCATIONAL TECHNOLOGY	\$ 42,220,916	\$ 42,245,510
B.2.2. Strategy: SAFE SCHOOLS School Safety Programs and Education in Disciplinary Programs.	\$ 56,696,728	\$ 57,460,542
B.2.3. Strategy: CHILD NUTRITION PROGRAMS	\$ 1,072,400,000	\$ 1,118,400,000
B.2.4. Strategy: WINDHAM SCHOOL DISTRICT Educational Resources for Prison Inmates.	\$ 57,569,745	\$ 57,569,745
B.3.1. Strategy: IMPROVING TEACHER QUALITY Funds for Teacher Training and Education Service Centers.	\$ 372,311,979	\$ 372,396,121
B.3.2. Strategy: AGENCY OPERATIONS	\$ 31,552,314	\$ 31,653,501
B.3.3. Strategy: CENTRAL ADMINISTRATION	\$ 10,337,833	\$ 10,338,027
B.3.4. Strategy: INFORMATION SYSTEMS - TECHNOLOGY	\$ 16,025,761	\$ 13,446,963
Total, Goal B: OPERATIONAL EXCELLENCE	<u>\$1,720,322,717</u>	<u>\$1,764,717,850</u>
C. Goal: EDUCATOR CERTIFICATION State Board for Educator Certification.		
C.1.1. Strategy: EDUCATOR QUALITY		

AND			
CREDENTIALING	\$	4,165,093	\$ 4,165,093
Educator Credentialing and			
Educator			
Preparation Program Review.			
C.1.2. Strategy: CERTIFICATION			
EXAM			
ADMINISTRATION	\$	10,381,994	\$ 10,400,994
Educator Certification Exam			
Services.			
Estimated and nontransferable.			
C.1.3. Strategy: RETENTION,	\$	83,879	\$ 83,879
RECRUITMENT			
Retention, Recruitment, and			
Continuing			
Professional Development.			
C.1.4. Strategy: EDUCATOR	\$	3,812,034	\$ 3,812,034
PROFESSIONAL CONDUCT			
Total, Goal C: EDUCATOR	\$	<u>18,443,000</u>	\$ <u>18,462,000</u>
CERTIFICATION			
Grand Total, TEXAS EDUCATION		<u>\$17,061,030,54</u>	<u>\$16,705,509,50</u>
AGENCY		<u>3</u>	<u>3</u>
Supplemental Appropriations Made	\$		\$ 0
in Riders:		(145,000,000)	
Object-of-Expense Informational			
Listing:			
Salaries and Wages	\$	29,279,613	\$ 29,280,996
Other Personnel Costs		2,089,648	2,089,648
Professional Fees and Services		95,960,793	94,324,102
Fuels and Lubricants		3,570	3,570
Consumable Supplies		338,153	338,153
Utilities		162,046	162,045
Travel		868,079	868,079
Rent - Building		546,720	546,720
Rent - Machine and Other		1,265,644	1,265,644
Other Operating Expense		14,230,663	14,225,201
Client Services		3,100,500	3,100,500
Grants		16,766,611,825	16,558,549,202
Capital Expenditures		<u>1,573,289</u>	<u>755,643</u>
Total, Object-of-Expense		<u>\$16,916,030,54</u>	<u>\$16,705,509,50</u>
Informational Listing		<u>3</u>	<u>3</u>
Estimated Allocations for			
Employee Benefits and Debt			
Service Appropriations Made			
Elsewhere in this Act:			
<u>Employee Benefits</u>			
Retirement	\$	1,812,504	\$ 1,848,754
Group Insurance		6,276,877	6,870,441
Social Security		2,483,220	2,532,885
Benefits Replacement		<u>297,586</u>	<u>282,707</u>
Subtotal, Employee Benefits	\$	<u>10,870,187</u>	\$ <u>11,534,787</u>
Total, Estimated Allocations	\$	<u><u>10,870,187</u></u>	\$ <u><u>11,534,787</u></u>
for Employee Benefits and Debt			
Service Appropriations Made			
Elsewhere in this Act			
1	1. Performance Measure Targets.	The following is a listing of	
2		the key performance target levels for the Texas Education	
3		Agency. It is the intent of the Legislature that appropriations	

1 made by this Act be utilized in the most efficient and effective
 2 manner possible to achieve the intended mission of the Texas
 3 Education Agency. In order to achieve the objectives and
 4 service standards established by this Act, the Texas Education
 5 Agency shall make every effort to attain the following
 6 designated key performance target levels associated with each
 7 item of appropriation.

	<u>2006</u>	<u>2007</u>
A. Goal: PROGRAM LEADERSHIP		
Outcome (Results/Impact):		
Percent of Students Completing High School	95.5%	96.2%
Percent of African-American Students Completing High School	93.9%	94.2%
Percent of Hispanic Students Completing High School	92.9%	93.2%
Percent of White Students Completing High School	97.8%	97.8%
Percent of Asian-American Students Completing High School	98.1%	98.1%
Percent of Native American Students Completing High School	96.8%	97%
Percent of Economically Disadvantaged Students Completing High School	93.4%	93.6%
Percent of Equalized Revenue in the Foundation School Program	98%	98%
Percent of Students in Districts with Substantially Equal Access to Revenues	85%	85%
Percent of Students Graduating under the Recommended or Distinguished Achievement High School Program	60%	65%
Percent of Students with Auditory Impairment in Regional Day Schools for the Deaf Who Graduate from High School	92%	92%
Percent of Students with Disabilities Who Complete High School	92.5%	93%
Percent of Eligible Students Taking Advanced Placement/International Baccalaureate Exams	25%	28%
Percentage of AP/IB Exams Taken on Which the Score Qualifies for College Credit or Advanced Placement	60%	61%
Percent of Students Exiting Bilingual/English as a Second Language Programs Successfully	75%	75%
Percent of Students Retained in Grade 3	2.6%	2.6%
Percent of Students Retained in Grade ____	4.4%	4.4%
Percent of Students in State-funded Optional Extended-year Programs Promoted to the Next Grade Level as a Result of the Program	91.5%	92%
Percent of Adult Learners Who Complete the Level in Which They Are Enrolled	42%	44%
Percent of Parents Participating in AVANCE	65%	67%

Programs Who Complete the Adult Education Level at Which They Are Enrolled		
Percent Campuses That Meet Adequate Yearly Progress	73.7%	66.4%
Percent of Total Developmental Disabilities Plan Activities Initiated	93.5%	93.5%
A.1.1. Strategy: FSP - EQUALIZED		
OPERATIONS		
Output (Volume):		
Total Average Daily Attendance (ADA) - Includes Regular and Charter Schools	4,190,426	4,284,617
Total Average Daily Attendance (ADA) - Open-enrollment Charter Schools Only	61,891	63,981
Number of Students Served by Compensatory Education Programs and Services	1,811,199	1,847,255
Number of Textbooks and Digital Content Purchased from Conforming Lists	6,447,310	5,027,830
Number of Textbooks and Digital Content Purchased from Nonconforming Lists	55,927	44,126
Efficiencies:		
Average Cost Per Textbook and Digital Content Purchased	22.16	19.57
Explanatory:		
Special Education Full-time Equivalents (FTEs)	170,749	174,069
Compensatory Education Average Daily Attendance	2,376,589	2,447,887
Career and Technology Education Full-time Equivalents (FTEs)	171,394	174,650
Bilingual Education/English as a Second Language Average Daily Attendance	590,872	620,415
Gifted and Talented Average Daily Attendance	206,117	210,419
A.1.2. Strategy: FSP - EQUALIZED		
FACILITIES		
Output (Volume):		
Number of Districts Receiving IFA	425	445
Total Amount of State and Local Funds Allocated for Debt for Facilities (Billions)	2.7	2.7
A.2.1. Strategy: STUDENT SUCCESS		
Output (Volume):		
Number of Students Served by the Prekindergarten Grant Programs	47,000	47,000
Number of Students Participating in the Student Success Initiative Accelerated Reading Program	423,027	423,027
Number of Students in Tech-prep Programs	158,000	168,000
Number of Students Served in Summer School Programs for Limited English-proficient Students	46,500	48,500
A.2.2. Strategy: ACHIEVEMENT OF STUDENTS AT RISK		
Output (Volume):		
Number of Title I Campuses Rated Exemplary or Recognized	1,211	1,223
A.2.3. Strategy: STUDENTS WITH DISABILITIES		
Output (Volume):		

Number of Students Served by Regional Day Schools for the Deaf	4,670	4,680
Number of Students Served by Statewide Programs for the Visually Impaired	7,642	7,819
A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT PGMS		
Output (Volume):		
Number of Pregnant Teens and Teen Parents Served by Teen Pregnancy and Parenting Programs	22,000	22,000
Number of Students Served by State-funded Optional Extended-year Programs	189,211	192,995
Number of Case-managed Students Participating in Communities in Schools	73,762	73,762
Efficiencies:		
Average State Cost Per Communities in Schools Participant	296	296
Explanatory:		
Number of Open-enrollment Charter Schools	202	204
A.2.5. Strategy: ADULT EDUCATION & FAMILY LITERACY		
Output (Volume):		
Number of Students Served through State Adult Education Cooperatives	150,000	160,000
B. Goal: OPERATIONAL EXCELLENCE		
Outcome (Results/Impact):		
Percent of Students Passing All Tests Taken	70%	72%
Percent of African-American Students Passing All Tests Taken	60%	63%
Percent of Hispanic Students Passing All Tests Taken	60%	63%
Percent of White Students Passing All Tests Taken	84%	85%
Percent of Asian-American Students Passing All Tests Taken	87%	88%
Percent of Native American Students Passing All Tests Taken	73%	75%
Percent of Economically Disadvantaged Students Passing All Tests Taken	60%	63%
Percent of Students Reading at Grade Level (3rd Grade Only)	93%	94%
Percent of Students Passing TAKS Reading	87%	88%
Percent of Students Passing TAKS Mathematics	78%	80%
Percent of Students Whose Assessment Results Are Included in the Accountability System	90%	90%
Percent of Special Education Students Who Are Tested and Included in the Accountability System	80%	80%
Percent of Limited English-proficient Students Who Are Tested and Included in the		

Accountability System	80%	80%
Annual Statewide Dropout Rate for All Students	1.1%	2.9%
Percent of Districts Rated Exemplary or Recognized	40%	50%
Percent of Campuses Rated Exemplary or Recognized	45%	50%
Percent of Districts Rated Academically Unacceptable in the Prior Year Which Earn an Academically Acceptable or Higher Accreditation Rating in the Current Year	70%	65%
Percent of Campuses Rated Low-performing in the Prior Year Which Earn an Academically Acceptable or Higher Accreditation Rating in the Current Year	60%	55%
Percent of Charter Schools Rated Academically Unacceptable	8%	7%
Annual Drug Use and Violence Incident Rate on School Campuses, Per 1,000 Students	21.5	21
Percent of Incarcerated Students Who Complete the Level in Which They Are Enrolled	34%	34%
Percent of Eligible Windham Inmates Who Have Been Served by a Windham Education Program during the Past Five Years	87%	87%
Percent of High-need Campuses That Receive a Master Reading Teacher Grant	30%	35%
Percent of Highly Qualified Teachers	100%	100%
Percent of Grant Applications Processed within 60 Days	80%	85%
Percent of School District Annual Textbook Orders Processed by May 31	90%	91%
B.2.1. Strategy: EDUCATIONAL TECHNOLOGY		
Output (Volume):		
Number of Students Receiving Course Credit through Distance Learning	8,500	9,500
B.2.2. Strategy: SAFE SCHOOLS		
Output (Volume):		
Number of Students in Disciplinary Alternative Education Programs (DAEPs)	101,350	101,450
B.2.4. Strategy: WINDHAM SCHOOL DISTRICT		
Output (Volume):		
Number of Contact Hours Received by Inmates within the Windham School District	16,638,655	16,638,655
Number of Offenders Passing General	5	5

Education Development (GED) Tests	4,397	4,397
Efficiencies:		
Average Cost Per Contact Hour in the Windham School District	3.52	3.52
B.3.1. Strategy: IMPROVING TEACHER QUALITY		
Output (Volume):		
Number of Teachers Who Participate in Mathcounts Training	275	275
Number of Teachers Receiving Training in Dyslexia and Related Disorders Services	24,500	24,500
B.3.2. Strategy: AGENCY OPERATIONS		
Output (Volume):		
Number of Campuses Investigated for Exemption Rates	50	50
Number of Complaint Investigations Conducted	1,600	1,600
Number of Certificates of High School Equivalency (GED) Issued	47,078	47,078
Efficiencies:		
Average Cost of Accreditation Onsite Review	4,000	4,000
Performance in Excess of Assigned Benchmark (Internal Managers)	101%	101%
Explanatory:		
Average Percent Equity Holdings in the Permanent School Fund (PSF)	75%	75%
Market Value of the Permanent School Fund (Billions)	20.4	21.3
C. Goal: EDUCATOR CERTIFICATION		
Outcome (Results/Impact):		
Percent of Teachers Who Are Fully Certified	90.3%	90.3%
Percent of Teachers Who Are Employed/Assigned to Teaching Positions for Which They Are Fully Certified	84.5%	84.5%
Percent of Documented Complaints Resolved within Six Months	85%	75%
Percent of Educator Preparation Programs Rated "Accredited"	90%	90%
Percent of Surveyed Customer Respondents Expressing Overall Satisfaction with Services Received	90%	95%
Percent of Certification Examinations That Are Computer Administered	16.5%	21.5%
C.1.1. Strategy: EDUCATOR QUALITY AND CREDENTIALING		
Output (Volume):		
Number of Educator Preparation Programs Reviewed	139	139
Number of Individuals Issued Initial Teacher Certificate	36,058	39,500
Number of Temporary Credentials Issued	25,566	29,657
Efficiencies:		
Average Days for Credential Issuance	20	20
C.1.2. Strategy: CERTIFICATION EXAM ADMINISTRATION		

Output (Volume):

Number of Certification Examinations Administered 119,512 119,731

Efficiencies:

Average Cost Per Certification Examination Administered 86.87 89.48

C.1.3. Strategy: RETENTION, RECRUITMENT

Output (Volume):

Number of Previously Degreed Individuals Issued Initial Teacher Certificate 24,885 29,462

Number of Individuals Issued Initial Teacher Certificate Concurrent with Receiving Baccalaureate Degree 12,826 13,611

C.1.4. Strategy: EDUCATOR PROFESSIONAL CONDUCT

Output (Volume):

Number of Complaints Resolved 1,200 1,700
Number of Complaints Pending 800 800

Efficiencies:

Average Time for Resolving Complaints (Days) 220 250

1 **2. Capital Budget.** None of the funds appropriated above may be
2 expended for capital budget items except as listed below. The
3 amounts shown below shall be expended only for the purposes
4 shown and are not available for expenditure for other purposes.
5 Amounts appropriated above and identified in this provision as
6 appropriations either for "Lease payments to the Master Lease
7 Purchase Program" or for items with an "(MLPP)" notation shall
8 be expended only for the purposes of making lease-purchase
9 payments to the Texas Public Finance Authority pursuant to the
10 provisions of Government Code Sec. 1232.103.

11		<u>2006</u>	<u>2007</u>
	a. Acquisition of Information Resource Technologies		
	(1) Mainframe, Servers and Client Infrastructure	\$5,517,248	\$2,904,072
	Total, Capital Budget	<u>\$5,517,248</u>	<u>\$2,904,072</u>

12			
13	Method of Financing (Capital Budget):		
	General Revenue Fund	\$2,590,818	\$1,268,550
	State Textbook Fund No. 003	180,434	94,199
	Permanent School Fund No. 044	76,548	39,963
	Federal Health, Education and Welfare Fund No. 148	2,156,535	1,134,785
	Foundation School Fund No. 193	482,027	335,689
	Certification and Assessment Fees (General Revenue Fund)	<u>30,886</u>	<u>30,886</u>

Total, Method of Financing \$5,517,24 \$2,904,07
8 2

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3. Chapter 42 and 46 Formula Funding. Out of the funds appropriated above, a total of \$12,524,000,000 in fiscal year 2006 and \$12,124,000,000 in fiscal year 2007 shall represent the sum-certain appropriation to the Foundation School Program under Sec. 42.313 and under Chapter 46 of the Texas Education Code. (The total appropriation may not exceed the sum-certain amount.)

The Commissioner shall make allocations to local school districts under Sec. 42.313 and under Chapter 46 based on the March 2005 estimates of average daily attendance and local district tax rates as determined by the Legislative Budget Board and the final 2004 property values. Property values shall be increased by 5.03 percent for fiscal year 2007.

Notwithstanding any other provision of this Act, the Texas Education Agency may make transfers as appropriate between Strategy A.1.1, FSP-Equalized Operations, and Strategy A.1.2, FSP-Equalized Facilities. The TEA shall notify the Legislative Budget Board and the Governor of any such transfers at least 45 days prior to the transfer.

The funds appropriated above in Strategy A.1.1, FSP - Equalized Operations, include appropriations for the following items:

a. State Textbook Funds for instructional materials, any balances of which as of August 31, 2006 are hereby appropriated for fiscal year 2007 for the same purposes;

b. Telecommunications Infrastructure Funds for the technology allotment;

4. [Reserved]

5. Education Service Centers. The Commissioner shall furnish reports as required by § 8.102 of the Texas Education Code to

1 the State Board of Education for transmittal, along with
2 recommendations for change, modification, or improvement, to the
3 Legislative Budget Board and the Governor. Regional Education
4 Service Centers shall be prohibited from purchasing land and
5 acquiring buildings without prior authorization from the
6 Commissioner of Education.

7 **6. Windham Schools.** The funds appropriated above in Strategy
8 B.2.4, Windham School District, are to be expended only for
9 academic and vocational educational programs approved by the
10 Texas Education Agency. The Commissioner of Education shall
11 allocate funds to the Windham Schools based on contact hours for
12 the best 180 of 210 school days in each year of the biennium.
13 The contact hour rates for the 2006-07 biennium are the
14 following: \$3.97558 for academic education, \$3.24582 for
15 vocational education.

16 Funds appropriated above for fiscal year 2007 for the
17 Windham School District are made contingent on the continuation
18 of the Windham School District by the Legislature. In the event
19 that the agency is not continued, the funds appropriated for
20 fiscal year 2006 or as much thereof as may be necessary are to
21 be used to provide for the phase out of Windham School District
22 operations.

23 **7. Appropriation of Audit Adjustments, Settle-Up Funds and**
24 **Attendance Credit Revenues.** When reviews and audits of
25 allocations to school districts reveal the allocations
26 previously made were greater or less than the amounts found to
27 be due, the Texas Education Agency is authorized to recover or
28 pay the sums necessary to adjust to the correct amounts. All
29 such amounts recovered shall become a part of the Foundation
30 School Fund or General Revenue Fund, and the amounts necessary

1 to make such additional payments to the school districts are
2 hereby appropriated from the Foundation School Fund or General
3 Revenue Fund.

4 All funds received from local school districts as recovery
5 for overpayment pursuant to the provisions of § 42.317 of the
6 Texas Education Code are hereby appropriated to the Texas
7 Education Agency for distribution to local school districts for
8 Foundation School Program purposes.

9 All unexpended balances and all funds received from the
10 payment of school districts for attendance credits in excess of
11 the amounts appropriated above pursuant to the provisions of §
12 41.094 of the Texas Education Code, are hereby appropriated to
13 the Texas Education Agency for distribution to school districts
14 for Foundation School Program purposes.

15 **8. State Textbook Fund.** Except as explicitly allowed elsewhere
16 in this Act, any amount expended for Textbook Administration,
17 including new textbooks, rebinding, and other related expenses,
18 shall be paid out of the State Textbook Fund. A transfer of
19 funds from the Available School Fund to the State Textbook Fund
20 is authorized in an amount which, together with other revenues
21 of the State Textbook Fund, is sufficient to finance the sum-
22 certain appropriation from the State Textbook Fund for each
23 fiscal year. Penalties assessed by the State Board of Education
24 shall be deposited to the credit of the Textbook Fund.

25 **9. Day-care Expenditures.** It is expressly provided that the
26 pre-school day care programs, such as the Early Childhood
27 Program for Educationally Disadvantaged Children and Special
28 Education and Training for Pre-School Children with Disabilities
29 administered by the Texas Education Agency, are day-care
30 programs. The funds expended in those programs on behalf of

1 children meeting eligibility requirements in accordance with
2 interagency contracts with the Texas Education Agency under the
3 day care program of the Social Security Act shall be considered
4 as expenditures for day care.

5 **10. Loss Due to Property Value Decline.**

6 a. The Commissioner of Education is authorized to
7 distribute no more than \$26,000,000 in each fiscal year under §
8 42.307 of the Texas Education Code, to the extent that excess
9 funds are available under the Foundation School Program.

10 It is the intent of the Legislature that, in expending these
11 funds by making adjustments in the local share under § 42.307,
12 that the Commissioner shall consider only the amount of property
13 value decline in each school district that is in excess of 4
14 percent in taxable values.

15 b. Except as expressly provided by this rider, and
16 notwithstanding the limitations in Rider 33, Limitation:
17 Transfer Authority, none of the funds in this rider may be
18 expended for any other purpose.

19 c. It is the intent of the Legislature that any excess
20 funds available under the Foundation School Program be applied
21 first to fund adjustments under § 42.307 of the Texas Education
22 Code, second to fund adjustments under § 42.308, and third to
23 fund adjustments under § 42.3081.

24 **11. Training Programs for School Personnel and Parents of**
25 **Students with Autism.** It is the intent of the Legislature that
26 the Texas Education Agency continue to implement a program of
27 professional development for school personnel and parents of
28 students with autism. A sum not to exceed \$50,000 in each
29 fiscal year shall be expended for this purpose.

30 **12. Student Testing Program.** The Commissioner shall use the

1 Federal Funds appropriated above in Strategy B.1.1, Assessment
2 and Accountability System, to cover the cost of preparing,
3 administering and grading assessment instruments in the student
4 testing program. In accordance with the provisions of § 42.152
5 and Chapter 39, Subchapter B of the Texas Education Code, the
6 funds appropriated from the Foundation School Fund for the
7 compensatory education allotment may be used for any remaining
8 assessment costs. The expenditure of such funds shall not be
9 subject to the limitation in Rider 33, Limitation: Transfer
10 Authority.

11 **13. Reimbursement of Advisory Committee Members.** Pursuant to
12 Government Code § 2110.004 reimbursement of expenses for
13 advisory committee members, out of the funds appropriated above,
14 is limited to the following advisory committees:

- 15 a. Title 1, Committee of Practitioners/Ed Flex State Panel
- 16 b. Continuing Advisory Committee for Special Education
- 17 c. Communities in Schools State Advisory Committee
- 18 d. State Textbook Advisory Committee

19 It is the intent of the Legislature that advisory committees
20 of the Texas Education Agency use videoconferencing technology
21 to conduct meetings in lieu of physical assembly whenever
22 possible.

23 **14. Vacation Leave for Commissioner of Education.**
24 Notwithstanding any provision of the General Appropriations Act
25 to the contrary, the Commissioner of Education is entitled to
26 accrue and carry forward vacation leave at the highest rate
27 authorized for employees by the General Provisions of this Act.

28 **15. Limits on Allocations and Expenditures.** Except as
29 explicitly allowed elsewhere in this Act, the Commissioner shall
30 not contract with Regional Education Service Centers to

1 administer all or part of general revenue-funded programs or
2 services without prior approval from the Governor and the
3 Legislative Budget Board. The Commissioner shall submit to the
4 Governor and Legislative Budget Board for review a summary of
5 the programs and services to be transferred and the funding
6 level associated with the proposed transfer. No funds
7 transferred to Regional Education Service Centers or to school
8 districts may be used to hire a registered lobbyist.

9 **16. Regional Day Schools for the Deaf.** Funds appropriated
10 above for Regional Day Schools for the Deaf shall be allocated
11 on a weighted full time equivalent basis. Notwithstanding other
12 provisions of this Act, if the allocations total more than
13 \$33,133,200 in each fiscal year, the Commissioner shall transfer
14 sufficient amounts from other available funds to provide the
15 full allocation.

16 **17. Summer School for Children with Limited English**
17 **Proficiency.** Out of Federal Funds appropriated for Strategy
18 A.2.2, Achievement of Students at Risk, \$3,800,000 in each
19 fiscal year is allocated for summer school programs for children
20 with limited English proficiency as authorized under § 29.060 of
21 the Texas Education Code.

22 **18. Engineering and Science Recruitment Fund.** Out of funds
23 appropriated for Strategy A.2.1, Student Success, \$394,920 in
24 each fiscal year is allocated to the Engineering and Science
25 Recruitment Fund for programs outlined in Subchapter M of
26 Chapter 51 of the Texas Education Code.

27 **19. Statewide Services for Students With Visual Impairments.**
28 Out of funds appropriated for Strategy A.2.3, Students with
29 Disabilities, \$5,655,268 in each fiscal year is allocated for
30 statewide services for students with visual impairments as

1 authorized under § 30.002 of the Texas Education Code.

2 **20. Non-educational Community-based Support Services.** Out of
3 funds appropriated for Strategy A.2.3, Students with
4 Disabilities, \$987,300 in each fiscal year is allocated for non-
5 educational community-based support services for certain
6 students with disabilities as authorized under § 29.013 of the
7 Texas Education Code.

8 **21. Professional Development for Serving Students with**
9 **Disabilities in Integrated Settings.** Out of the federal
10 discretionary funds awarded to the Texas Education Agency
11 through the Individuals with Disabilities Education Act (IDEA),
12 Part B and appropriated above, the Commissioner shall set aside
13 10.5 percent during the biennium to fund capacity building
14 projects, including follow-up professional development and
15 support, for school districts to serve students with
16 disabilities in integrated settings.

17 **22. Appropriation for State Schools.** Out of General Revenue
18 related funds appropriated above in Strategy A.2.3, Students
19 with Disabilities, an amount not to exceed \$110,000 in each
20 fiscal year is allocated for payments to state operated schools
21 under §§ 30.025 and 30.056 of the Texas Education Code.

22 **23. Estimated Appropriation for Incentive Aid.** Out of
23 Foundation School Program funds appropriated above, the
24 Commissioner may allocate an estimated amount of \$1,500,000 in
25 each fiscal year for incentive aid payments under Subchapter G
26 of Chapter 13 of the Texas Education Code.

27 **24. Payments to Texas School for the Blind and Visually**
28 **Impaired and Texas School for the Deaf.** Pursuant to § 30.003(g)
29 of the Texas Education Code, the State Board of Education shall
30 adopt rules that ensure that all local school districts whose

1 students are placed at the Texas School for the Blind and
2 Visually Impaired and the Texas School for the Deaf shall share
3 in the cost of each student's education as required by §
4 30.003(a). It is the intent of the Legislature that school
5 districts subject to Chapter 41, Texas Education Code, reimburse
6 the Texas School for the Blind and Visually Impaired and the
7 Texas School for the Deaf from the General Operating Fund of
8 those districts within 60 days of receipt of a voucher from the
9 receiving school.

10 For all discretionary grants of state or federal funds by
11 the Texas Education Agency, the Texas School for the Blind and
12 Visually Impaired and the Texas School for the Deaf shall be
13 considered independent school districts for purposes of
14 eligibility determination, unless the Commissioner of Education
15 and the school Superintendents mutually agree to an alternate
16 consideration.

17 The Commissioner shall, for each year of the 2006-07
18 biennium, calculate the amount of local revenue that would have
19 been received by the Texas School for the Blind and Visually
20 Impaired and the Texas School for the Deaf under § 30.003, Texas
21 Education Code, had the reductions in school district local
22 revenues caused by this Act not occurred. At the beginning of
23 each fiscal year of the 2006-07 biennium, out of the funds
24 appropriated above in Strategy A.1.1., FSP - Equalized
25 Operations, the Commissioner shall allocate to each school an
26 amount equal to the difference between the calculated revenue
27 and the amount of local revenue to be received by the school
28 during that year.

29 **25. Notification of Changed Accreditation Status or Internal**
30 **Investigation Findings.** At the time a school district is

1 notified of a change in its accreditation status, the Texas
2 Education Agency shall also notify the State Senators and
3 Representatives that represent the affected school district.
4 The agency also shall notify the State Senators and
5 Representatives that represent districts directed by the Texas
6 Education Agency to perform internal investigations of the
7 findings of such investigations prior to the agency release of
8 the findings.

9 **26. Permanent School Fund.** In its annual report on the
10 Permanent School Fund, completed by February 28 of each year,
11 the Texas Education Agency shall report on the actual and
12 projected costs of administering the Permanent School Fund for
13 the year covered by the report and the following three years.

14 **27. Texas Advanced Placement Incentive Program.** Out of the
15 funds appropriated above in Strategy A.2.1, Student Success,
16 \$13,500,000 in fiscal year 2006 and \$13,500,000 in fiscal year
17 2007 is allocated for both the pre-Advanced
18 Placement/International Baccalaureate activities and for the
19 Advanced Placement Incentive Program. Any balances on August
20 31, 2006 are appropriated for the 2007 fiscal year.

21 In using funds allocated by this rider, the Texas Education
22 Agency shall prioritize the examination fee subsidies for
23 students. For funds allocated by this rider that are used for
24 teacher training, the Texas Education Agency shall give funding
25 priority to teachers at public school campuses that do not offer
26 Advanced Placement/International Baccalaureate courses.

27 It shall be the goal of the Texas Education Agency that
28 Advanced Placement/International Baccalaureate courses are
29 available at as many public school campuses as possible, without
30 regard to the rural/urban status of the campus and the

1 socioeconomic characteristics of its students. For campus
2 incentive awards given under this program, consideration may be
3 given to school districts and charter schools in their 1st or
4 2nd year of operating an Advanced Placement/International
5 Baccalaureate program.

6 **28. MATHCOUNTS and Academic Competitions.** Out of Foundation
7 School Program Gifted and Talented funds appropriated in B.3.1,
8 Improving Teacher Quality, the Commissioner shall set aside
9 \$200,000 in each year of the biennium for the MATHCOUNTS
10 Program. In addition, out of funds appropriated in A.2.1,
11 Student Success, not less than \$500,000 in each fiscal year of
12 2006-07 biennium shall be allocated to programs that foster
13 academic competition for predominantly high school students.

14 **29. Communities in Schools.** Out of funds appropriated above
15 for Strategy A.2.4, School Improvement and Support Programs,
16 \$12,788,865 in State Compensatory Education Funds and \$4,842,342
17 in TANF funds in fiscal year 2006, and \$12,788,865 in State
18 Compensatory Education Funds and \$4,842,341 in TANF funds in
19 fiscal year 2007 are allocated for the Communities in Schools
20 Program.

21 In addition to the amounts above, out of State Compensatory
22 Education Funds appropriated above for Strategy A.2.4, School
23 Improvement and Support Programs, \$3,000,000 in fiscal year 2006
24 and \$3,000,000 in fiscal year 2007 are allocated for the
25 Communities in Schools Program. It is the intent of Legislature
26 that the commissioner and representatives of the Communities in
27 Schools program mutually agree upon and implement performance
28 measures related to the effectiveness of new Communities in
29 Schools programs provided by these funds.

30 **30. Extended Year Programs.** Out of Foundation School Program

1 Compensatory Education Funds appropriated in Strategy A.2.4,
2 School Improvement and Support Programs, the Commissioner shall
3 distribute an amount not to exceed \$16,500,000 in fiscal year
4 2006 and \$16,500,000 in fiscal year 2007 to finance extended
5 year programs under § 42.152(e)(5), Texas Education Code.

6 **31. Allocation of Funds to South Texas Independent School**

7 **District.** Out of funds appropriated above for Strategy A.1.1,
8 FSP - Equalized Operations, the Commissioner of Education shall
9 provide the South Texas Independent School District with
10 adequate access to funding under Tier 2 of the Foundation School
11 Program. The Commissioner shall adjust payments to the South
12 Texas Independent School District to equal an amount to which
13 the district would be entitled at the average effective tax rate
14 in other school districts in Cameron County less the tax rate
15 set by the district itself.

16 **32. Appropriations Limited to Revenue Collections.** It is the

17 intent of the Legislature that, for the following fee-supported
18 programs in Goals A, Program Leadership, and B, Operational
19 Excellence, fees, fines, and other miscellaneous revenues as
20 authorized and generated by the Texas Education Agency cover, at
21 a minimum, the cost of the appropriations made to support the
22 programs, as well as the "other direct and indirect costs"
23 associated with those functions appropriated elsewhere in this
24 Act. "Other direct and indirect costs" for these programs are
25 estimated to be \$486,481 in fiscal year 2006 and \$477,029 in
26 fiscal year 2007 including employee matching costs and other
27 indirect operating costs:

- 28 Guaranteed Program for School District Bonds
- 29 General Education Development (GED)
- 30 Driver Training

1 Electronic Course Pilot Program

2 For each individual fee program listed above, all fees
3 collected in excess of the Comptroller of Public Accounts
4 Biennial Revenue Estimate are hereby appropriated to the Texas
5 Education Agency.

6 In the event that actual and/or projected fee revenue
7 collections are insufficient to offset program costs, the
8 Legislative Budget Board may direct that the Comptroller of
9 Public Accounts reduce the appropriation authority provided
10 herein to be within the amount of fee revenue expected to be
11 available.

12 In Strategy C.1.1, Educator Quality and Credentialing,
13 Strategy C.1.2, Certification Exam Administration, Strategy
14 C.1.3, Retention, Recruitment, and Strategy C.1.4, Educator
15 Professional Conduct above, it is the intent of the Legislature
16 that fees, fines, and other miscellaneous revenues as authorized
17 and generated by this agency cover, at a minimum, the cost of
18 the appropriations made in Goal C, as well as the "other direct
19 and indirect costs" associated with these functions,
20 appropriated elsewhere in this Act. "Other direct and indirect
21 costs" for these functions are estimated to be \$853,638 in
22 fiscal year 2006 and \$842,664 in fiscal year 2007. In the event
23 that actual and/or projected revenue collections are
24 insufficient to offset the cost identified by this provision,
25 the Legislative Budget Board may direct that the Comptroller of
26 Public Accounts reduce the appropriation authority above to be
27 within the amount of revenue expected to be available.

28 **33. Limitation: Transfer Authority.** Notwithstanding the
29 General Provisions of this Act, none of the funds appropriated
30 above or in any other legislation passed by the Seventy-ninth

1 Legislature in Goal A, Program Leadership, Strategies A.1.1,
2 FSP-Equalized Operations, and A.1.2, FSP-Equalized Facilities,
3 with the exception of appropriations from the State Textbook
4 Fund, and not more than one percent of the General Revenue Funds
5 appropriated above or in any other legislation passed by the
6 Seventy-ninth Legislature in Goal A, Strategies A.2.1. - A.2.5,
7 and Goal B, Operational Excellence, Strategies B.1.1.-B.3.1.,
8 and State Textbook Funds appropriated in Strategy A.1.1, may be
9 transferred to Goal B, Strategies B.3.2.-B.3.4. This transfer
10 may not exceed \$8.1 million for each year of the 2006-07
11 biennium.

12 The Commissioner shall notify the Governor and the
13 Legislative Budget Board of any planned transfer between program
14 and administrative strategies allowed by the provisions of this
15 rider at least 45 days prior to the execution of the transfer.

16 None of the funds appropriated to the Texas Education Agency
17 for the purpose of funding the Foundation School Program under
18 Chapter 42 and 46, Texas Education Code, may be transferred to
19 any other item of appropriation or expended for any other
20 purpose unless the Commissioner of Education provides written
21 notice to the Legislative Budget Board and to the Governor of
22 intent to transfer such funds at least 45 days prior to the
23 execution of the transfer. Such transfers from the Foundation
24 School Program to other items of appropriation shall not exceed
25 \$10 million in each fiscal year of the 2006-07 biennium. Any
26 unexpended and unencumbered balances remaining after the last
27 day of a fiscal year in any of the appropriations made for a
28 purpose described by this provision shall lapse and accrue to
29 the benefit of the unappropriated balance of the General Revenue
30 Fund after taking into account the "settle-up" provision found
31 in § 42.313(g), Texas Education Code.

1 To the extent necessary to avoid reductions in state aid as
2 authorized by § 42.313(f), Texas Education Code, the
3 Commissioner of Education is authorized to transfer Foundation
4 School Program funds from fiscal year 2007 to fiscal year 2006.

5 Such transfers are subject to prior approval by the Governor
6 and the Legislative Budget Board. The Comptroller of Public
7 Accounts shall cooperate as necessary to assist the completion
8 of a transfer and spending made under this section.

9 **34. Additional Funding Sources.** If the appropriations provided
10 by this Act for the Foundation School Program are not sufficient
11 to provide for expenditures for enrollment growth, district tax
12 rate or taxable value of property, after accounting for any
13 other appropriations made to the TEA and available for transfer
14 for this purpose, the Legislative Budget Board and the Governor
15 may provide for, and are hereby authorized to direct, the
16 transfer of sufficient amounts of funds to the TEA from
17 appropriations made elsewhere in this Act.

18 **35. Reduction in Districts Tier One Allotment.** To fund
19 appropriations for programs from compensatory education
20 allotments, the Commissioner of Education shall reduce each
21 district's tier one allotment. The reductions shall be made in
22 the same manner as described for a reduction in allotments under
23 § 42.313, Texas Education Code, and the Commissioner shall
24 allocate funds to each district accordingly.

25 **36. Disciplinary Alternative Education Programs.** Out of the
26 funds appropriated above in Strategy B.2.2, Safe Schools, there
27 is hereby allocated the amount of \$4,750,000 for each fiscal
28 year of the biennium for safe schools programs under Texas
29 Education Code § 37.008.

30 **37. Funding for Juvenile Justice Alternative Education**

1 **Programs.** Out of the funds appropriated above in Strategy
2 B.2.2, Safe Schools, \$8,187,641 in fiscal year 2006 and
3 \$8,951,455 in fiscal year 2007 shall be set aside from the
4 Compensatory Education Allotment in each year and transferred to
5 the Juvenile Probation Commission for the support of Juvenile
6 Justice Alternative Education Programs. This set-aside shall
7 not effect the calculation of the application factor under Texas
8 Education Code § 42.252.

9 **38. FSP Funding for the Texas Youth Commission.** Out of the
10 funds appropriated above in Strategy B.2.2, Safe Schools, the
11 Texas Education Agency shall allocate to the Texas Youth
12 Commission the basic allotment of the Foundation School Program
13 minus the amounts allocated to the commission pursuant to Texas
14 Education Code § 30.102 (a) for each student in average daily
15 attendance. These amounts are estimated to be \$9,811,899 in
16 fiscal year 2006 and \$9,811,899 in fiscal year 2007. This
17 transfer shall not be subject to the limitation in Rider 33,
18 Limitation: Transfer Authority.

19 **39. Early Childhood Education and Care Coordination.** It is the
20 intent of the Legislature that the Texas Education Agency
21 participate to the extent practicable in interagency early
22 childhood education and care coordination initiatives. This
23 includes but is not limited to participation in the Head Start
24 collaboration project or any other interagency entity formed to
25 address the coordination of early childhood care and education
26 service delivery and funding.

27 **40. Regional Education Service Center Dyslexia and Related**
28 **Disorders Coordinators.** It is the intent of the Legislature
29 that the Regional Education Service Centers establish a joint
30 program of coordinators for dyslexia and related disorders

1 services pursuant to § 38.003 of the Texas Education Code. The
2 joint program shall not include regulatory oversight functions.

3 The Regional Education Service Centers shall ensure that the
4 program uses resources efficiently to provide a coordinator to
5 any school district or charter school that needs one. Out of the
6 funds appropriated above in Strategy B.3.1, Improving Teacher
7 Quality, the Commissioner of Education may direct \$150,000 in
8 each year of the biennium to assist in the funding of such
9 coordinators.

10 **41. School Improvement and Parental Involvement Initiative.**

11 Out of the funds appropriated above in Strategy A.2.4, School
12 Improvement and Support Programs, the Commissioner shall
13 allocate \$850,000 in each fiscal year of the 2006-07 biennium to
14 the AVANCE family support and education program.

15 **42. Special Foundation School Program Payments.** The Texas

16 Academy of Leadership in Humanities is entitled to Foundation
17 School Program (FSP) allotments for each student enrolled in the
18 academy as if it were a school district, except that the local
19 share applied is equal to the Beaumont ISD's local share. The
20 same methodology shall apply to the Texas Academy of Mathematics
21 and Science with a local share equal to Denton ISD's and to the
22 Seaborne Conservation Corps, with a local share equal to
23 Galveston ISD's.

24 **43. Texas Reading, Math and Science Initiatives.** Out of the

25 funds appropriated above in Strategy A.2.1, Student Success,
26 \$9,000,000 in General Revenue Funds in fiscal year 2006 and
27 \$9,000,000 in General Revenue Funds in fiscal year 2007, with
28 \$14,650,000 in Federal Funds in fiscal year 2006 and \$14,650,000
29 in Federal Funds in fiscal year 2007, shall be allocated to the
30 Texas Reading, Math and Science Initiatives. These funds shall

1 be allocated in the following manner:

2 a. The Commissioner shall fund reading, math, and science
3 diagnostic instruments to be made available to independent
4 school districts and charter schools. The Commissioner may fund
5 the distribution of non-consumable materials, to include
6 electronic formats, in reading, math, and science.

7 b. Out of the Federal Funds identified above, the
8 Commissioner shall allocate funds for the development and
9 implementation of research-based educator training programs and
10 materials in reading, math, and science. Out of the funds
11 appropriated for this part, the Commissioner may allocate an
12 amount not to exceed \$5,000,000 in each fiscal year of the
13 biennium for the development of educator training programs at
14 regional education service centers, in a manner that ensures
15 access to training for small and mid-sized school districts and
16 charter schools.

17 Funds shall be distributed by the Commissioner on a
18 competitive grant basis to be used by schools for the
19 implementation of scientific, research-based science programs
20 designed to improve the academic science performance of
21 students, including programs designed to address the gender gap
22 in performance. To be eligible for funding, schools must
23 demonstrate a high need for additional intervention as evidenced
24 by student performance, and must partner with a science
25 department of an institution of higher education.

26 c. The Commissioner may transfer up to 10 percent of the
27 appropriation among strategies in Goals A and B, Strategies
28 B.1.1, Assessment and Accountability System, to B.3.1, Improving
29 Teacher Quality.

30 d. Out of funds identified above, an amount not to exceed
31 \$1,000,000 each year of the biennium may be distributed to

1 schools by the Commissioner on a noncompetitive grant basis for
2 the purchase of non-consumable materials to be used in teaching
3 Integrated Physics and Chemistry in high school. The materials
4 must be appropriate for use in class time dedicated to lab
5 investigations. The Commissioner shall develop criteria for
6 distribution of grant funds and for materials eligible for
7 purchase. The criteria must give priority to districts with
8 high percentages of economically disadvantaged students.

9 e. Out of the amounts identified above, the Commissioner
10 may use funds to support the State Marine Science Center in
11 Palacios.

12 f. The Texas Education Agency shall collect data on the
13 implementation of educator professional development programs at
14 the local and regional level and report to the Legislature on
15 the best practices of these programs by December 1, 2006.

16 g. Out of the amounts identified above, the Commissioner
17 may use funds to evaluate the effectiveness of the Master
18 Teacher programs and National Board Certification in improving
19 student performance.

20 h. Any balances as of August 31, 2006, are appropriated for
21 the 2007 fiscal year.

22 **44. Funding for Tuition Credit Program.** Out of the funds
23 appropriated above there is hereby transferred via interagency
24 contract to the Texas Higher Education Coordinating Board an
25 amount of funds, estimated to be \$7,525,000 in each fiscal year
26 of the biennium, from the Foundation School Fund sufficient to
27 pay for the Early High School Graduation Scholarship Program,
28 and tuition and fee exemptions in accordance with Texas
29 Education Code, §§ 54.212 and 54.214.

30 **45. Certification of Pre-kindergarten Expenditures.** Out of the

1 funds appropriated above in Strategy A.1.1, FSP - Equalized
2 Operations, and Strategy A.2.1, Student Success, the Texas
3 Education Agency shall certify each year of the biennium the
4 maximum pre-kindergarten expenditures allowable under federal
5 law as maintenance of effort for Temporary Assistance for Needy
6 Families (TANF) and state match for the Child Care Development
7 Fund.

8 46. **Early Childhood School Readiness Program.** Out of the funds
9 appropriated in Strategy A.2.1, Student Success, \$7,500,000 in
10 fiscal year 2006 and \$7,500,000 in fiscal year 2007 shall be
11 used for the Early Childhood School Readiness Program, for
12 programs providing an educational component to public pre-
13 kindergarten, Head Start, university early childhood programs,
14 or private non-profit early childhood care programs that have
15 entered into an integrated program with a public school. The
16 Texas Education Agency shall expend these funds in accordance
17 with the following provisions and the provisions of Texas
18 Education Code § 29.156, Grants for Educational Components of
19 Head Start, and with the following provisions:

20 a. Funds shall be distributed on a competitive grant basis
21 to preschool programs to provide scientific, research-based,
22 pre-reading instruction, with the goal of directly improving the
23 pre-reading skills of three- and four-year-old children and
24 identifying cost-effective models for pre-reading interventions.

25 To be eligible for the grants, applicants must serve at least
26 75 percent low-income students, as determined by the
27 Commissioner. Grants may be awarded in two or more consecutive
28 grant periods to an applicant provided the monies are used to
29 expand the grant programs to additional facilities previously
30 not receiving Early Childhood School Readiness grant funds in

1 the immediate past grant cycle.

2 b. The Commissioner shall set aside up to \$225,000 in each
3 fiscal year of the biennium for research and evaluation of the
4 program. A report describing the findings shall be delivered to
5 the Legislature no later than January 1, 2007.

6 c. Any balances as of August 31, 2006, are appropriated for
7 the 2007 fiscal year.

8 **47. Master Reading, Mathematics, and Science Teachers.** Out of
9 the funds appropriated above in Strategy B.3.1, Improving
10 Teacher Quality, \$4,000,000 in General Revenue in each fiscal
11 year of the 2006-07 biennium is allocated for Master Reading,
12 Master Mathematics, and Master Science Teacher stipends for
13 school districts with certified Master Reading, Master
14 Mathematics, and/or Master Science Teachers. Any balances as of
15 August 31, 2006 are appropriated for the 2007 fiscal year.

16 **48. Student Success Initiative.** Out of the funds appropriated
17 above in Strategy A.2.1, Student Success, \$158,005,369 in
18 General Revenue in fiscal year 2006 and \$158,005,369 in General
19 Revenue in fiscal year 2007 are allocated for the Student
20 Success Initiative. The Commissioner shall expend these funds
21 for allocations to schools for the purpose of implementation of
22 scientific, research-based programs for students who have been
23 identified as unlikely to achieve the third grade TAKS reading
24 standard by the end of the third grade, including those students
25 with dyslexia and related disorders, students unlikely to
26 achieve the TAKS reading or math standards by the end of the
27 fifth grade, and/or students unlikely to achieve TAKS reading or
28 math standards in the eighth grade assessments administered in
29 2008.

30 a. From funds appropriated for the Student Success

1 Initiative, the Commissioner may set aside \$15 million for
2 intensive reading or math instruction programs for schools that
3 have failed to improve student performance in reading or math.
4 The Commissioner shall determine which schools have achieved the
5 least gains in reading or math performance, and shall require
6 those schools to submit a reading or math improvement plan
7 detailing proposed efforts to improve reading or math
8 performance as a condition of receiving funding. The reading or
9 math improvement plan must establish the performance outcome of
10 literacy or numeracy among its student population and outline
11 specific steps that will be taken to achieve that goal. The
12 plan may include the use of technology to achieve reading or
13 math goals. A school identified as in need of improvement in
14 reading or math instruction shall implement only those
15 assessments, progress monitoring instruments, reading or math
16 strategies and programs approved by the Commissioner. Programs
17 must demonstrate a record of proven success in improving student
18 reading or math achievement.

19 b. Adolescent Literacy Initiative. Out of any funds
20 appropriated to the agency, the Commissioner shall set aside \$2
21 million for each year of the 2006-2007 biennium for the
22 development of a supplemental diagnostic screening instrument
23 and intensive reading instruction programs for students
24 determined at risk to not perform at proficient levels on the
25 8th grade TAKS reading assessment. It is the intent of the
26 legislature that the Texas Education Agency pursue federal funds
27 to provide training in the use of the diagnostic instrument and
28 distribution of the instrument to school districts and charter
29 schools. Any balances as of August 31, 2006 are appropriated for
30 fiscal year 2007 for the same purpose.

31 c. Any balances as of August 31, 2006, are appropriated for

1 fiscal year 2007 for the same purposes.

2 49. **Coordination of Assistance to School Districts.** The Texas
3 Education Agency shall work in cooperation with the Texas
4 Comptroller of Public Accounts to assist school districts in the
5 investment of funds and with the Bond Review Board to assist
6 school districts entering into bonded indebtedness or lease
7 purchase agreements.

8 50. **Arts Education.** Out of the Foundation School Program funds
9 appropriated to the Texas Education Agency in this Act, \$300,000
10 in fiscal year 2006, and \$300,000 in fiscal year 2007 shall be
11 directed to and expended by the Commission on the Arts under the
12 commission's Strategy A.1.2, Arts Education Grants, for the
13 purpose of awarding grants for arts education. It is the intent
14 of the Legislature that grantees receiving funds under this
15 program fulfill a 1:1 match requirement. These amounts shall be
16 directed and expended in addition to funds separately
17 appropriated under this Act to the Commission on the Arts under
18 Strategy A.1.2, Arts Education Grants.

19 51. **Learning Through Listening.** Out of the funds appropriated
20 above in Strategy A.2.3, Students with Disabilities, the
21 Commissioner shall expend \$200,000 in fiscal year 2006 and
22 \$200,000 in fiscal year 2007 to continue a program of providing
23 state-adopted textbooks using recorded material technology for
24 students with visual impairment, reading disabilities and other
25 disabilities as appropriate in kindergarten through 12th grade.

26 52. **Pre-kindergarten Early Start Grant Programs.** Out of the
27 funds appropriated above in Strategy A.2.1, Student Success, the
28 Commissioner of Education shall allocate \$92,500,000 in fiscal
29 year 2006 and \$92,500,000 in fiscal year 2007 for the purpose of
30 providing grants for pre-kindergarten programs consistent with

1 the provisions of Texas Education Code § 29.155. Any unexpended
2 balances as of August 31, 2006, are appropriated for any early
3 childhood programs authorized by this Act for the 2007 fiscal
4 year, subject to the approval of the Commissioner of Education.

5 a. Out of any state or federal funds available to the
6 agency for this purpose, the Commissioner may set aside an
7 amount not to exceed \$3 million to implement a competitive
8 procurement system to award two-year contracts to government
9 organizations, public nonprofit agencies, or community-based
10 organizations to implement multi-age programs serving 3-, 4-,
11 and 5-year olds that assure that English language learning
12 children receive appropriate activities to enter school prepared
13 to succeed. The pilot programs must provide many opportunities
14 for the acquisition of English, while supporting the child's
15 first language including social services, appropriate training
16 and modeling, and research-based curricula and supplies to
17 enhance the development of both languages. Instruction must be
18 in both languages so children can learn concepts in the language
19 they understand while developing their English skills. Programs
20 must include bilingual education specialists and continued
21 professional education to support the teachers. Priority shall
22 be given to entities that serve a high percentage of limited
23 English proficient children.

24 b. A portion of the funds received by entities
25 participating in this pilot shall be used to perform an
26 evaluation and review of student performance and improvement.
27 These results shall be reported to the Legislature by the agency
28 no later than January 1, 2007.

29 **53. Windham School District Priorities.** It is the intent of
30 the Legislature that the Windham School District target its

1 programs to serve those students whose participation will help
2 achieve the goals of reduced recidivism and the increased
3 success of former inmates in obtaining and maintaining
4 employment. To achieve these goals, younger offenders with the
5 lowest educational levels should receive high priority. This
6 policy shall not preclude the Windham School District from
7 serving other populations according to needs and resources. The
8 Windham School District will report to the Eightieth Legislature
9 regarding their effort and success in implementing this
10 prioritization.

11 **54. Adult Education.** Priority shall be given to adult literacy
12 programs in the expenditure of adult education funds
13 appropriated above. It is the intent of the Legislature that,
14 in providing educational programs, the administering agency or
15 agencies shall provide appropriate training to recipients of
16 Temporary Assistance for Needy Families (TANF) in accordance
17 with the Personal Responsibility and Work Opportunity
18 Reconciliation Act of 1996. Out of the \$8,885,700 in General
19 Revenue Funds appropriated each year above in Strategy A.2.5,
20 Adult Education and Family Literacy, an amount not less than
21 \$2,000,000 each fiscal year shall be allocated to TEA's adult
22 education cooperatives to provide education and training
23 services to TANF recipients. In addition, out of the Federal
24 TANF funds appropriated above in Strategy A.2.5, \$3,800,000 in
25 fiscal year 2006 and \$3,800,000 in fiscal year 2007 shall be
26 directed for services for adults who are eligible for TANF.
27 Families that include a child living at home are deemed eligible
28 for TANF-funded adult education services if a family member
29 receives any of the following forms of assistance: Food Stamps,
30 Medicaid, Children's Health Insurance Program, Child Care and

1 Development Fund, or Free or Reduced Priced Child Nutrition
2 Program meals. To implement these provisions, TEA shall enter
3 into contracts or arrangements with the agency or agencies
4 administering welfare reform and may work with other community-
5 based organizations to offer services directly to adult TANF
6 recipients. All providers of adult education shall meet the
7 requirements defined in the Texas Education Code. Federal funds
8 appropriated for this purpose shall be used for administrative
9 expenditures only to the extent allowable under Federal
10 regulations.

11 **55. Local Educational Agency Risk Pool.** Out of the funds
12 appropriated in above Strategy A.2.3, Students with
13 Disabilities, the Commissioner shall implement the provisions of
14 the Individuals with Disabilities Education Improvement Act
15 (IDEIA) of 2004, pertaining to a local educational agency risk
16 pool. The Commissioner shall allocate allowable amounts under
17 the Act for the 2006 fiscal year and the 2007 fiscal year to
18 establish the high cost fund to assist districts with high need
19 students with disabilities. It is the intent of the Legislature
20 that the use of these funds by school districts and charter
21 schools does not violate the least restrictive environment
22 requirements of IDEIA of 2004, relating to placement and state
23 funding systems that distribute funds based on type of setting.

24 **56. Early Childhood Intervention.** Out of the funds
25 appropriated above in Strategy A.2.3, Students with
26 Disabilities, \$16,498,102 in 2006 and \$16,498,102 in 2007 shall
27 be set aside from the Special Education Allotment and
28 transferred to the Department of Assistive and Rehabilitative
29 Services to support Early Childhood Intervention eligibility
30 determination, and comprehensive and transition services. This

1 set-aside shall not affect the calculation of the application
2 factor under Texas Education Code § 42.252.

3 **57. Average Daily Attendance Decline.** Out of the funds
4 appropriated above in Strategy A.1.1, FSP-Equalized Operations,
5 \$11 million in each year of the 2006-07 biennium shall be used
6 to implement § 42.005, Texas Education Code. Expenditures
7 pursuant to this provision shall not exceed \$22 million for the
8 2006-07 biennium.

9 **58. Academic Enrichment.** Out of funds appropriated in Strategy
10 A.2.4, School Improvement and Support Programs, the Commissioner
11 shall distribute the amount appropriated in Federal 21st Century
12 Community Learning Centers (CCLC) funds, estimated to be
13 \$166,074,792, for the 2006-07 biennium to be distributed through
14 competitive grants to support the establishment and
15 implementation of supplemental services, programs, and
16 activities designed to enrich or extend student learning
17 experiences outside of the regular school day. In awarding
18 grants pursuant to this rider, the Commissioner shall give
19 emphasis to schools with high concentrations of economically
20 disadvantaged students.

21 Entities eligible to receive Federal 21st CCLC Funds are
22 those entities identified in the 21st CCLC statute, including,
23 but not limited to, districts that qualify for the Optional
24 Extended Year Program, districts that contain zip codes with
25 high juvenile crime rates, the Alliance Organizations, AVANCE,
26 Do Something, Communities in Schools, Area Interfaith, and One
27 Community/One Child, as well as other organizations identified
28 as eligible by statute, provided all entities comply with the
29 21st CCLC statutory requirements. It is the intent of the
30 Legislature that the Commissioner give funding priority to

1 existing collaborations between school districts and community
2 organizations.

3 In addition to the amount identified above, the Commissioner
4 shall allocate an amount not to exceed \$4,650,000 in each year
5 of the biennium to the Investment Capital Fund. Of that total,
6 an amount not to exceed \$2,500,000 in each year shall be set
7 aside from the Compensatory Education allotment, and an amount
8 not to exceed \$2,150,000 in each year shall be allocated
9 directly from the Foundation School Program. Grants made from
10 the Investment Capital Fund pursuant to this rider are subject
11 to the provisions contained in § 7.024 of the Texas Education
12 Code, and grants may only be made to entities that meet the
13 criteria set forth in that section.

14 59. **Texas High School Initiative.** Out of the funds
15 appropriated above in Strategy A.2.1, Student Success, the
16 Commissioner shall allocate \$29,000,000 in General Revenue in
17 each fiscal year to support the establishment and implementation
18 of sustainable comprehensive high school completion and success
19 initiatives. Funds shall be expended in accordance with the
20 following provisions:

21 a. Schools that receive funds under this program must
22 ensure that all students have an individualized graduation plan.

23 Available sources of student-level performance data should be
24 utilized in the development of individualized graduation plans.

25 Graduation plans must also ensure that students at risk of not
26 graduating from high school are afforded instruction from highly
27 qualified teachers, have access to online diagnostic and
28 assessment instruments, and are provided accelerated instruction
29 in areas of academic weakness identified in the plan.

30 b. Funds must be expended on programs that show the most

1 potential to improve high school completion and success and that
2 encourage students toward post-secondary education and training,
3 including programs for high school students who have not earned
4 sufficient credit to advance to the next grade, after-school
5 programs designed to promote high school completion, literacy
6 programs for struggling high school readers, ninth-grade
7 acceleration or enrichment programs, programs to improve the
8 academic achievement of limited English-proficient high school
9 students, and middle-college or early-college programs that
10 encourage at-risk students and students who wish to accelerate
11 their education undertake courses of study that allow both high
12 school and college level work.

13 c. Funds may also be expended on programs for high school
14 students that create flexible scheduling; personalized learning
15 environments; and, multiple pathways to post-secondary education
16 and training, including partnerships with institutions of higher
17 education, businesses, and community organizations. Funds may
18 also be expended on the implementation of sustainable innovative
19 models for school restructuring and reform in academically
20 unacceptable high schools participating in an innovative
21 redesign of the campus to improve campus performance.

22 d. The Commissioner may set aside no more than five percent
23 of total program funds for the purpose of research and
24 evaluation of innovative programs that support high school
25 completion and success. The agency shall deliver a report to
26 the Legislature summarizing expenditures made with program funds
27 as well as research and evaluation findings no later than
28 December 1, 2006.

29 e. The Commissioner is authorized to receive grants from
30 private sources and foundations for the provision of jointly
31 funded high school completion and restructuring programs and may

1 use a portion of appropriate state and federal funds as matching
2 funds for such programs. School districts receiving funds may
3 contract with private sector organizations for all or part of
4 the program. The Commissioner is authorized to use a portion of
5 appropriated state and federal funds to support technical
6 assistance services for school restructuring and reform
7 programs. The agency may contract with private sector
8 organizations for all or part of such services.

9 **60. Reimbursement for Classroom Supplies.** The Commissioner
10 shall establish a program to reimburse classroom teachers and
11 campus library media specialists for personal funds spent on
12 classroom supplies. It is the intent of the legislature that
13 funds shall be provided to school districts that match local
14 funds expended for this purpose. Funds allocated are intended
15 for the direct benefit of students and use of the funds is
16 solely the discretion of the classroom teacher or campus library
17 media specialist. The Texas Education Agency shall establish
18 rules by which matching funds are allocated to individual
19 teachers within the school district. These funds may not be
20 used to supplant local funds being provided for classroom
21 supplies.

22 Funds for this purpose may be allocated out of available
23 federal consolidated administrative funds and from funds subject
24 to the federal "Ed-Flex" statute. The agency and local school
25 districts may also use any allowable unexpended balances in
26 federal funds at the end of each fiscal year of the biennium to
27 provide these reimbursements.

28 **61. Life Skills Program for Student Parents.** Out of Foundation
29 School Program funds appropriated above in Strategy A.2.4,
30 School Improvement and Support Programs, \$10,000,000 in each

1 fiscal year of the biennium is allocated for the Life Skills
2 Program for Student Parents, Texas Education Code § 29.085. The
3 Texas Education Agency shall distribute funds for this program
4 directly to eligible school districts. Any balances as of August
5 31, 2006 are appropriated to the 2007 fiscal year for the same
6 purpose.

7 **62. Funding for Regional Education Service Centers.** Out of the
8 funds appropriated above in Strategy B.3.1, Improving Teacher
9 Quality, the Commissioner shall distribute \$21,375,000 in fiscal
10 year 2006 and \$21,375,000 in fiscal year 2007 to Regional
11 Education Service Centers to provide professional development
12 and other technical assistance services to school districts.
13 The formula for distribution shall be determined by the
14 Commissioner but shall provide enhanced funding to Regional
15 Education Service Centers that primarily serve small and rural
16 school districts. The Commissioner shall obtain approval for
17 the distribution formula from the Legislative Budget Board and
18 the Governor.

19 **63. Computation of Aid for Certain Educational Entities.**
20 Notwithstanding the provisions of Texas Education Code § 42.254,
21 the Commissioner of Education shall compute state aid under the
22 Foundation School Program for the following districts using the
23 average tax rate and property value per student of school
24 districts in the county in which the district is located:

25 (1) a school district located on a federal military
26 installation; and

27 (2) the Masonic Home Independent School District.

28 The state aid distributed to Masonic Home Independent School
29 District pursuant to Texas Education Code, Chapter 42,
30 Subchapter G (Enrichment Program) shall not exceed \$90,000 for

1 each fiscal year of the 2006-07 biennium.

2 **64. Career and Technology Education Allotment Programs**

3 **Eligibility.** Funds appropriated above in Strategy A.1.1, FSP-
4 Equalized Operations, for the Career and Technology Education
5 allotment shall not be used to provide weighted funding for
6 programs identified by the Commissioner as least in need of the
7 additional funding provided by the allotment. Courses to be
8 excluded from weighted funding include, but are not limited to,
9 Business Law, Crime in America, Career Studies, Principles of
10 Marketing, Business Communication, Entrepreneurship, Family &
11 Career Management, Retailing, Family Health Needs, Banking &
12 Financial Systems, Courts & Criminal Procedure, and Introduction
13 to Criminal Justice Careers.

14 Additionally, it is the intent of the Legislature that no
15 more than 10 percent of each school district's Foundation School
16 Program Career and Technology Education allotment under the
17 Texas Education Code § 42.154 may be expended for indirect costs
18 related to the career and technology education programs.

19 **65. Textbook Purchases.** Of the Federal Funds appropriated
20 above in A.2.3, Students with Disabilities, \$8,500,000 in the
21 2006-07 biennium shall be used for the purchase of Braille,
22 large-type and related materials for students with special
23 needs.

24 In accordance with Texas Education Code § 31.103(b), the
25 Commissioner shall use a school district's enrollment growth or
26 decline for the prior three years as the basis for determining
27 the additional percentage of attendance for which a school
28 district may requisition textbooks.

29 **66. Title II, Improving Teacher Quality Federal Funds.** The
30 Texas Education Agency and the Higher Education Coordinating

1 Board shall coordinate the distribution of Title II federal
2 funds for improving teacher quality to ensure compatibility
3 between these two agencies' activities. Prior to the
4 implementation of or the awarding of federal funds for improving
5 teacher quality activities, the two agencies shall submit a
6 joint plan to the Legislative Budget Board and the Governor.

7 **67. Windham School District Cost Savings.** It is the intent of
8 the Legislature that, in implementing any reductions to programs
9 or staff, the Windham School District achieve cost savings
10 through reductions in administrative costs, attrition, early
11 retirement options, voluntary benefit reductions or other
12 strategies that preserve direct services in programs such as
13 literacy and vocational education. The Windham School District
14 shall provide written notification to the Governor and the
15 Legislative Budget Board on proposed savings at least 45 days
16 prior to implementation.

17 **68. Receipt and Use of Grants, Federal Funds, and Royalties.**
18 The Commissioner of Education is authorized to apply for,
19 receive and disburse funds in accordance with plans or
20 applications acceptable to the responsible federal agency or
21 other public or private entity that are made available to the
22 State of Texas for the benefit of education and such funds are
23 appropriated to the specific purpose for which they are granted.

24 It is the intent of the Legislature that when entering into any
25 contract or plan with the federal government or other entity,
26 prime consideration shall be given to preserving maximum local
27 control for school districts. It is also the intent of the
28 Legislature that any contract or plan entered into with any
29 entity, excluding the federal government, shall be non-
30 exclusive. For the 2006-07 biennium, the Texas Education Agency

1 is appropriated any royalties and license fees from the sale or
2 use of education products developed through federal and state
3 funded contracts managed by the agency. The Texas Education
4 Agency shall report on a quarterly basis to the Legislative
5 Budget Board and to the Governor on grants or earnings received
6 pursuant to the provisions of this rider, and on the planned use
7 of those funds.

8 Any grant or royalty balances as of August 31, 2006 are
9 appropriated for the 2007 fiscal year for the same purpose.

10 69. **Guaranteed Yield and Per Pupil Allotment.** Funds allocated
11 above in Strategy A.1.1, FSP - Equalized Operations, include
12 funds sufficient to ensure an increase to the Guaranteed Yield
13 Program and maintenance, for districts not eligible for the
14 Guaranteed Yield Program, of the \$110 per weighted student
15 allocation authorized in Rider 82, page III-23, 2003 General
16 Appropriations Act.

17 a. Pursuant to Texas Education Code § 42.252, the
18 Guaranteed Yield per student per penny of tax effort is hereby
19 set at \$____ in fiscal year 2006 and at \$____ in fiscal year
20 2007.

21 b. School districts not receiving state aid as provided in
22 subsection (a) are hereby entitled to receive an allocation of
23 General Revenue to maintain per pupil funding levels pursuant to
24 the \$110 per WADA allocation authorized in Rider 82, page III-
25 23, General Appropriations Act, 2003, as they received in the
26 2004-05 biennium.

27 c. The total amount of payment under this section is
28 subject to reduction to the extent that districts not otherwise
29 entitled to state aid from the Foundation School Fund receive a
30 benefit from the change in the distributions from the Available

1 School Fund caused by the adoption of amendments to the Texas
 2 Constitution, Article VII, § 5, at the election held September
 3 13, 2003.

4 The Texas Education Agency shall develop and promulgate
 5 rules as necessary to carry out this provision. Such rules are
 6 subject to prior approval by the Legislative Budget Board and
 7 the Governor.

8 **70. Foundation School Program Set-Asides.** The programs and
 9 their funding levels identified in this rider represent all
 10 programs at the Texas Education Agency and other state agencies
 11 that are funded with amounts set aside from the Foundation
 12 School Program. The amounts listed in this rider are for
 13 informational purposes only, and do not constitute an
 14 appropriation:

	<u>2006</u>	<u>2007</u>
Gifted and Talented Performance Standards	\$437,500	\$437,500
Residential Placement	\$1,000,000	\$1,000,000
Juvenile Justice Alternative Education Program	\$8,187,641	\$8,951,455
Early Childhood Intervention	\$16,498,102	\$16,498,102
Extended Year Programs	\$16,500,000	\$16,500,000
Investment Capital Fund	\$4,650,000	\$4,650,000
LEP Student Success Initiative	\$10,000,000	\$10,000,000
Communities in Schools	\$15,788,865	\$15,788,865
Teen Parenting Education Programs	\$10,000,000	\$10,000,000
TAKS Assessments and Study Guides	\$42,326,350	\$42,326,350
<u>MATHCOUNTS Program</u>	<u>\$200,000</u>	<u>\$200,000</u>
TOTAL, FSP Set-Asides	\$125,588,458	\$126,352,272

15 **71. Motor Vehicle Fees for Specially Designed License Plates.**
 16 Pursuant to the Texas Transportation Code, Chapter 504,
 17 Subchapter G, revenues generated from the sale of specialty
 18 license plates identified below are hereby appropriated to the
 19 agency for the purpose of distribution as required by that
 20 statute:

- 21 Read to Succeed -- § 504.607
- 22 Texas YMCA -- § 504.623

1 100th Football Season of Stephen F Austin High School -- §
2 504.624

3 Share the Road -- § 504.633

4 Knights of Columbus -- § 504.638

5 Texas Music -- § 504.639

6 Star Day School Library Readers Are Leaders -- § 504.643

7 Keeping Texas Strong -- § 504.650

8 Any remaining balances as of August 31, 2005 are
9 appropriated for the 2006-07 biennium. Any remaining balances
10 as of August 31, 2006 are appropriated for fiscal year 2007.

11 **72. Audio Webcast of State Board of Education Meetings.** Out of
12 funds appropriated above in Strategy B.3.4, Information Systems
13 - Technology, the agency shall allocate funds as necessary to
14 provide a live audio broadcast, freely available on the
15 internet, of all public meetings of the State Board of Education
16 held in the William B. Travis Building in Austin, Texas.

17 **73. Notification of Use of Federal Discretionary and**
18 **Consolidated Administrative Funds.** The Commissioner shall
19 notify the Legislative Budget Board and the Governor at least 45
20 days prior to allocations of federal state-level discretionary
21 and consolidated administrative funds for particular programs or
22 purposes that are not explicitly identified in this Act.

23 **74. LEP Student Success Initiative.** Out of the funds
24 appropriated above in Strategy A.2.1, Student Success,
25 \$10,000,000 in each fiscal year of the 2006-07 biennium shall be
26 set aside from the Compensatory Education allotment and
27 allocated for the purpose of funding intensive programs of
28 instruction for limited English-proficient (LEP) students and
29 teacher training resources specific to instruction of LEP
30 students.

1 75. **FTE Designation: Texas Council for Developmental**
2 **Disabilities.** It is the intent of the Legislature that, out of
3 the full-time equivalent positions authorized above, in each
4 fiscal year 17 are designated for the Texas Council for
5 Developmental Disabilities.

6 76. [Reserved]

7 77. **Internet-based System for School District Waiver**
8 **Submissions.** Out of funds appropriated to Strategy B.3.4,
9 Information Systems - Technology, the agency shall allocate
10 funds as necessary to provide an Internet-based system to allow
11 school districts to submit waiver requests and related
12 information electronically to the agency. The agency shall
13 collect class-size waiver data at the district, campus and
14 classroom level. The data collected by this system shall be
15 linked with the Public Education Information Management System
16 (PEIMS) to facilitate data accuracy, waiver monitoring, and
17 analysis.

18 78. [Reserved]

19 79. **Study of the Windham School District.** The Texas Education
20 Agency shall update its limited purpose review of the Windham
21 School District to include an evaluation of the structure,
22 management, and operations of the district, and the impact of
23 its programs. The agency shall report the results of the review
24 to the Eightieth Legislature no later than December 1, 2006.

25 80. **Instructional Materials for Juvenile Justice Alternative**
26 **Education Programs.** The Commissioner shall provide juvenile
27 justice alternative education programs with instructional
28 materials necessary to support classroom instruction in those
29 programs. The cost of the instructional materials shall be
30 covered by State Textbook Funds appropriated to the agency for

1 the 2006-07 biennium.

2 **81. Child Nutrition Program.** It is the intent of the Seventy-
3 ninth Legislature that the Child Nutrition Program payments to
4 independent school districts be budgeted at the Texas Education
5 Agency. Included in the amounts appropriated above to the Texas
6 Education Agency for the 2006-07 biennium is \$2,162,000,000 out
7 of Federal Funds and \$28,800,000 out of the General Revenue Fund
8 to provide reimbursements for the School Lunch, Breakfast, and
9 After School Snack programs.

10 It is also the intent of the Legislature that the Texas
11 Department of Agriculture administer the Child Nutrition
12 Program. Included in the amounts appropriated elsewhere in this
13 Act to the Texas Department of Agriculture for the 2006-07
14 biennium is \$20,600,000 out of Federal Funds and \$398,248 out of
15 the General Revenue Fund in Strategy D.1.1, Support Nutrition
16 Programs, to administer the Child Nutrition Program.

17 **82. Development of Workplace and Workforce Literacy Curriculum.**

18 Out of Federal Funds appropriated above in Strategy A.2.5,
19 Adult Education and Family Literacy, the Commissioner shall
20 allocate an amount not to exceed \$850,000 in fiscal year 2006
21 for the development of a demand-driven workplace literacy and
22 basic skills curriculum. The Texas Workforce Commission shall
23 provide resources, industry-specific information and expertise
24 identified as necessary by the Texas Education Agency to support
25 the development and implementation of the curriculum.

26 **83. Assessment of Contract Controls.** The State Auditor's
27 Office (SAO) shall assess controls over contract management and
28 procedures on payments for purchasing contracts at the Texas
29 Education Agency (TEA). In the assessment, the SAO shall answer
30 the following questions:

1 a. Does the TEA effectively monitor and control contract
2 payments?

3 b. Does the TEA have the information necessary to support
4 contract decision-making?

5 c. Has the TEA established and maintained a database that
6 documents specific information about vendor contracts at all
7 independent school districts throughout the State of Texas?

8 The SAO shall report its findings to the Legislature no
9 later than December 1, 2006.

10 **84. Programs to Encourage Certification to Teach Bilingual**
11 **Education, English as a Second Language, or Spanish.** From funds
12 appropriated above that may be used for educator training or
13 support in bilingual education, English as a second language, or
14 Spanish, the Texas Education Agency, in consultation with the
15 affected institutions of higher education and the Texas Higher
16 Education Coordinating Board, shall develop and operate a
17 program to assist students enrolled at institutions of higher
18 education in educator preparation programs in bilingual
19 education, English as a second language, or Spanish by providing
20 financial incentives, such as tuition assistance, to encourage
21 those students to become certified to teach bilingual education,
22 English as a second language, or Spanish.

23 **85. Intensive Reading Instruction and English Language**
24 **Proficiency Pilot Program.** From the funds appropriated for the
25 Student Success Initiative and from state and Federal ESL/LEP
26 funds, the Commissioner may set aside an amount not to exceed \$1
27 million for establishing an intensive reading instruction and
28 English language proficiency pilot program for schools that have
29 failed to improve student performance in reading and English
30 language proficiency. The pilot program shall require the use

1 of neuroscience based, scientifically validated programs,
2 interventions of instructional tools that are proven to
3 accelerate learning, cognitive ability and English language
4 proficiency. The pilot program shall provide for participating
5 schools to perform assessments on participating students prior
6 to entering the program, and upon completion of the program to
7 measure improvements in both their reading and English language
8 proficiency. A school identified as eligible to participate in
9 the pilot program shall implement only those interventions,
10 programs or instructional tools approved by the Commissioner.

11 **86. Exam Locations.** The Commissioner of Education shall
12 continue to ensure that sites in the state of Texas that provide
13 the main certification examination for educators (a.k.a. ExCET
14 or TExES) are located such that there is a site within 50 miles
15 of every Board-approved educator preparation program.

16 **87. Integrated Reporting System.** The Texas Education Agency
17 and the Higher Education Coordinating Board shall coordinate
18 regarding sharing, integrating, and housing pre-kindergarten
19 through grade 16 (P-16) public education data. The three
20 agencies shall work together to ensure that common and related
21 data held by each agency is maintained in standardized,
22 compatible formats to enable the efficient exchange of
23 information between agencies and for matching of individual
24 student records for longitudinally-based studies and analysis.
25 It is the intent of the Legislature that individual initiatives
26 interact seamlessly across agency systems to facilitate efforts
27 to integrate the relevant data from each agency into a
28 longitudinal public education data resource to provide a widely
29 accessible P-16 public education data warehouse.

30 **88. Test Development.** The Commissioner of Education shall

1 continue to consider the use of standard exams that are not
2 specific to Texas curricula to complement a core of Texas-
3 specific exams and/or replace certain Texas-specific exams
4 planned or under development. The Commissioner shall consider
5 the following factors when determining whether a Texas-specific
6 exam is necessary - the number of Texas educators likely to take
7 the exam; the extent to which educators from states that use a
8 standard exam pass similar Texas-specific exams; the similarity
9 of content covered in a standard exam versus the planned Texas-
10 specific exam, understanding that 100 percent of alignment is
11 not necessary; and the relative cost to the state and to
12 examinees of a standard exam versus a Texas-specific exam.

13 The Commissioner is hereby authorized to expend funds
14 appropriated in Strategy C.1.2, Certification Exam
15 Administration, for test development or for the evaluation and
16 purchase of standard exams, if the Board finds that a standard
17 exam is appropriate.

18 **89. Federal Funds for Test Development.** The Texas Education
19 Agency shall seek federal funds to provide for the development
20 of new certification examinations. Any federal funds received by
21 the agency for this purpose are hereby appropriated to the
22 agency.

23 90. [Reserved]

24 **91. Reporting of Teacher Misconduct.** From funds appropriated,
25 the Texas Education Agency and the University of Texas System
26 shall coordinate to work with school districts to ensure timely
27 and accurate reporting of teacher misconduct as required by
28 statute or rule.

29 **92. Sunset Contingency.** Appropriations made by this Act for
30 the State Board for Educator Certification are considered

1 appropriations for the Texas Education Agency for purposes of
2 this Act.

3 **93. Review of Bilingual Education Certification Standards.** The
4 Commissioner of Education shall review the Bilingual Education
5 certification examinations to determine whether the content and
6 passing standard is appropriate. If the content or the passing
7 standard is determined to be inappropriate, the Commissioner
8 shall take immediate steps to realign the examinations to the
9 appropriate standard either through test redevelopment or other
10 appropriate and cost-effective means. The Commissioner is
11 directed to make a report to the legislature on the findings of
12 its review not later than January 31, 2006.

13 SECTION 8.02. (a) If this Act takes effect immediately,
14 the amount of the appropriation made by Section 13.18, Article
15 IX, S.B. No. 1, Acts of the 79th Legislature, Regular Session,
16 2005, is reduced by the lesser of:

17 (1) the amount of the general revenue fund and general
18 revenue - dedicated account appropriations made by this article;
19 or

20 (2) the amount of the general revenue fund and general
21 revenue - dedicated account appropriations made to the Texas
22 Education Agency by Article III, S.B. No. 1, Acts of the 79th
23 Legislature, Regular Session, 2005, that were vetoed by the
24 governor.

25 (b) If this Act does not take effect immediately:

26 (1) the amount of the appropriations made by this
27 article for purposes of the Foundation School Program are
28 reduced by the amount, if any, transferred to the Texas
29 Education Agency under the budget execution process for purposes
30 of the Foundation School Program before the effective date of

1 this Act; and

2 (2) the amount of the appropriation made by Section
3 13.18, Article IX, S.B. No. 1, Acts of the 79th Legislature,
4 Regular Session, 2005, is reduced by the lesser of:

5 (A) the amount of the general revenue fund and
6 general revenue - dedicated account appropriations made by this
7 article, as reduced under Subdivision (1) of this subsection, if
8 applicable; or

9 (B) the amount of the general revenue fund and
10 general revenue - dedicated account appropriations made to the
11 Texas Education Agency by Article III, S.B. No. 1, Acts of the
12 79th Legislature, Regular Session, 2005, that were vetoed by the
13 governor, minus the amount, if any, from the general revenue
14 fund and general revenue - dedicated accounts transferred to the
15 Texas Education Agency under the budget execution process for
16 purposes of the Foundation School Program before the effective
17 date of this Act.

18 ARTICLE 9. REPEALER; APPLICABILITY; EFFECTIVE DATE

19 SECTION 9.01. (a) Sections 1-3, Chapter 201, Acts of the
20 78th Legislature, Regular Session, 2003, are repealed.

21 (b) Sections 2 and 4, S.B. No. 151, Acts of the 79th
22 Legislature, Regular Session, 2005, are repealed.

23 (c) Sections 2 and 10(b), H.B. No. 2753, Acts of the 79th
24 Legislature, Regular Session, 2005, are repealed.

25 (d) Section 23.001(17), H.B. No. 2018, Acts of the 79th
26 Legislature, Regular Session, 2005, is repealed.

27 (e) Section 4, S.B. No. 23, Acts of the 79th Legislature,
28 Regular Session, 2005, is repealed.

29 (f) The following provisions of the Education Code are
30 repealed:

31 (1) Subchapter D, Chapter 22;

1 (2) Subchapters B, C, E, F, and G, Chapter 41;
2 (3) Chapter 42, as it existed on January 1, 2005; and
3 (4) Sections 21.357, 21.402(b) and (e), 25.0811(b) and
4 (c), 29.056(h), 29.203(c) and (g), 31.025, 31.1031, 39.023(d)
5 and (j), 39.024(e), 39.027(b), (c), and (f), 39.051(d), 39.073,
6 39.074, 39.112, 41.001, 41.002, 41.003, 41.0031, 41.007,
7 41.009(b), 41.011, 41.092, 41.099, 41.252(b), 44.004(c) and (d),
8 and 105.301(f).

9 (g) Section 403.302(j), Government Code, is repealed.

10 (h) The following provisions of the Insurance Code are
11 repealed:

12 (1) Section 1579.253(b);

13 (2) Section 1581.053(b); and

14 (3) Subchapter C, Chapter 1581.

15 (i) Sections 21.02(b) and 26.08(k), (l), and (m), Tax Code,
16 are repealed.

17 SECTION 9.02. Except as otherwise provided by this Act,
18 this Act applies beginning with the 2005-2006 school year.

19 SECTION 9.03. (a) Except as otherwise provided by this
20 Act, this Act takes effect September 1, 2005, if it receives a
21 vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If
23 this Act does not receive the vote necessary for effect on that
24 date:

25 (1) this Act takes effect on the 91st day after the
26 last day of the legislative session; and

27 (2) a provision of this Act that states that the
28 provision takes effect September 1, 2005, takes effect on the
29 effective date as provided by Subdivision (1) of this
30 subsection.

31 (b) This Act takes effect only if H.B. No. 3, Acts of the

1 79th Legislature, 1st Called Session, 2005, becomes law. If
2 that bill does not become law, this Act has no effect.