

BILL ANALYSIS

Senate Research Center

C.S.S.B. 2
By: Shapiro
Education
6/24/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

In Texas today, about 700 school districts have reached or are nearing the \$1.50 local school property tax ceiling. A Texas district court has ruled that the current system is unconstitutional. C.S.S.B. 2 seeks to address the problems of the current system.

C.S.S.B. 2 seeks to solve the problem through a reduced reliance on property taxes and an alternative system to the current Robin Hood system adopted in 1993. Texas' current system of financing public schools primarily through property taxes is outdated because it is based on yesterday's agricultural and manufacturing-based economies.

Quality schools are essential not only for Texas students to achieve and succeed, but are necessary for the future of Texas' economy. More money alone will not solve the problems facing Texas schools today, and money alone will not prepare Texas children for success in the 21st century. C.S.S.B. 2 provides additional resources, but demands significantly improved results and increased financial and academic accountability in Texas public schools. Texas must continue to raise the bar for success and encourage students, teachers, and schools to meet these higher standards.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education throughout this bill.

Rulemaking authority previously granted to the commissioner of education is modified throughout this bill.

Rulemaking authority is expressly granted to the Legislative Budget Board throughout this bill.

Rulemaking authority previously granted to the State Board of Education is modified throughout this bill.

Rulemaking authority previously granted to the State Board for Educator Certification is rescinded and transferred to the commissioner of education throughout this bill.

Rulemaking authority is expressly granted to the commissioner of higher education in SECTION 2B.01 (Section 1.005, Education Code) of this bill.

Rulemaking authority is expressly granted to the board of trustees of an independent school district in SECTION 2C.04 (Section 11.1511, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Department of Licensing and Regulation throughout this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING

SECTION 1A.01. Amends Subtitle I, Title 2, Education Code, by adding Chapter 42, as follows:

CHAPTER 42. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 42.001. STATE POLICY. Sets forth state policy regarding public school finance.

Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM. Sets forth purpose and components of the Foundation School Program (program).

Sec. 42.003. STUDENT ELIGIBILITY. Sets forth student eligibility requirements for the program.

Sec. 42.004. ADMINISTRATION OF PROGRAM. Requires the commissioner of education (commissioner) to take such action and require such reports consistent with this chapter as may be necessary to implement and administer the program. Authorizes the commissioner to adopt rules necessary to implement and administer the program.

Sec. 42.005. AVERAGE DAILY ATTENDANCE. Defines "average daily attendance." Sets forth the funding basis for a school district that experiences a decline of more than two percent in average daily attendance. Requires the commissioner to adjust the average daily attendance of a school district that has a significant percentage of students who are migratory children as defined by 20 U.S.C. Section 6399. Authorizes the commissioner to adjust average daily attendance of a school district which is affected by certain adverse situations.

Sec. 42.006. EQUALIZED FUNDING ELEMENTS. (a) Requires the Legislative Budget Board (LBB) to adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the equalized funding elements, in accordance with Subsection (c), necessary to achieve the state policy under Section 42.001.

(b) Requires the LBB, before each regular session of the legislature, to report the equalized funding elements to the commissioner and the legislature.

(c) Sets forth the requirements for the funding elements.

(d) Requires the LBB to conduct a study of the funding elements each biennium, as appropriate. Sets forth requirements for the study.

(e) Requires the LBB, notwithstanding Subsection (d), to contract for a comprehensive study of the funding elements. Requires the LBB to report the results of the study to the commissioner and the legislature not later than December 1, 2008. Provides that this subsection expires January 1, 2009.

Sec. 42.007. REFERENCE TO FOUNDATION SCHOOL FUND. Provides that a reference in law to the foundation school fund (fund) means the Texas education fund.

Sec. 42.008. REPORT ON EDUCATION SPENDING. Requires the LBB, before each regular session of the legislature, to submit a report to the commissioner and the legislature that includes specific spending information.

[Reserves Sections 42.009-42.100 for expansion.]

SUBCHAPTER B. BASIC PROGRAM

Sec. 42.101. ACCREDITATION ALLOTMENT AND SPECIAL STUDENT ALLOTMENTS. Entitles a school district to an accreditation allotment of \$4,600 for each student in average daily attendance. Authorizes an accreditation allotment in a greater amount for any school year to be provided by appropriation. Entitles a school

district to special student allotments in the manner specified under Subsection C, in addition to the accreditation allotments.

[Reserves Sections 42.102-42.150 for expansion.]

SUBCHAPTER C. SPECIAL STUDENT ALLOTMENTS

Sec. 42.151. SPECIAL EDUCATION ALLOTMENTS. (a) Defines "full-time equivalent student" and "special education program."

(b) Entitles a school district to an annual allotment of \$4,822 for each student in average daily attendance in a special education program in a mainstream instructional arrangement.

(c) Entitles a school district to a specific annual allotment, based on the student's instructional arrangement, for each full-time equivalent student in average daily attendance in a special education program in an instructional arrangement other than a mainstream instructional arrangement.

(d) Prohibits the allotment for each instructional arrangement from being less than the amounts per full-time equivalent student in average daily attendance as determined by using a specific formula.

(e) Prohibits the number of contact hours credited per day for each special education student in the off-home-campus instruction arrangement, for funding purposes, from exceeding the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(f) Prohibits the contact hours credited per day for each special education student in certain resource rooms at regular campus and certain campus instructional arrangements, for funding purposes, from exceeding the average of the statewide total contact hours credited per day for those specific instructional arrangements in the 1992-1993 school year.

(g) Requires the commissioner, by rule, to prescribe the qualifications a special education instructional arrangement must meet in order to be funded as a particular instructional arrangement under this chapter. Requires the commissioner, in prescribing the qualifications that a mainstream instructional arrangement must meet, to require that students with disabilities and their teachers receive certain services that are necessary to enrich the regular classroom and enable student success.

(h) Requires the commissioner to adopt rules and procedures governing contracts for residential placement of special education students. Requires the legislature to provide, by appropriation, for the state's share of the costs of those placements.

(i) Requires funds allocated under this section, other than an indirect cost allotment established under commissioner rule, to be used in the special education program under Subchapter A (Special Education Program), Chapter 29.

(j) Requires the Texas Education Agency (TEA) to encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment appropriate for students' educational needs.

(k) Requires TEA, each year, to make and disseminate a list of those districts that maintain for two successive years a certain ratio of full-time equivalent special education students.

(l) Entitles a school district that provides an extended year program required by federal law for special education students who may regress to receive, for each

full-time equivalent student in average daily attendance, a certain amount of additional funds. Prohibits the total amount of state funding for extended year services under this subsection from exceeding \$10 million per year. Authorizes a school district to use funds received under this subsection only in providing an extended year program.

(m) Requires the commissioner, from the total amount of funds appropriated for special education under this chapter, to withhold an amount specified in the General Appropriations Act and distribute that amount to school districts for programs under Section 29.014 (School Districts that Provide Education Solely to Students Confined to or Educated in Hospitals). Provides that the program established under that section is required only in school districts in which the program is financed by funds distributed under this subsection and any other funds available for the program. Requires the commissioner to reduce each district's allocation proportionately, after deducting the amount withheld under this subsection from the total amount appropriated for special education.

Sec. 42.152. ACCELERATED PROGRAMS ALLOTMENT. (a) Sets forth district entitlement for certain students.

(b) Sets forth the method for determining the number of educationally disadvantaged students for purposes of this section.

(c) Authorizes the legislature to provide, by appropriation, for a greater allotment than the amounts prescribed by Subsection (a).

(d) Authorizes the commissioner to certain withholdings for each fiscal year from the total amount of funds appropriated for allotments under this section.

(e) Requires the commissioner to withhold certain amounts for each fiscal year from the total amount of funds appropriated for allotments under this section.

(f) Requires the commissioner to reduce each district's allocation proportionately after deducting the amounts withheld under Subsections (d) and (e) from the total amount appropriated for the allotments under this section.

Sec. 42.153. TRANSITIONAL PROGRAM ALLOTMENT. Sets forth certain district allotment entitlements for each student in average daily attendance in a bilingual education or special language program under Subchapter B (Bilingual Education and Special Language Programs), Chapter 29.

Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. Sets forth district allotment entitlements for each student in average daily attendance in an approved career and technology education program in certain grade levels or for students with disabilities in certain grade levels in such program.

Sec. 42.1541. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT PILOT PROJECT. (a) Defines "pilot project."

(b) Entitles a school district selected by the commissioner to participate in the pilot project under Subsection (c), during the 2006-2007 and 2007-2008 school years, for each student in average daily attendance in an approved career and technology education program in grade eight, to an annual allotment of \$178 for each annual credit hour the student is enrolled in the program. Provides that a school district is not entitled to an allotment under this section for a student for whom a district receives an allotment under Section 42.154.

(c) Requires the commissioner to select five school districts to participate in the pilot project. Sets forth requirements for the commissioner in selecting the participating districts.

(d) Requires the commissioner to conduct a study on the impact, if any, of the pilot project on the dropout rates of school districts that participate in the pilot project. Requires the commissioner to deliver a report describing the results of the study to the legislature not later than January 1, 2009.

(e) Provides that this section expires March 1, 2009.

Sec. 42.155. PUBLIC EDUCATION GRANT ALLOTMENT. Sets forth district annual allotment entitlement for each student in average daily attendance who is using a public education grant under Subchapter G (Public Education Grant Program), Chapter 29, except as provided by Subsection (b), to attend school in a district other than the district in which the student resides. Prohibits the total number of allotments under this section to which a school district is entitled from exceeding a certain number.

Sec. 42.156. GIFTED AND TALENTED ALLOTMENT. Sets forth district annual allotment entitlements for each student serving in a program for gifted and talented students certified by the commissioner and complies with Subchapter D (Education Programs for Gifted and Talented Students), Chapter 29. Provides that not more than five percent of a district's students in average daily attendance are eligible for funding under this section. Authorizes the commissioner to use additional funding in a certain amount to fund certain programs as long as the funds are used for specific purposes.

[Reserves Sections 42.157-42.170 for expansion.]

Sec. 42.171. RESTRICTIONS ON USE OF ALLOTMENTS. Provides that unless specifically provided otherwise by this code, but subject to Section 42.172, a school district is not required to use amounts allotted under this subchapter for the program for which the amounts were allotted. Provides that any restriction specifically imposed under this subchapter on a school district's use of an amount allotted under this subchapter applies equally to the amount by which the allotment is adjusted under Section 42.301 or 42.302.

Sec. 42.172. MAINTENANCE OF EFFORT. (a) Prohibits a school district, notwithstanding any other provision of this code, but subject to Subsection (b), from spending more than certain amounts in any school year for certain programs or services.

(b) Authorizes the commissioner to authorize a school district to spend less than the amount required by this section, upon determining that the requirement imposes an undue hardship on the district.

[Reserves Sections 42.173-42.200 for expansion.]

SUBCHAPTER D. TRANSPORTATION ALLOTMENT

Sec. 42.201. TRANSPORTATION ALLOTMENT. Sets forth district annual allotments for those operating a regular transportation system. Authorizes the school district to use the excess funds for other legal purposes.

[Reserves Sections 42.202-42.220 for expansion.]

SUBCHAPTER E. NEW INSTRUCTIONAL FACILITY ALLOTMENT

Sec. 42.221. NEW INSTRUCTIONAL FACILITY ALLOTMENT. Entitles a school district to an additional allotment as provided by this subchapter for operational expenses associated with opening a new instructional facility.

Sec. 42.222. DEFINITIONS. Defines "fast growth school district" and "instructional facility."

Sec. 42.223. ALLOTMENT FOR FIRST YEAR OF OPERATION. Sets forth allotments for the first year of operation in a new instructional facility for a school district and a fast growth school district.

Sec. 42.224. ALLOTMENT FOR SECOND AND THIRD YEARS OF OPERATION. Sets forth allotments for the second and third school years of operation in a new instructional facility for a school district and a fast growth school district. Provides a formula for determining the number of additional students in average daily attendance at a facility for purposes of this section.

[Reserves Sections 42.225-42.250 for expansion.]

[Reserves Subchapter F.]

SUBCHAPTER G. ENRICHMENT PROGRAM

Sec. 42.251. PURPOSE. Sets forth the purpose of the enrichment program component of the program.

Sec. 42.252. ALLOTMENT. (a) Defines "wealth per student."

(b) Provides that each school district is guaranteed a specified amount per student in state and local funds up to a certain level specified in this chapter. Sets forth the formula for determining the amount of state support.

(c) Provides that the percentile in wealth per student described by Subsection (b) for purposes of determining the dollar amount guaranteed level applies beginning with the 2014-2015 school year. Sets forth the formula for determining the dollar amount guaranteed level for the 2006-2007 through 2013-2014 school years.

(d) Provides that this subsection and Subsection (c) expire September 1, 2013.

Sec. 42.253. DISTRICT ENRICHMENT TAX. (a) Prohibits the district enrichment tax rate from exceeding a certain amount of valuation.

(a-1) Prohibits the district enrichment tax rate from exceeding certain amounts during specific time periods, notwithstanding Subsection (a).

(b) Requires a school district's enrichment tax rate to be approved by the voters in accordance with Section 45.003 (Bond and Tax Elections) of this code and Section 26.08 (Election to Ratify School Taxes), Tax Code.

(c) Provides that Subsection (a-1) and this subsection expire January 1, 2009.

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

[Reserves Sections 42.255-42.300 for expansion.]

SUBCHAPTER H. ADDITIONAL ADJUSTMENTS; FINANCING THE PROGRAM

Sec. 42.301. COST OF EDUCATION ADJUSTMENT. (a) Provides that the amounts of the accreditation allotments under Subchapter B and each special student allotment under Subchapter C are adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district. Sets forth the amount of the adjustment.

(b) Requires the LBB to adopt a cost of education index based on a specific statistical analysis. Sets forth requirements for the analysis.

(b-1) Sets forth the method for determining the cost of education index for certain school years.

(c) Prohibits the application of the cost of education index under this section from resulting in a greater difference between certain adjustments. Requires the LBB to increase the amount of the lowest adjustment to satisfy this subsection.

(d) Requires the LBB to biennially update the cost of education index required by this section and to submit the updated index to the legislature not later than December 1 of each even-numbered year.

(d-1) Requires the LBB to submit the initial update required by Subsection (d) not later than December 1, 2008.

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

(e) Requires the district's adjustment to be computed using the index applied during the 2004-2005 school year, if the adjustment provided by this section for a school year is less than the adjustment to which a school district would have been entitled using the index applied during the 2004-2005 school year.

Sec. 42.302. SMALL AND MID-SIZED DISTRICT ADJUSTMENT. (a) Provides that the amounts of the accreditation allotments under Subchapter B and each special student allotment under Subchapter C of certain small and mid-sized school districts are adjusted in accordance with this section to reflect district costs related to the district's size. Sets forth the formula and definitions to determine such allotment amounts.

(b) Sets forth the formula for adjusting the total accreditation allotments and any special student allotments under Subchapter C of a school district that has not more than 1,600 students in average daily attendance.

(b-1) Provides that Subsection (b) applies beginning with the 2013-2014 school year. Sets forth the formula for adjusting the total accreditation allotments and any special student allotments under Subchapter C of a school district that has not more than 1,600 students in average daily attendance, notwithstanding Subsection (b).

(b-2) Sets forth the formula for adjusting the total accreditation allotments and any special student allotments under Subchapter C of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance, notwithstanding Subsection (b-1), for specific school years.

(c) Sets forth the formula for adjusting the total accreditation allotments and any special student allotments under Subchapter C of a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance.

(c-1) Provides that Subsection (c) applies beginning with the 2013-2014 school year. Sets forth the formula for adjusting the total accreditation allotments and any special student allotments under Subchapter C of a school district that offers a kindergarten through grade 12 program and has less than 5,000 students in average daily attendance, notwithstanding Subsection (c).

(d) Provides that Subsections (b-1), (b-2), and (c-1) and this subsection expire September 1, 2014.

Sec. 42.303. SPARSITY ADJUSTMENT. Sets forth sparsity adjustments, notwithstanding Sections 42.101 and 42.302, based on the total amount of students in average daily attendance and the distance to a bus route from the nearest high school district.

Sec. 42.304. FINANCING: GENERAL RULE. Sets forth the formula for determining tier one allotments. Sets forth the formula for determining the total cost of the Foundation School Program. Sets forth the funding sources for the Foundation School Program.

Sec. 42.305. ADDITIONAL STATE AID FOR AD VALOREM TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. Entitles a school district, including a school district that is otherwise ineligible for state aid under this chapter, to state aid in an amount equal to the amount of all tax credits credited against ad valorem taxes of the district in that year under Subchapter D, Chapter 313 (Texas Economic Development Act), Tax Code, for each school year.

Sec. 42.3051. PROFESSIONAL AND SUPPORT STAFF SALARIES AND ADDITIONAL STATE AID. (a) Requires a school district to provide specific employees certified under Subchapter B (Certification of Educators), Chapter 21, and full-time school nurses with, in addition to the amounts required under Section 21.402 (Minimum Salary Schedule for Certain Professional Staff), annual salaries that are increased additionally by an average of \$500 for the 2005-2006 school year.

(b) Requires a school district each school year to pay each district employee, other than an administrator or an employee subject to the minimum salary schedule under Section 21.402, an amount at least equal to \$500. Provides that a payment under this subsection is in addition to wages the district would otherwise pay the employee during the school year.

(c) Entitles a school district, including a school district that is otherwise ineligible for state aid under this chapter, to a specific amount of state aid, as determined by the commissioner.

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

(e) Provides that a determination by the commissioner under this section is final and may not be appealed.

(f) Authorizes the commissioner to adopt rules to implement this section.

Sec. 42.3052. CRISIS INTERVENTION FUNDING. (a) Authorizes the commissioner, to the extent consistent with this section, to set aside funds appropriated to TEA for purposes of the Foundation School Program to provide temporary emergency assistance to a school district responding certain adverse situations, as determined appropriate by the commissioner.

(b) Requires the commissioner to notify the LBB and the governor, before setting aside funds under this section.

(c) Prohibits the commissioner from setting aside funds under this section if doing so would require proration of Foundation School Program entitlements under this chapter.

Sec. 42.306. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Sets forth the formula for determining each school district's share of the Foundation School Program.

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

(b) Requires the commissioner to adjust the values reported in the official report of the comptroller as required by Section 403.302 (Determination of School District Property Values), Government Code, to reflect certain reductions in taxable value of property. Provides that the decision of the commissioner is final. Provides that an adjustment does not affect the local share of any other school district.

(c) Provides that a school district with a specific tax rate ("TR") is eligible to receive the full amount of the tier one allotment to which the district is entitled under this chapter.

(c-1) Provides that a school district with a certain tax rate is eligible to receive the full amount of the tier one allotment to which the district is entitled under this chapter, notwithstanding Subsection (c), for the 2005-2006 school year.

(d) Sets for the method for adjusting a district's tier one allotment, if a school district's tax rate is less than a certain amount. Requires the commissioner to determine the amount of the tier one allotment to which a district is entitled under this subsection. Provides that the commissioner's determination is final and may not be appealed.

(d-1) Sets forth the method for determining a district's tier one allotment adjustment, if a school district's tax rate is less than a certain amount, notwithstanding Subsection (d), for the 2005-2006 school year. Requires the commissioner to determine the amount of the tier one allotment to which a district is entitled under this subsection. Provides that the commissioner's determination is final and may not be appealed.

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

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

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

Sec. 42.307. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE OF PROPERTY. (a) Requires the commissioner to make certain adjustments to the taxable value of property in certain school districts experiencing a rapid decline in the tax base, for purposes of Chapter 46 (Assistance with Instructional Facilities and Payment of Existing Debt) and this chapter, and to the extent money specifically authorized to be used under this section is available.

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

Sec. 42.308. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION. (a) Prohibits the commissioner from providing funding under this chapter, in any school year, based on a school district's taxable value of property computed in accordance with Section 403.302(d)(2), Government Code, unless certain conditions apply.

(b) Sets forth requirements for the commissioner in making a determination under Subsection (a)(2).

(c) Requires the commissioner, in the first year of a state fiscal biennium, before providing funding as provided by Subsection (a)(2), to ensure that sufficient appropriated funds for purposes of the Foundation School Program are available for the second year of the biennium, including funds to be used for purposes of Section 42.307.

(d) Authorizes the commissioner, to the extent necessary, to provide state funding based on a certain type of deduction, upon determining that the amount of funds available under Subsection (a)(1) or (2) does not at least equal a certain amount.

(e) Requires the commissioner to notify school districts, as soon as practicable, as to the availability of funds under this section. Requires a district to adjust the district's tax rate limit to reflect assistance received under this section, for purposes of computing a rollback tax rate under Section 26.08, Tax Code.

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

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

(c) Requires the commissioner to recover the benefit of any adjustment made under this section by making offsetting adjustments in the school district's taxable value of property for purposes of this chapter or Chapter 46 on a final determination of the taxable value of property that was the basis of the original adjustment, or in the second school year following the year in which the adjustment is made, whichever is earlier.

(d) Provides that a determination by the commissioner under this section is final and may not be appealed.

Sec. 42.309. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT OFFERING ALL GRADE LEVELS. Sets forth the formula for determining the taxable value of property of a school district that contracts for students residing in the district to be educated in another district for purposes of this chapter.

Sec. 42.310. EFFECT OF APPRAISAL APPEAL. (a) Requires the commissioner to request the comptroller to adjust its taxable property value findings for that year consistent with the final determination of the appraisal appeal, if the final determination of an appeal under Chapter 42 (Judicial Review), Tax Code, results in a reduction in the taxable value of property that exceeds a certain amount.

(b) Requires the commissioner to add the difference to subsequent distributions to the district from the Texas education fund, if the district would have received a greater amount from the Texas education fund for the applicable school year using the adjusted value. Provides that an adjustment does not affect the local share of any other district.

Sec. 42.311. ADDITIONAL TRANSITIONAL AID. (a) Entitles a school district to the amount of state revenue necessary to maintain state and local revenue per student in average daily attendance in a specific amount, notwithstanding any other provision of this subtitle, and provided that a school district imposes a tax at a minimum rate specified by the commissioner.

(b) Provides that the amount of revenue to which a school district is entitled because of the instructional materials and technology allotment under Section 31.0211 or 32.005 (Technology Allotment) is not included in making a determination under Subsection (a).

(c) Requires the commissioner to determine the minimum tax rate for a school district under Subsection (a) on the basis of the tax rate adopted by the district for maintenance and operations for the 2004-2005 school year.

(d) Requires the commissioner to determine the amount of state funds to which a school district is entitled under this section. Provides that the commissioner's determination is final and may not be appealed.

(e) Provides that any amount to which a school district is entitled under Subchapter G is not included in determining the amount to which the district is entitled under this section.

Sec. 42.3111. IMPLEMENTATION OF REVENUE MAINTENANCE PROVISIONS FOR DISTRICTS UNDER COUNTYWIDE EQUALIZATION SYSTEM. (a) Provides that this section applies only to a school district that receives local property tax revenue from certain sources.

(b) Requires the commissioner, in implementing any provision of this chapter entitling a school district to maintain certain amounts of state and local revenue per student, to consider the tax rate of each district receiving revenue from a countywide equalization tax to be a certain amount.

Sec. 42.312. TEMPORARY LIMITATIONS ON AID. (a) Requires the commissioner to withhold any amount that exceeds certain percentages for the appropriate time periods from a school district, notwithstanding any other provision of this subtitle, but subject to Subsection (e).

(b) Requires the commissioner to determine the amount of state funds required to be withheld under this section. Provides that the commissioner's determination is final and may not be appealed.

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

(d) Provides that Section 42.311(b) applies to any determinations made under this section.

(e) Entitles the district, if the amount to which a school district is entitled under Section 42.311 exceeds the amount to which the district is entitled under this section, to the greater amount.

(f) Provides that this section expires September 1, 2008.

Sec. 42.313. DISTRIBUTION OF TEXAS EDUCATION FUND. (a) Sets forth requirements for the commissioner in determining the amount of money a school district is entitled to receive.

(b) Requires the commissioner, except as provided by this subsection, to base the determinations under Subsection (a) on the estimates provided to the legislature under Section 42.314 for each school district for each school year. Authorizes the General Appropriations Act to provide alternate estimates of tax rates or total taxable value of property for each school district for each school year and requires those estimates to be used in making the determinations under Subsection (a). Requires the commissioner to reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is

higher than the estimate under Section 42.314 or the General Appropriations Act, as applicable. Prohibits a reduction under this subsection from reducing the district's entitlement below the amount to which it is entitled at its actual taxable value of property.

(c) Entitles each school district to a certain amount of money.

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement, except as provided by this section. Requires warrants for all money expended according to this chapter to be approved and transmitted to treasurers or depositories of school districts in the same manner as warrants for state available fund payments are transmitted. Prohibits the total amount of the warrants issued under this section from exceeding the total amount appropriated for Foundation School Program purposes for that fiscal year.

(e) Authorizes the commissioner, if a school district demonstrates, in a certain manner, that the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district, to adjust funding to that district in that school year to the extent that funds are available for that year.

(f) Requires the commissioner to reduce the total amount of funds allocated to each district proportionately, if the total amount appropriated for a year is less than the amount of money to which school districts are entitled for that year. Provides that the following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection.

(g) Requires the commissioner, not later than March 1 each year, to determine the actual amount of state funds to which each school district is entitled under this chapter for the current school year and to compare that amount with the amount of the warrants issued to each district for that year. Requires the commissioner to adjust the district's entitlement for the next fiscal year accordingly, if the amount of the warrants differs from the amount to which a district is entitled because of certain variations.

(g-1) Requires the commissioner, not later than March 1 of each even-numbered year, to identify each school district in which the actual student enrollment for the current school year has changed at least three percent. Requires the commissioner, subject to available funding, to adjust the district's entitlement for the next fiscal year so that the district receives, during that year, warrants in a certain amount. Requires the commissioner to give priority to adjustments under this subsection, to the extent that money is available in the second year of a state fiscal biennium for adjustments under Subsection (g) and this subsection.

(h) Authorizes the legislature to appropriate funds necessary for increases under Subsection (g) or (g-1) from funds that the comptroller, at any time during the fiscal year, finds are available.

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

(j) Authorizes the commissioner, notwithstanding any other provision of this chapter, to reduce the amount of funds allocated to a school district under this chapter for a school year if the district collects less than 98 percent of the maintenance and operations taxes levied by the district during that school year.

Sec. 42.314. ESTIMATES REQUIRED. (a) Requires TEA and the comptroller to submit certain estimates to the legislature, not later than October 1 of each even-numbered year.

(b) Requires TEA and the comptroller to update the information provided to the legislature under Subsection (a) not later than March 1 of each odd-numbered year.

(c) Requires TEA, for purposes of this section, to use the estimate of student enrollment provided by the school district, unless TEA's review of the estimate indicates that it is inaccurate. Requires the commissioner to adopt criteria for use by TEA in reviewing a district's estimate and to develop procedures to be used to resolve significant differences between the district's estimate and any revised estimate proposed by TEA. Requires the procedures to provide a district with an opportunity to demonstrate the basis of the district's estimate.

Sec. 42.315. FALSIFICATION OF RECORDS; REPORT. Requires the director to promptly and fully report the fact to the State Board of Education (SBOE), the state auditor, and the appropriate county attorney, district attorney, or criminal district attorney, when, in the opinion of TEA's director of school audits, audits or reviews of accounting, enrollment, or other records of a school district reveal deliberate falsification of the records, or violation of the provisions of this chapter, through which the district's share of state funds allocated under the authority of this chapter would be, or has been, illegally increased.

Sec. 42.316. PAYMENTS FROM TEXAS EDUCATION FUND. (a) Defines "category 1 school district," "category 2 school district," "category 3 school district," and "wealth per student."

(b) Sets forth requirements for the schedule for which payments from the Texas education fund to each category 1 school district are to be made.

(c) Sets forth requirements for the schedule for which payments from the Texas education fund to each category 2 school district are to be made.

(d) Sets forth requirements for the schedule for which payments from the Texas education fund to each category 3 school district are to be made.

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

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

Sec. 42.317. RECOVERY OF OVERALLOCATED FUNDS. (a) Requires TEA, if a school district has received an overallocation of state funds, to recover an amount equal to the overallocation from the district, by withholding from subsequent allocations of state funds or by requesting and obtaining a refund.

(b) Requires TEA, if a district fails to comply with a request for a refund under Subsection (a), to certify to the comptroller that the amount constitutes a debt for purposes of Section 403.055 (Payments to Debtors or Delinquents Prohibited), Government Code. Requires TEA to provide to the comptroller the amount of the overallocation and any other information required by the comptroller. Authorizes the comptroller to certify the amount of the debt to the attorney general for collection.

(c) Requires any amounts recovered under this section to be deposited in the Texas education fund.

[Reserves Sections 42.318-42.400 for expansion.]

SUBCHAPTER I. ADDITIONAL EQUALIZATION

Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION. (a) Requires a school district in which the district's local share under Section 42.306 exceeds the district's basic program allotments under Section 42.304 to be consolidated by the commissioner under Subchapter H (Consolidation by Commissioner), Chapter 41, except as provided by Subsection (b).

(b) Authorizes a school district described by Subsection (a) to elect to purchase average daily attendance credit in the manner provided by Subchapter D, Chapter 41 as an alternative to consolidation under Subchapter H, Chapter 41.

SECTION 1A.02. Amends Section 30.003, Education Code, by adding Subsection (f-1), as follows:

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

SECTION 1A.03. Amends the heading to Chapter 41, Education Code, to read as follows:

CHAPTER 41. EQUALIZATION ACTIONS

SECTION 1A.04. Amends Section 41.004, Education Code, as follows:

Sec. 41.004. New heading: ANNUAL REVIEW OF EQUALIZATION. (a) Requires the commissioner, not later than July 15 of each year, using the estimate of enrollment under Section 42.314, rather than 42.254, to review the local share and tier one allotments, rather than wealth per student, of each school district in the date and notify each one of certain actions. Deletes existing text regarding notification related to annexing property.

(b) Requires the commissioner, if before the dates provided by this subsection, a district notified under Subsection (a)(1) has not purchased average daily attendance credit as provided by Subchapter D, to order the consolidation of the district with one or more districts as provided by Subchapter H. Requires an election to authorize the purchase of average daily attendance credit as provided by Subchapter D to be ordered before September 1, immediately following the notice under Subsection (a). Deletes existing text relating to the commissioner's orders of property detachment from a district.

(c) Prohibits a district notified under Subsection (a) from adopting a tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has entered into an agreement under Subchapter D to purchase average daily attendance credit.

(d) Sets forth application of funding and taxation for consolidation, rather than detachment and annexation or consolidation. Makes conforming changes.

SECTION 1A.05. Amends Section 41.006(a), Education Code, to authorize the rules to provide for the commissioner to make necessary adjustments to the provisions of Chapter 42, including providing for the commissioner to make an adjustment in the funding element established by Section 42.252, rather than 42.302, at the earliest date practicable, to the amount the commissioner believes, taking into consideration options exercised by school districts under

Section 42.401, rather than this chapter and estimates of student enrollments, will match appropriation levels.

SECTION 1A.06. Amends Section 41.008(a), Education Code, to delete an existing reference to a consolidated taxing district under Subchapter F.

SECTION 1A.07. Amends Section 41.009(a), Education Code, to delete an existing reference to a tax abatement agreement executed by a school district that is involved in detachment and annexation of territory.

SECTION 1A.08. Amends Section 41.010, Education Code, to make conforming changes.

SECTION 1A.09. Amends Section 41.013(a), Education Code, to authorize a decision of the commissioner under this chapter to be reviewed under Section 7.0571, rather than 7.057.

SECTION 1A.10. Amends Section 41.091, Education Code, as follows:

Sec. 41.091. AGREEMENT. (a) Authorizes a school district, subject to Section 42.401, to execute an agreement with the commissioner to purchase attendance credits in an amount equal to the difference between the district's local share under Section 42.306 and the district's tier one allotment under Section 42.304.

(b) Sets forth the amounts of attendance credits required to be purchased, notwithstanding Subsection (a), for the 2005-2006, 2006-2007, and 2007-2008 school years.

(c) Provides that Subsection (b) and this subsection expire September 1, 2008. Deletes existing text relating to the reduction of the district's wealth per student.

SECTION 1A.11. Amends Section 41.093(a), Education Code, to set forth the amounts for costs of each credit.

SECTION 1A.12. Amends Section 41.251, Education Code, to provide that if the commissioner is required under Section 42.401, rather than 41.004, to order the consolidation of districts, the consolidation is governed by this subchapter.

SECTION 1A.13. Amends Section 41.252, Education Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Requires the commissioner, in selecting the districts to be consolidated with a district subject to Section 42.401, to select one or more districts with a local share under Section 42.252 that, when consolidated, will result in a consolidated district that is not subject to Section 42.401. Requires the commissioner to give priority to certain school districts in a specific order in achieving that result.

(c) Makes a conforming change.

(d) Defines "local share percentage."

SECTION 1A.14. Amends Section 41.257, Education Code, to require the budget of the consolidated district to apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 42.303 or Subchapter D, Chapter 42, rather than Sections 42.103, 42.105, or 42.155, would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 1A.15. Amends Section 44.004, Education Code, by adding Subsection (c-1), to require the notice described by Subsection (b) to state the proposed rate for certain taxes in a distinct row for each.

SECTION 1A.16. Amends Section 45.003, Education Code, by adding Subsection (f), as follows:

(f) Prohibits a district, notwithstanding any other provision of this section, from adopting a tax rate for the maintenance and operations of the district that exceeds a certain amount, unless that tax rate is approved by two-thirds of the qualified voters voting in an election held for that purpose. Provides that a district's adoption of a rate authorized by this subsection does not affect the limitation on a district's entitlement to enrichment revenue provided by Section 42.253. Provides that this subsection does not authorize the adoption of a tax rate for the maintenance and operations of the district that exceeds the maximum rate prescribed by Subsection (d). Provides that this subsection expires January 1, 2009.

SECTION 1A.17. Amends the heading to Section 26.08, Tax Code, to read as follows:

Sec. 26.08. SCHOOL DISTRICT TAXES AND ELECTIONS TO AUTHORIZE OR RATIFY SCHOOL TAXES.

SECTION 1A.18 Amends Section 26.08, Tax Code, by amending Subsections (a)-(c), (e), (h)-(j) and adding Subsections (a-1)-(a-8) and (b-1), as follows:

(a) Requires a school district, except as provided by Subsection (b), to obtain voter authorization in an election each time the district adopts a tax rate for the maintenance and operations of the district that exceeds the rate levied by the district in the preceding tax year.

(a-1) Prohibits a school district, notwithstanding Section 45.003, Education Code, and except as provided by Subsection (a-3), (a-4), or (a-5), for the 2005 tax year, from imposing a tax for the maintenance and operations of the district that exceeds a certain amount.

(a-2) Prohibits a school district, notwithstanding Section 45.003, Education Code, and except as provided by Subsection (a-3), (a-4), or (a-5), for the 2006 tax year, from imposing a tax for the maintenance and operations of the district that exceeds the greater of a certain amount.

(a-3) Authorizes a school district, for the 2005 and 2006 tax years, without holding an additional election, to impose a tax for the maintenance and operations of the district at a rate that does not exceed the lesser of a certain rate and any additional rate for enrichment authorized by district voters for the 2005 tax year, as applicable for the appropriate tax year, or the sum of a certain rate, provided that the rate imposed was previously authorized by voters in an election held for that purpose. Authorizes a school district to impose a greater rate, if the greater rate is approved by the voters in an election held after the effective date of S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005.

(a-4) Authorizes a school district permitted by Subsection (a-1) or (a-2), for the 2005 and 2006 tax years, as applicable for the appropriate tax year, to impose a tax for the maintenance and operations of the district at a certain rate, as applicable for the appropriate tax year, on the \$100 valuation of taxable property, to impose a tax for the maintenance and operations of the district at a higher rate if approved by the voters in an election held after the effective date of S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005.

(a-5) Authorizes a school district permitted by special law on January 1, 2005, notwithstanding any other provision of law, to impose an ad valorem tax for maintenance and operations at a rate greater than \$1.50 on the \$100 valuation of taxable property in the district to impose certain taxes during certain tax years.

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

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

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

(b) Requires the registered voters of the district at an election held for that purpose, if the governing body of a school district with a maintenance and operations tax rate of less than the rate specified in Section 42.306 or otherwise provided by appropriation for purposes of that section adopts a tax rate that exceeds the district's rollback tax rate, to determine whether to approve the adopted tax rate.

(b-1) Redesignates existing text from Subsection (b). Requires the governing body to order that the election required by Subsection (b) be held in the school district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate.

(c), (e), (h), and (i) Make conforming changes.

(j) Provides that for purposes of Subsection (i), the amount of state funds that would have been available to a school district in the preceding year is computed using the district's tax rate for that year.

SECTION 1A.19. Amends Section 31.01, Tax Code, by adding Subsection (b-1), as follows:

(b-1) Requires a tax bill or the separate statement accompanying the tax bill for a school district to state certain rates in a distinct row, in addition to other requirements of this section.

SECTION 1A.20. Amends Section 311.013, Tax Code, by adding Subsection (n), as follows:

(n) Provides that this subsection applies only to a school district whose taxable value computed under Section 403.302(d), Government Code, is required to be reduced in accordance with Subdivision (5) of that subsection. Requires the district to pay a specific amount into the fund, in addition to the amount otherwise required to be paid into the tax increment fund. Provides that this subsection ceases to apply to the school district on the later of the dates specified by Sections 311.017(a)(1) and (2) for the reinvestment zone.

SECTION 1A.21. Amends Section 403.302, Government Code, by amending Subsections (d) and (i), and adding Subsections (c-1), (c-2), and (d-1), as follows:

(c-1) Provides that this subsection applies only to a school district whose central administrative office is located in a county with a population of 9,000 or less and a total area of more than 6,000 square miles. Requires the comptroller to adjust the taxable value determined under Subsections (a) and (b) in a certain manner, upon determining that the local value for a school district is not valid.

(c-2) Provides that Subsection (c-1) and this subsection expire September 1, 2007.

(d) Defines "taxable value."

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

(i) Makes a conforming change.

PART B. SCHOOL FACILITIES

SECTION 1B.01. Amends Subchapter A, Chapter 46, Education Code, by adding Section 46.014, as follows:

Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES. (a) Sets forth requirements for the study to be conducted by the LBB in cooperation with the Texas Education Agency (TEA).

(b) Requires the study of instructional facilities to include an examination of specific objectives and any other objectives determined appropriate by the LBB and TEA.

(c) Requires the LBB and TEA to determine the appropriate methodology for use in conducting the study required by this section.

(d) Requires the LBB and TEA, not later than December 1, 2006, to submit a report based on the study required by this section to the legislature. Provides that this section expires January 15, 2007.

PART C. SOCIAL SECURITY CONTRIBUTIONS

SECTION 1C.01. Amends Subchapter B, Chapter 606, Government Code, by adding Section 606.0261, as follows:

Sec. 606.0261. PAYMENT OF SCHOOL DISTRICT CONTRIBUTIONS. (a) Requires the state, subject to Subsection (b), to pay 50 percent of the total costs incurred by a school district in making contributions for social security coverage for the district's employees.

(b) Sets forth limitations of payment of state assistance under this section.

(c) Requires the commissioner of education, using funds appropriated for the purpose, to distribute money to which school districts are entitled under this section in accordance with rules adopted by the commissioner.

ARTICLE 2. EDUCATION REFORM

PART A. EDUCATION EMPLOYEES

SECTION 2A.01. Amends Subchapter E, Chapter 11, Education Code, by adding Section 11.203, as follows:

Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR PRINCIPALS. (a) Requires TEA to develop and operate a school leadership pilot program (program) for principals in accordance with this section.

(b) Requires TEA to consult appropriate departments at institutions of higher education to develop program course work that focuses on management and business training.

(c) Authorizes a principal or a person interested in becoming a principal to apply for participation in the program, in a form and manner determined by the commissioner.

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

(e) Requires the commissioner, to pay the costs of administering the program, to retain a portion of the total amount of funds allotted under the Foundation School Program considered appropriate to finance activities under this section and to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.313.

(f) Authorizes the commissioner to accept grants, gifts, and donations from public and private entities to implement and administer the program.

(g) Authorizes the commissioner to adopt rules necessary to administer this section.

(h) Provides that this section expires September 1, 2010.

SECTION 2A.02. Amends Section 21.045, Education Code, by amending Subsections (a) and adding Subsection (e), as follows:

(a) Requires the commissioner, rather than the State Board for Educator Certification (SBEC), to adopt, rather than propose, rules establishing standards to govern the approval and continuing accountability of all educator preparation programs based on certain information that is disaggregated with respect to sex and ethnicity.

(e) Requires TEA to annually submit student performance data to the commissioner for purposes of Subsection (a)(3). Requires TEA to provide the data to the commissioner in a manner that protect the names of individual students.

SECTION 2A.03. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.0461, as follows:

Sec. 21.0461. TEMPORARY CERTIFICATE FOR SUPERINTENDENT OR PRINCIPAL. (a) Authorizes SBEC to issue a temporary certificate under this section for certain employees.

(b) Sets forth requirements for a candidate to receive certification under this section.

(c) Authorizes a school district to require that a person who is employed by the district and who holds a certificate issued under this section complete a training program.

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

(e) Provides that a certificate issued under this section expires on the third anniversary of the date on which the certificate was issued and is not renewable.

(f) Requires SBEC to issue a standard certificate to a person who holds a temporary certificate issued under this section, if the school district employing the person under the temporary certificate has completed certain additional requirements.

(g) Requires a school district employing a person who holds a temporary certificate issued under this section to provide the person with intensive support during the person's first year of employment with the district, including certain services.

SECTION 2A.04. Amends Section 21.104(a), Education Code, to authorize a teacher employed under a probationary contract to be discharged at any time for a financial exigency that requires a reduction in personnel, rather than for good cause being the failure to meet the accepted standards of conduct.

SECTION 2A.05. Amends Subchapter C, Chapter 21, Education Code, by adding Section 21.1041, as follows:

Sec. 21.1041. HEARING FOR CERTAIN DISCHARGES UNDER PROBATIONARY CONTRACT. (a) Requires SBEC to give written notice of the proposed action to the teacher, if the board of trustees proposes to discharge a teacher under Section 21.104(a)(2).

(b) Requires the teacher to notify the board of trustees in writing, not later than the 15th day after the date the teacher receives the notice of the proposed action if the teacher desires a hearing after receiving notice of the proposed discharge. Requires SBEC to provide for a hearing to be held not later than the 15th day after receiving the request for a hearing, unless the parties agree in writing to a different date. Requires the hearing to be closed unless the teacher requests an open hearing. Requires the hearing to be conducted in accordance with rules adopted by SBEC. Authorizes the teacher to have certain rights at the hearing.

(c) Sets forth requirements for the board of trustees after a hearing held under Subsection (b).

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

SECTION 2A.06. Amends Subchapter E, Chapter 21, Education Code, by adding Section 21.2111, as follows:

Sec. 21.2111. HEARING FOR CERTAIN DISCHARGES UNDER TERM CONTRACT. (a) Requires SBEC to give written notice of the proposed action to the teacher, if the board of trustees proposes to discharge a teacher under Section 21.211(a)(2).

(b) Requires the teacher to notify the board of trustees in writing, not later than the 15th day after the date the teacher receives the notice of the proposed action, if the teacher desires a hearing after receiving notice of the proposed discharge. Requires SBEC to provide for a hearing to be held not later than the 15th day after receiving the request for a hearing, unless the parties agree in writing to a different date. Requires the hearing to be closed unless the teacher requests an open hearing. Requires the hearing to be conducted in accordance with rules adopted by SBEC. Authorizes the teacher to be represented in a certain capacity, as well as perform other functions at the hearing.

(c) Sets forth requirements for the board of trustees after the hearing.

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

SECTION 2A.07. Amends Section 21.251, Education Code, to provide that this subchapter applies if a teacher requests a hearing after receiving notice of the proposed decision to take certain actions. Provides that this subchapter does not apply to a decision to terminate a teacher's probationary contract or term contract before the end of the contract period for a financial exigency that requires a reduction in personnel.

SECTION 2A.08. Amends Section 21.301(a), Education Code, to authorize the teacher to appeal the decision by filing a petition for review with the commissioner, not later than the 20th

day after SBEC advises the teacher of its decision to terminate the teacher's probationary contract under Section 21.1041(c) or (d) or term contract under Section 21.2111(c) or (d).

SECTION 2A.09. Amends Section 21.303(a), Education Code, to prohibit the commissioner, if the board of trustees decided not to terminate a teacher's probationary contract under Section 21.1041(c) or (d) or term contract under Section 21.2111(c) or (d) from substituting his/her judgment for that of the board of trustees, unless the decision was arbitrary, capricious, unlawful, or is not supported by substantial evidence.

SECTION 2A.10. Amends Section 21.402, Education Code, by amending Subsections (a), (c), and (d), and adding Subsections (c-1) and (c-2), as follows:

(a) Requires a school district to pay certain employees not less than a minimum monthly salary, based on the employee's level of experience, determined by a specific formula, except as provided by Subsection (d), (e), or (f).

(c) Sets forth salary factors per step.

(c-1) Entitles certain employees, notwithstanding Subsection (a), for the 2005-2006 school year, to a monthly salary that is at least equal to the sum of certain amounts.

(c-2) Provides that Subsection (c-1) and this subsection expire September 1, 2007.

(d) Entitles certain employees certified under Subchapter B, or full-time school nurse employed by a school district in the 2005-2006, rather than 2000-2001, school year, as long as the employee is employed by the same district, to a salary that is at least equal to the salary the employee received for the 2005-2006, rather than 2000-2001, school year.

SECTION 2A.11. Amends Subchapter I, Chapter 21, Education Code, by adding Section 21.4021, as follows:

Sec. 21.4021. STATE POLICY REGARDING TEACHER COMPENSATION ABOVE MINIMUM SALARY SCHEDULE. (a) Sets forth state policy regarding school district employee compensation.

(b) Authorizes a school district to use certain factors in determining a teacher's compensation.

(c) Provides that a school district can and should provide additional compensation to a teacher who substantially contributes to improvement in student achievement.

SECTION 2A.12. Amends Subchapter J, Chapter 21, Education Code, by adding Section 21.458, as follows:

Sec. 21.458. MENTORS. (a) Authorizes each school district to assign a mentor teacher to each classroom teacher who has less than two years of teaching experience if the mentor meets certain qualifications.

(b) Requires the commissioner to adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor. Requires the rules concerning qualifications to require that to serve as a mentor a teacher is required to have completed certain training.

(c) Requires the commissioner to develop proposed rules under Subsection (b) by negotiated rulemaking as provided by Chapter 2008 (Negotiated Rulemaking), Government Code.

(d) Requires the commissioner to adopt rules and provide funding to school districts that assign mentor teachers under this section from the funds

appropriated to the agency for purposes of this section. Authorizes funding provided to districts under this subsection to be used only for specific purposes.

(e) Requires the commissioner, in adopting rules under Subsection (d), to rely on research-based mentoring programs that, through external evaluation, have demonstrated success.

SECTION 2A.13. Amends Chapter 21, Education Code, by adding Subchapter N, as follows:

SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

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

(b) Requires the commissioner to award incentive payments to each school district with a local incentive plan approved by the commissioner from funds appropriated for the purpose of this subchapter.

(c) Authorizes incentive payments under this subchapter to be used for certain purposes.

(d) Requires the commissioner to adopt rules necessary to implement this subchapter. Sets forth requirements for the commissioner in adopting rules.

Sec. 21.652. MINIMUM CRITERIA FOR LOCAL INCENTIVE PLANS. (a) Requires a school district to develop a local incentive plan for rewarding successful annual individual student growth in achievement in the district and submit the plan to the commissioner for approval.

(b) Requires a local incentive plan to be designed to reward individuals, campuses, or certain organizational units.

(c) Requires a local incentive plan to provide for incentive payments to classroom teachers and authorizes incentive payments to be provided to other employees.

(d) Requires the primary criteria for making incentive payments to employees under a local incentive plan to be based on objective measures of student achievement, including a measure of incremental growth in student achievement under Section 39.034, and to provide for incentive payments to be awarded on the basis of high achievement, incremental growth in achievement, or both. Authorizes a local incentive plan to also consider other indicators of employee performance, such as teacher evaluations conducted by principals or parents.

(e) Sets forth requirements for a local incentive plan.

(f) Requires the campus-level planning and decision-making committee to determine the appropriate distribution of funds received by a campus under this subchapter.

Sec. 21.653. EMPLOYMENT CONTRACTS. Requires a school district to provide that qualifying employees may receive an incentive payment under the local incentive plan in employment contracts. Requires the school district to indicate that any incentive payment distributed is considered a bonus for performance and not an entitlement as part of an employee's salary.

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

SECTION 2A.14. Amends Subchapter B, Chapter 22, Education Code, by adding Section 22.056, as follows:

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

(b) Requires the commissioner to obtain the insurance required to be made available by this section in a certain amount and from a variety of insurers authorized to engage in the business of insurance in this state.

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

(d) Authorizes the commissioner to adopt rules necessary to implement this section.

SECTION 2A.15. Amends Subchapter A, Chapter 29, Education Code, by adding Section 29.019, as follows:

Sec. 29.019. SPEECH-LANGUAGE INSTRUCTION: ASSISTANTS. (a) Sets forth the persons to whom this section applies.

(b) Authorizes an assistant described by Subsection (a) to attend, as related services personnel, a student admission, review, and dismissal committee meeting if the meeting involves a student for whom the assistant provides services. Provides that if an assistant attends a meeting as provided by this section, the supervising speech-language pathologist is not required to attend the meeting, except as provided by Subsection (c).

(c) Sets forth requirements for a supervising speech-language pathologist to attend a committee meeting under Subsection (b).

(d) Provides that this section does not create, increase, decrease, or otherwise affect a supervising speech-language pathologist's liability for actions taken by an assistant and is not a waiver of a school district's sovereign immunity.

SECTION 2A.16. (a) Requires the commissioner of education, as soon as possible after the effective date of this Act, to review the rules adopted under Section 21.044, Education Code, relating to educator training requirements and revise those rules as necessary to ensure that the training requirements are sufficient to produce educators capable of fulfilling certain requirements.

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

SECTION 2A.17. Makes application of Sections 21.104, 21.251, 21.301, and 21.303, Education Code, as amended by this Act, and Sections 21.1041 and 21.2111, Education Code, as added by this Act, prospective.

PART B. STATE AND REGIONAL GOVERNANCE

SECTION 2B.01. Amends Chapter 1, Education Code, by adding Section 1.005, as follows:

Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT INFORMATION. (a) Defines "center."

(b) Authorizes the commissioner of education and the commissioner of higher education to establish not more than three centers for education research for conducting research described by Subsections (e) and (f).

(c) Authorizes a center to be established as part of other specific entities.

(d) Authorizes a center to be operated under a memorandum of understanding between the commissioner of education, the commissioner of higher education, and the governing board of an educational institution described by Subsection (c)(3). Requires the memorandum of understanding to require the commissioner of education, or a person designated by the commissioner, and the commissioner of higher education, or a person designated by the commissioner, to provide direct, joint supervision of the center under this section.

(e) Requires a center to conduct research for the benefit of education in this state, including research relating to the impact of state and federal education programs, the performance of educator preparation programs, public school finance, and the best practices of school districts with regard to classroom instruction, bilingual education programs, special language programs, and business practices.

(f) Authorizes the commissioner of education and the commissioner of higher education to require the center to conduct certain research projects and requires the commissioners to notify certain entities, not later than the 45th day before the date a research project required to be conducted under this subsection is scheduled to begin.

(g) Sets forth requirements for the center in conducting research under this section.

(h) Authorizes the commissioner of education and the commissioner of higher education to accept gifts and grants to be used in operating one or more centers and, by rule, impose reasonable fees, as appropriate, for the use of a center's research, resources, or facilities.

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

(j) Requires the commissioner of education and the commissioner of higher education to adopt rules as necessary to implement this section.

SECTION 2B.02. Amends Section 7.004, Education Code, as amended by H.B. 1116, Acts of the 79th Legislature, 2005, as follows:

Sec. 7.004. SUNSET PROVISION. Requires a review conducted under Chapter 325, Government Code (Texas Sunset Act), in accordance with this section to include a review of the regional education service centers under Chapter 8 (Regional Education Service Centers).

SECTION 2B.03. Amends Subchapter A, Chapter 7, Education Code, by adding Sections 7.007 and 7.008, as follows:

Sec. 7.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Requires each school district to participate in the Public Education

Information Management System (PEIMS) and to provide information required for the administration of this code through that system.

(b) Requires each school district to use a uniform accounting system adopted by the commissioner for the data required to be reported for PEIMS.

(c) Requires the commissioner to review PEIMS annually, and to repeal or amend rules that require school districts to provide information through the system that is not necessary. Requires the commissioner, in reviewing and revising the system, to develop rules to ensure that the system meets certain qualifications.

(d) Requires the commissioner's rules to ensure that PEIMS links student performance data to other related information for purposes of efficient and effective allocation of school resources.

Sec. 7.008. ELECTRONIC STUDENT RECORDS SYSTEM. (a) Defines "institution of higher education."

(b) Requires each school district, public charter district, and institution of higher education to participate in an electronic student records system that satisfies standards approved by the commissioner of education and the commissioner of higher education.

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

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

(e) Authorizes a private or independent institution of higher education to participate in the electronic student records system under this section. Requires the institution to provide the funding to participate in the system if a private or independent institution of higher education elects to participate.

(f) Provides that any person involved in the transfer and retrieval of student information under this section is subject to any state or federal law governing the release of or providing access to any confidential information to the same extent as the educational institution from which the data is collected. Prohibits a person from releasing or distributing the data to any other person in a form that contains confidential information.

(g) Requires the electronic student records system to be implemented not later than the beginning of the 2006-2007 school year. Provides that this subsection expires September 1, 2007.

SECTION 2B.04. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.0211, as follows:

Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. Authorizes TEA to receive gifts, grants, or donations from any public or private source to perform any educational function TEA is authorized to perform by law.

SECTION 2B.05. Amends Subchapter B, Chapter 7, Education Code, as renumbered by Section 23.001(9), H.B. 2018, Acts of the 79th Legislature, Regular Session, 2005, to change a reference to an open-enrollment charter school to a public charter district. Makes a conforming change.

SECTION 2B.06. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.033, as follows:

Sec. 7.033. **COMPREHENSIVE MONITORING SYSTEM.** Requires TEA, to the extent permissible under Section 7.028, to develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. Requires the system to incorporate performance and compliance information collected by various TEA divisions for each school district and charter school, including certain information.

SECTION 2B.07. Amends Section 7.057(a) and (d), Education Code, to make conforming changes.

SECTION 2B.08. Amends Subchapter C, Chapter 7, Education Code, by adding Section 7.0571, as follows:

Sec. 7.0571. **INFORMAL REVIEW BY COMMISSIONER.** (a) Requires the commissioner to adopt rules under which a school district, public charter district, or other person that wishes to challenge a TEA decision made under Chapter 39 (Public School System Accountability), 41 (Equalized Wealth Level), 42 (Foundation School Program), or 46 (Assistance with Instructional Facilities and Payment of Existing Debt) to petition the commissioner for an informal review by the commissioner of the decision.

(b) Authorizes the commissioner to limit a review under this section to a written submission of any issue identified by the commissioner.

(c) Provides that a decision under this section is final and may not be appealed under Section 7.057 (Appeals) or any other law.

SECTION 2B.09. Amends Subchapter C, Chapter 7, Education Code, by adding Section 7.061, as follows:

Sec. 7.061. **SUBPOENA.** (a) Authorizes the commissioner to issue a subpoena to compel the attendance and testimony of a witness or the production of materials relevant to an audit or investigation under this title.

(b) Authorizes a subpoena to be issued throughout the state and to be served by any person designated by the commissioner.

(c) Authorizes the commissioner, if a person fails to comply with a subpoena issued under this section, acting through the attorney general, to file suit to enforce the subpoena in a district court in Travis County or in the county in which the audit or investigation is conducted. Requires the court to order compliance with the subpoena if the court finds that good cause exists to issue the subpoena.

SECTION 2B.10. Amends Chapter 7, Education Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. **PERFORMANCE-BASED GRANT SYSTEM.** (a) Requires TEA to implement a comprehensive performance-based grant system to collect and report grant performance and spending information and to use that information in making future grants.

(b) Sets forth requirements for the grant system.

Sec. 7.152. GRANT PROGRAM PROCEDURES. Sets forth requirements for TEA to ensure certain objectives relating to the grant system.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. Authorizes TEA to use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. Requires TEA to develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by TEA.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. Requires TEA to ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) Requires TEA, in coordination with regional education service centers, to use data relating to specific grant programs. Requires each regional education service center to provide information concerning those programs to the school districts in the service center's region, based on the identification of successful grant programs,.

(b) Provides that this section applies beginning with the 2009-2010 school year. Provides that this subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) Sets forth requirements for TEA in developing the performance-based grant system.

(b) Provides that this section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. (a) Requires TEA, not later than January 1, 2007, to provide the legislature with a status report concerning TEA's development of the grant system. Authorizes the report to suggest any statutory changes needed to facilitate a full transition to a performance-based grant system.

(b) Requires TEA, beginning with the 2009-2010 school year, to make the performance-based grant system fully available to school districts and charter schools.

(c) Provides that this section expires June 1, 2010.

SECTION 2B.11. Amends Subchapter A, Chapter 8, Education Code, by adding Section 8.0031, as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) Requires the commissioner to adopt rules prescribing training for members of regional education service center boards of directors. Authorizes the training curriculum to include certain reviews and overviews.

(b) Requires a member of a regional education service center board of directors to complete any training required by commissioner rule.

SECTION 2B.12. Amends Subchapter A, Chapter 8, Education Code, by adding Section 8.011, as follows:

Sec. 8.011. NEPOTISM PROHIBITION. Provides that for the purposes of all employees of each regional education service center, the executive director and each member of the board of directors are public officials subject to Chapter 573 (Degrees of Relationship; Nepotism Prohibitions), Government Code.

SECTION 2B.13. Amends Sections 8.051(b), (c), and (d), Education Code, as follows:

(a) Requires each regional education service center's plan to include the purposes and description of the services that the center will provide to certain campuses.

(c) Requires each regional education service center to provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating specific information.

(d) Sets forth the core services for each regional education service center available for purchase by school districts and campuses.

SECTION 2B.14. Amends Section 8.102, Education Code, to require the uniform system for reporting required by Subsection (a) to require regional education service centers to perform certain functions.

SECTION 2B.15. Amends Section 8.103, Education Code, as follows:

Sec. 8.103. ANNUAL EVALUATION. (a) Creates this subsection from existing text.

(b) Requires the commissioner, in the audit conducted under Subsection (a)(1), to verify that the regional education service center has identified each expenditure separately by purpose as educational, support, or administrative as required by Section 8.102(b).

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

SECTION 2B.16. Amends Subchapter A, Chapter 11, Education Code, by adding Section 11.003, as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Requires the commissioner, not later than December 1, 2005, to evaluate the feasibility of including a uniform indicator under Section 39.202(b) that measures effective administrative management through the use of cooperative shared service arrangements. Requires the commissioner, by rule, to include the indicator in the financial accountability rating system under Subchapter I (Financial Accountability), Chapter 39, for school districts beginning with the 2006-2007 school year, upon determining that the adoption of a uniform indicator described by this subsection is feasible. Provides that this subsection expires September 1, 2007.

(b) Sets forth requirements for each regional education service center.

(c) Entitles a school district that enters into an agreement for a cooperative shared service arrangement described by Subsection (a) to keep any money the district saves as a result of reduced costs or increased efficiencies under the arrangement.

(d) Requires each regional education service center to assist a school district board of trustees in entering into an agreement with another district or political subdivision, a regional education service center, or an institution of higher education as defined by Section 61.003, for a cooperative shared service arrangement regarding administrative services, including transportation, food service, purchasing, and payroll functions.

(e) Authorizes the commissioner to adopt, by rule, reasonable incentives to encourage school districts and public charter districts to enter into agreements for a cooperative shared service arrangement and to require a district or a public charter district to enter into an agreement for a cooperative shared service arrangement, if the commissioner determines that the financial management performance of the district is unsatisfactory.

SECTION 2B.17. Amends Subchapter A, Chapter 29, Education Code, by adding Sections 29.0162, 29.0163, and 29.0164, as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. (a) Requires TEA to make available comprehensive, easily understood information concerning the special education due process hearing process to certain individuals and to place such information on TEA's Internet website.

(b) Sets forth requirements for the information described by Subsection (a) to include.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Requires TEA to collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing certain issues regarding the hearings.

(b) Requires TEA to use the information described by Subsection (a) in determining whether to renew a contract with a special education hearing officer.

Sec. 29.0164. SPECIAL EDUCATION HEARING OFFICER: CONFLICT OF INTEREST PROVISIONS. Prohibits a special education hearing officer from accepting employment or compensation from a school district that is a party to a hearing over which the hearing officer is presiding.

SECTION 2B.18. Amends Section 37.008, Education Code, by adding Subsection (o), to provide that for purposes of accountability under Chapter 39, a student placed in a disciplinary alternative education program is reported as if the student were enrolled at the student's assigned campus in the student's regularly assigned education program, including a special education program.

PART C. SCHOOL DISTRICT GOVERNANCE AND OTHER OPERATIONS

SECTION 2C.01. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.011, as follows:

Sec. 7.011. STATEWIDE FUNDS MANAGEMENT INFORMATION SYSTEM FOR AT-RISK STUDENT SERVICES. (a) Defines "student at risk of dropping out of school."

(b) Requires TEA to develop a management information system for funds awarded and allocated to school districts and open-enrollment charter schools for the purpose of providing services to students at risk of dropping out of school.

(c) Requires the funds management information system to produce complete, accurate, and timely reports for agency officials and policy makers. Requires the reports to provide specific information on funding for services for students at risk of dropping out of school, statewide and aggregated by school district.

(d) Requires the commissioner to adopt rules as necessary to administer this section. Sets forth requirements for the rules adopted under this subsection.

SECTION 2C.02. Amends Section 7.056(e), Education Code, as amended by S.B. 658, Acts of the 79th Legislature, Regular Session, 2005, to prohibit a school campus or district, except as provided by Subsection (f), from receiving an exemption or waiver under this section from the requirements for the first and last day of instruction under Section 25.0811 (First Day of Instruction), except as provided by that section.

SECTION 2C.03. Amends Section 11.051, Education Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Sets forth requirements for the board of trustees of an independent school district governed which operates as a corporate body..

(a-1) Prohibits a member of the board, individually, unless authorized by the board, from acting on behalf of the board. Authorizes the board of trustees to act only by majority vote of the members present at a meeting held in compliance with Chapter 551 (Open Meetings), Government Code, at which a quorum of the board is present and voting. Requires the board to provide an opportunity for the superintendent to present an oral or written recommendation to the board on any item that is voted on by the board at the meeting.

SECTION 2C.04. Amends Subchapter C, Chapter 11, Education Code, by adding Section 11.0621, as follows:

Sec. 11.0621. MEETINGS. Requires the minutes, certified agenda, or recording, as applicable, of a regular or special meeting of the board of trustees to reflect each member's attendance at or absence from the meeting. Requires the minutes or tape recording of an open meeting to be accessible to the public in accordance with Section 551.022 (Minutes and Tape Recordings of Open Meeting: Public Record), Government Code.

SECTION 2C.05. Amends Subchapter C, Chapter 11, Education Code, by amending Section 11.066, as follows:

Sec. 11.066. REMOVAL FOR FAILURE TO ATTEND BOARD MEETINGS. (a) Provides that it is a ground for removal of a trustee of an independent school district that the trustee is absent from more than half of the regularly scheduled board of trustees meetings during a calendar year that the member is eligible to attend, unless the absence is excused by a majority vote of the board of trustees.

(b) Requires the superintendent to notify the board of trustees, upon having knowledge that a ground for removal under this section exists. Requires the board to notify the appropriate county or district attorney or the attorney general, on a determination that a potential ground for removal exists.

SECTION 2C.06. Amends Subchapter D, Chapter 11, Education Code, by adding Section 11.1511, as follows:

Sec. 11.1511. ELECTRONIC NOTICE FOR PUBLIC HEARINGS OR MEETINGS PERMITTED. (a) Authorizes a school district, instead of publishing notice for a public hearing or public meeting in the manner prescribed by statute, to publish any required notice on its Internet website if authorized by rule adopted by the trustees of the independent school district.

(b) Requires a school district that publishes notice under this section to have a link on its Internet website that is clearly identified as the link to public notices for public hearings or public meetings.

SECTION 2C.07. Amends Subchapter D, Chapter 11, Education Code, by adding Sections 11.1512 and 11.1513, as follows:

Sec. 11.1512. SPECIFIC POWERS AND DUTIES OF BOARD. (a) Provides that in addition to powers and duties under Section 11.151 (In General) or other law, the board of trustees of an independent school district has the powers and duties provided by Subsection (b).

(b) Sets forth additional requirements for the board of trustees.

(c) Sets forth additional functions the board of trustees is authorized to perform.

Sec. 11.1513. COLLABORATION BETWEEN BOARD AND SUPERINTENDENT.

(a) Provides that in relation to the superintendent of the school district, the board of trustees of the district has the powers and duties specified by Sections 11.151(b) and (c). Requires the superintendent, on a day-to-day basis, to ensure the implementation of the policy created by the board.

(b) Sets forth areas for which the board and the trustees are required to work together.

SECTION 2C.08. Amends Section 11.163, Education Code, as amended by S.B. 387, Acts of the 79th Legislature, Regular Session, 2005, and redesignates it as Section 11.1514, Education Code, as follows:

Sec. 11.1514. EMPLOYMENT POLICY. Redesignates existing text from Section 11.163. (a) Sets forth requirements for the employment policy.

(b) Requires the board of trustees to include the board's acceptance or rejection of the minutes of the board's meeting, as required under Section 551.021, Government Code, or in a recording required under Section 551.125 (Other Governmental Body) or 551.127 (Videoconference Call), Government Code, as applicable.

(c)-(e) Makes no changes to these subsections.

(f) Provides that if, under the employment policy, the board of trustees delegates to the superintendent the final authority to select district personnel, the superintendent is a public official for purposes of Chapter 573, Government Code, only with respect to a decision made pursuant to that delegation of authority and each member of the board of trustees remains subject to Chapter 573, Government Code, with respect to all district employees.

SECTION 2C.09. Amends Section 11.159(b), Education Code, to require the minutes of the last regular meeting of the board of trustees held during a calendar year to reflect whether each trustee has met or is delinquent in meeting the training required to be completed as of the date of the meeting.

SECTION 2C.10. Amends Section 11.201, Education Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Sets forth the duties of the superintendent.

(e) Prohibits a superintendent from receiving any financial benefit for personal services performed by the superintendent for any business entity that conducts business with or solicits business from the school district. Requires any financial benefit received by the superintendent for performing personal services for any other entity to be approved by the board of trustees on a case-by-case basis in an open meeting.

SECTION 2C.11. Amends Section 25.031, Education Code, as follows:

Sec. 25.031. ASSIGNMENTS AND TRANSFERS IN DISCRETION OF GOVERNING BOARD. (a) Creates this subsection from existing text.

(b) Prohibits a student who transfers to a school campus other than the campus the student would normally attend based on the student's residence from being subsequently transferred out of a class at that campus before the end of a semester if the only purpose of the subsequent transfer is to comply with the limit in Section 25.112 (Class Size). Provides that a school district is not required to apply for an exception under Section 25.112(d) for the class in which the student is enrolled.

SECTION 2C.12. Amends the heading to Section 25.0811, Education Code, effective August 1, 2006, to read as follows:

Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

SECTION 2C.13. Amends Section 25.0811(a), Education Code, effective August 1, 2006, to require, a school district to being instruction for students on the first Tuesday after Labor Day for a school year. Provides that the school year must not end later than June 7 unless certain circumstances arise. Deletes existing text prohibiting a school district from beginning instruction before the week in which August 21 falls.

SECTION 2C.14. Amends Subchapter C, Chapter 29, Education Code, by adding Sections 29.095, 29.096, and 29.097, as follows:

Sec. 29.095. CONSOLIDATED FUNDING FOR PROGRAMS AND SERVICES FOR STUDENTS AT RISK OF DROPPING OUT OF SCHOOL. (a) Defines "student at risk of dropping out of school."

(b) Requires the commissioner each school year to award funds to a school district or public charter districts in accordance with a streamlined and simplified grant process developed by the commissioner to enable school districts and open-enrollment charter schools to provide supplemental programs and services for the benefit of students at risk of dropping out of school. Requires the grant process developed by the commissioner under this subsection, to the extent practicable, to comply with Subchapter E, Chapter 7.

(c) Requires the commissioner to consolidate funding from certain currently funded programs and types of services, excluding early childhood care and education programs and accelerated reading or mathematics initiatives under Section 28.006 (Reading Diagnosis), 28.007 (Mathematics Diagnosis), or 28.0211 (Satisfactory Performance on Assessment Instruments Required; Accelerated Instruction).

(d) Authorizes the commissioner to include grants under Section 7.024 as part of one or more consolidated grant application processes developed under this section. Requires the commissioner to ensure that a grant applied for under a consolidated application process under this section and awarded under Section 7.024 is used only for the purposes of Section 7.024.

(e) Authorizes the commissioner to redistribute the funding of programs described under Subsection (c) as necessary to accomplish the purpose of improving the achievement of students at risk of dropping out of school.

(f) Authorizes a school district or public charter district that receives an award of funds under this section to use the funds to provide academic and support services to students at risk of dropping out of school, including certain services.

(g) Requires TEA to make available research-based guidance to districts and open-enrollment charter schools to enable successful implementation of the academic and support services described by Subsection (f) that assist students at risk of dropping out of school to succeed in school.

(h) Authorizes a school district or open-enrollment charter school, not later than November 1 of each year, to submit an application for funding for programs or services under this section. Requires the school district or open-enrollment charter school to include certain assessments, plans, and reports. Requires the commissioner to distribute an award of funds in the form of a block grant not later than March 15 of each year.

Sec. 29.096. COST-OUTCOME ANALYSIS. (a) Requires TEA and the LBB to jointly develop a request for proposals for a qualified third party to conduct a comprehensive

cost-outcome analysis of federal and state funding for programs targeting students at risk of dropping out of school, as described by Section 29.081, and the impact of those programs on student achievement outcomes. Requires a party, in order to be qualified under this section, to at a minimum have experience in educational program evaluation and statistical analysis of public education data.

(b) Provides that the cost-outcome methodology developed by the contractor under this section is subject to joint review and approval by TEA and the LBB. Sets forth the minimum requirements for the cost-outcome analysis.

(c) Sets forth requirements for TEA and the LBB regarding the timeline for presenting the reports, recommendations, and plans.

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

(e) Provides that this section expires September 1, 2010.

Sec. 29.097. TEMPORARY PROVISION: COMMISSIONER'S COST-OUTCOME ANALYSIS. (a) Requires the commissioner to adopt a cost-outcome analysis methodology for use in assessing the effectiveness of school districts and open-enrollment charter schools in providing services for students at risk of dropping out of school, as described by Section 29.081. Requires the commissioner to use the adopted methodology until determining that an alternate methodology approved by TEA and the LBB under Section 29.096(b) more accurately portrays the cost-effectiveness of the analyzed services.

(b) Sets forth requirements for the methodology adopted by the commissioner.

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

(d) Requires the commissioner, not later than December 1 of each year, to produce a specific report and make it available to the public.

(e) Provides that this section expires on the earlier of the approval of a cost-outcome methodology by TEA and the LBB under Section 29.093(b) or September 1, 2010.

SECTION 2C.15. Amends Subchapter D, Chapter 33, Education Code, by adding Section 33.087, as follows:

Sec. 33.087. ELIGIBILITY OF STUDENTS PARTICIPATING IN JOINT CREDIT OR CONCURRENT ENROLLMENT PROGRAMS. Provides that a student otherwise eligible to participate in an extracurricular activity or a University Interscholastic League competition is not ineligible because the student is enrolled in a course offered for joint high school and college credit or in a course offered under a concurrent enrollment program, regardless of the location at which the course is provided.

SECTION 2C.16. Amends the heading to Section 34.008, Education Code, to read as follows:

Sec. 34.008. CONTRACT WITH TRANSIT AUTHORITY, COMMERCIAL TRANSPORTATION COMPANY, OR JUVENILE BOARD.

SECTION 2C.17. Amends Section 34.008(a), to authorize a board of county school trustees or school district board of trustees to contract with a mass transit authority, a commercial transportation company, or a juvenile board for all or any part of a district's public school transportation if the authority, or company, or board, has certain qualifications.

SECTION 2C.18. Amends Section 39.136(e), Education Code, to require the commissioner to review the need for a board of managers at least every two years and to direct the board of managers to order an election upon a determination that the reasons for the appointment of the board of managers has been resolved. Deletes existing text related to the deadline of the election of the members.

SECTION 2C.19. Amends Section 44.031(g), Education Code, to require notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened, except as provided by Section 44.045, to be published in the county in which the district's central administrative office is located, once a week for at least two weeks before the deadline for receiving bids, proposals, or responses to a request for qualifications.

SECTION 2C.20. Amends Section 44.033(b), Education Code, to require the district, for each 12-month period, except as provided by Subsection 44.045, to publish a notice in two successive issues of any newspaper in general circulation in the county in which the school is located.

SECTION 2C.21. Amends Subchapter B, Chapter 44, Education Code, by adding Section 44.045, as follows:

Sec. 44.045. ELECTRONIC NOTICE. Authorizes a school district to publish an abbreviated notice that states the universal resource locator of the publicly accessible Internet website where the detailed notice is published, instead of the detailed notice required under Sections 44.031(g) and 44.033(b). Requires the detailed notice to be continuously available on the website for specific periods of time.

SECTION 2C.22. Amends Subchapter Z, Chapter 271, Local Government Code, by adding Section 271.908, as follows:

Sec. 271.908. ELECTRONIC NOTICE BY SCHOOL DISTRICT. Authorizes a school district to publish an abbreviated notice that states the universal resource locator of the publicly accessible Internet website where the detailed notice is published, instead of the detailed notice required by Sections 271.055 and 272.001. Requires the detailed notice to be continuously available on the website for specific periods of time.

SECTION 2C.23. Amends Section 272.001(a), Local Government Code, to include a reference to Section 271.908.

SECTION 2C.24. Makes application of Section 11.066, Education Code, as added by this Act, prospective.

SECTION 2C.25. Makes application of Section 11.201(e), Education Code, as added by this Act, prospective.

SECTION 2C.26. Requires TEA, not later than January 1, 2007, to adopt a five-year plan to renovate the Public Education Information Management System (PEIMS) to provide for efficient and effective information storage and retrieval for the purposes of allocating scarce school resources. Requires the renovation to include a redesign of the records layout.

PART D. ACCOUNTABILITY

SECTION 2D.01. Amends Subchapter A, Chapter 7, Education Code, by adding Sections 7.009 and 7.010, as follows:

Sec. 7.009. PUBLIC ACCESS TO PEIMS DATA. (a) Requires the commissioner, by rule, to adopt procedures to make available, through the TEA Internet website, all financial information provided by school districts and campuses through the Public

Education Information Management System (PEIMS), including campus-level expenditure information.

(b) Requires the commissioner to provide a summarized format for reporting financial information on the TEA Internet website in adopting rules under this section.

Sec. 7.010. BEST PRACTICES; CLEARINGHOUSE. (a) Requires TEA, in coordination with the LBB and with the assistance of the centers of education research established under Section 1.005, to establish an online clearinghouse of certain information. Requires TEA, to the extent practicable, to ensure that information provided through the online clearinghouse follows certain guidelines. Requires the information to be accessible by campuses, school districts, and interested members of the public.

(b) Requires TEA to solicit and collect from the LBB, centers of education research established under Section 1.005, and exemplary or recognized school districts and public charter districts, as rated under Section 39.072, examples of certain best practices.

(c) Authorizes TEA to contract for the services of one or more third-party contractors to develop and implement a system of collecting and evaluating the best practices of campuses and school districts as provided by this section. Requires TEA to consider an applicant's demonstrated competence and qualifications in analyzing campus and school district practices in awarding a contract under this subsection, in addition to any other considerations required by law.

(d) Requires TEA to implement this section not later than September 1, 2006. Provides that this subsection expires January 1, 2007.

SECTION 2D.02. Amends Subchapter A, Chapter 11, Education Code, by adding Section 11.004, as follows:

Sec. 11.004. APPLICABILITY OF TITLE TO EXEMPLARY DISTRICTS AND CAMPUSES. Provides that a school district or campus rated exemplary under Section 39.072 (Accreditation Standards) is subject only to the prohibitions, restrictions, and requirements of this title that apply to a public charter district under Section 11A.052(b) pursuant to rules adopted by the commissioner. Prohibits the rules from exempting requirements of this title relating to employee rights and benefits.

SECTION 2D.03. Amends Section 25.005(b), Education Code, to require a reciprocity agreement to address procedures for permitting a student to satisfy the requirements of Section 39.025 (Exit-Level Performance Required) through successful performance on comparable end-of-course assessment instruments.

SECTION 2D.04. Amends Section 28.006(j), Education Code, to make a conforming change.

SECTION 2D.05. Amends the heading to Section 28.0211, Education Code, to read as follows:

Sec. 28.0211. SATISFACTORY PERFORMANCE ON ASSESSMENT INSTRUMENTS REQUIRED FOR PROMOTION TO CERTAIN GRADE LEVELS; ACCELERATED INSTRUCTION.

SECTION 2D.06. Amends Subchapter B, Chapter 28, Education Code, by adding Section 28.0215, as follows:

Sec. 28.0215. SATISFACTORY PERFORMANCE REQUIRED: END-OF-COURSE ASSESSMENT INSTRUMENTS. (a) Prohibits a student from receiving course credit for a course described by Section 39.023(c), unless the student performs satisfactorily on the end-of-course assessment instrument for the course.

- (b) Authorizes the commissioner to adopt rules establishing a procedure for a student who did not perform satisfactorily on an end-of-course assessment instrument to retake the assessment instrument and obtain course credit.

SECTION 2D.07. Amends Section 28.025, Education Code, as amended by H.B. 25, Acts of the 79th Legislature, Regular Session, 2005, by amending Subsections (c), (d), and (e), and adding Subsection (f), as follows:

- (c) Deletes existing reference requiring a student to comply with Section 39.025 (Exit-Level Performance Required) in order to receive a diploma.

- (d) Prohibits a person, except as provided by Section 39.0241, from receiving a diploma unless the person complies with Section 39.025. Authorizes a school district to issue a certificate of coursework completion to a student who successfully completes the curriculum requirements identified by the State Board of Education (SBOE) under Subsection (a) but who fails to comply with Section 39.025, for each year in which a person must comply with Section 39.025 to receive a diploma,. Provides that this subsection ceases to apply on the date the commissioner certifies that the implementation of the amendments made by S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is complete under the transition plan adopted under Section 39.0241. Provides that this subsection expires September 1, 2012.

- (e) Makes a nonsubstantive change.

- (f) Requires the transcript forms adopted by SBOE under Subsection (e) to be designed to identify whether a student received a diploma or a certificate of coursework completion. Provides that this subsection expires September 1, 2012.

SECTION 2D.08. Amends Sections 29.053(b) and (d), Education Code, as follows:

- (b) Requires the language proficiency assessment committee established under Section 29.063 (Language Proficiency Assessment Committees) to make its determinations and reports within the first five, rather than four, weeks following the first day of school.

- (d) Requires each district that is required to offer bilingual education and special language programs under this section to offer bilingual education in prekindergarten at campuses that offer prekindergarten classes.

SECTION 2D.09. Amends Section 28.081(b), Education Code, to require each district to provide accelerated instruction to a student enrolled in the district who has taken an end-of-course, rather than the secondary exit-level, assessment instrument administered under Section 39.023(c) and has not performed satisfactorily on the assessment instrument or who is at risk of dropping out of school.

SECTION 2D.10. Amends Subchapter C, Chapter 29, Education Code, by adding Section 29.0822, as follows:

Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a) Authorizes a school district, notwithstanding Section 25.081 (Operation of Schools) or 25.082 (School Day; Pledges of Allegiance; Minutes of Silence), to provide a flexible school day program for students in grades 9 through 12 who have dropped out of school or who are at risk of dropping out of school.

- (b) Sets forth the flexibility that a school district is authorized to provide to enable a school district to provide a program under this section that meets the needs of students described by Subsection (a).

- (c) Requires a course offered in a program under this section to provide for at least the same number of instructional hours as required for a course offered in a program that meets the required minimum number of instructional days under Section 25.081 and the required length of school day under Section 25.082.

(d) Authorizes the commissioner to adopt rules for the administration of this section. Requires the commissioner to calculate average daily attendance for students served under this section. Requires the commissioner to allow accumulations of hours of instruction for students whose schedule would not otherwise allow full state funding. Requires funding under this subsection to be determined based on a certain number of instructional days. Requires the attendance of students who accumulate less than the number of attendance hours required under this subsection to be proportionately reduced for funding purposes. Authorizes the commissioner to set maximum funding amounts for an individual course under this section.

SECTION 2D.11. Amends Section 29.187(b), Education Code, to delete existing text relating to an award granted under this section being in lieu of a certificate of coursework completion.

SECTION 2D.12. Amends Section 29.202, Education Code, as follows:

Sec. 29.202. ELIGIBILITY. (a) Defines "adequate yearly progress standard."

(b) Creates this subsection from existing text. Provides that a student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this chapter, if the student is assigned to attend a public school campus that was, at any time in the preceding three years, considered academically unacceptable, rather than low-performing, or that has not met the adequate yearly progress standard for the same indicator of education success for the preceding two years.

(c) Redesignates existing text from Subsection (b). Deletes existing text relating to a student becoming ineligible to receive a public education grant.

SECTION 2D.13. Amends Subchapter G, Chapter 29, Education Code, by adding Section 29.2021, as follows:

Sec. 29.2021. CONFLICT OF LAWS. Provides that to the extent of a conflict between this subchapter and a provision of Section 1116, No Child Left Behind Act of 2001 (20 U.S.C. Section 6316), the No Child Left Behind Act of 2001 prevails.

SECTION 2D.14. Amends Section 29.203(f), Education Code, to make a conforming change.

SECTION 2D.15. Amends Section 30.021(e), Education Code, to authorize the services provided in this area to include conducting a cooperative program with other agencies to serve students who have graduated from high school by completing all academic requirements applicable to students in regular education, excluding satisfactory performance on the end-of-course, rather than exit-level, assessment instruments required by commissioner rule under Section 39.023(c).

SECTION 2D.16. Amends Sections 30.104(b) and (c), Education Code, as amended by H.B. 25, Acts of the 79th Legislature, Regular Session, 2005, as follows:

(b) Deletes existing reference to requiring a student to comply with Section 39.025 in order to graduate from a Texas Youth Commission educational program.

(c) Prohibits a person from receiving a diploma, unless the person complies with Section 39.025, except as provided by Section 39.0241. Authorizes a Texas Youth Commission educational program to issue a certificate of course-work completion to a student who successfully completes the curriculum requirements identified by SBOE under Section 28.025(a) but who fails to comply with Section 39.025, for each year in which a person must comply with Section 39.025 to receive a diploma. Provides that this subsection ceases to apply on the date the commissioner certifies that the implementation of the amendments made by S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005,

to Sections 39.023(a) and (c) and 39.051(b) is complete under the transition plan adopted under Section 39.0241. Provides that this subsection expires September 1, 2012.

SECTION 2D.17. Amends Section 39.022, Education Code, as follows:

Sec. 39.022. ASSESSMENT PROGRAM. (a) Creates this subsection from existing text.

(b) Requires the commissioner, by rule, to provide for the administration of assessment instruments under this subchapter.

SECTION 2D.18. Amends Section 39.023, Education Code, by amending Subsections (a)-(c), (e), (i), and (l)-(n), and adding Subsections (a-1) and (b-1), as follows:

(a) Requires all students, except as otherwise provided by this subchapter, to be assessed in certain subject areas.

(a-1) Authorizes an assessment instrument under this section to include questions that test a broader range of knowledge and skills or that are at a higher difficulty level for the purpose of differentiating student achievement. Prohibits a student from being required to answer a question described by this subsection correctly to perform satisfactorily on the assessment instrument or to be promoted to the next grade level. Provides that to ensure a valid bank of questions for use each year, TEA is not required to release a question that is developed for purposes of this subsection until after the fifth school year the question is used on an assessment instrument administered under this section.

(b) Requires TEA to develop or adopt appropriate criterion-referenced assessment instruments to be administered to each student in a special education program under Subchapter A, Chapter, 29, who receives modified instruction in the essential knowledge skills identified under Section 28.002 for the assessed subject but for whom an assessment instrument adopted under Subsection (a) or (c), even with allowable accommodations, rather than modifications, would not provide an appropriate measure of student achievement. Requires assessment instruments required under this subsection to assess essential knowledge and skills in certain subjects and any other subject required by deferral law. Requires a student's admission, review, and dismissal committee to determine whether any allowable accommodation, rather than modification, is necessary in administering to the student an assessment instrument required under this subsection or whether an alternate assessment instrument is required to be used to measure alternate academic achievement standards. Requires a student's admission, review, and dismissal committee to determine the high school graduation assessment requirements for a student in a special education program under Subchapter A, Chapter 29, and authorizes the use local alternative assessment instruments if multiple testing opportunities are not available for a student. Requires the commissioner to adopt rules to implement this subsection.

(b-1) Requires TEA to adopt or develop appropriate criterion-referenced instruments as required by federal law designed to measure alternate academic achievement standards for students in a special education program under Subchapter A, Chapter 29, with the most significant cognitive disabilities.

(c) Requires TEA to adopt end-of-course assessment instruments for certain secondary-level courses. Provides that the performance level established by the Texas Higher Education Coordinating Board under this subsection represents the level of academic achievement indicating a student is prepared for college course work. Authorizes the performance level to be used as an indicator to measure progress toward college preparedness of public school students in this state. Makes conforming changes. Deletes existing text relating to required committee determinations based a on a student participating in a special education program and requiring SBOE to administer the assessment instruments and adopting a schedule for administration.

(e) Requires TEA, under rules adopted by SBOE, to release the questions and answer keys to each assessment instrument administered under Section 39.027 on or after August 1 after the second anniversary of the date the instrument was administered.

(i) Requires each assessment instrument adopted or developed under this section to be reliable and valid and to meet any applicable federal requirements for measurement of student progress.

(l) Requires TEA, rather than SBOE, to adopt or develop a Spanish version of the assessment instruments adopted under Subsection (a) for students in certain grade levels who are of limited English proficiency. Makes conforming changes.

(m) Requires the commissioner, by rule, to develop procedures under which the language proficiency assessment committee established under Section 29.063 to determine which students in grades three through 10 are exempt from the administration of the assessment instruments under Section 39.027, rather than 39.027(a)(3) and (4). Requires the commissioner as necessary to comply with federal requirements, by rule, to develop procedures under which a student who is exempt from the administration of an assessment instrument under Section 39.027 is administered a linguistically accommodated assessment instrument.

(n) Provides that this subsection applies only to a student who is determined to have dyslexia or a related disorder and who is an individual with a disability under 29 U.S.C. Section 705(20). Requires TEA to adopt or develop appropriate assessment administration procedures, including accommodations for a student to whom this subsection applies. Requires the committee established by the board of trustees of the district to determine the placement of students with dyslexia or related disorders to determine whether the allowable accommodations are necessary in administering to a student an assessment instrument required under this section.

SECTION 2D.19. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.0232, as follows:

Sec. 39.0232. **COMPUTER-ADAPTIVE ASSESSMENT.** (a) Requires TEA, to the extent practicable and appropriate, to provide for assessment instruments required under Section 39.023 (Adoption and Administration of Instruments) to be designed so that those assessment instruments can be computer-adaptive.

(b) Requires TEA, to the extent practicable and appropriate, to require school districts to administer to students the computer-adaptive assessment instruments.

(c) Requires TEA to implement this section not later than March 1, 2006. Provides that this subsection expires September 1, 2006.

SECTION 2D.20. Amends Sections 39.024(a) and (c), Education Code, as follows:

(a) Requires SBOE to determine the level of performance considered to be satisfactory on the assessment instruments administered under Section 39.023, except as otherwise provided by this subsection. Requires the commissioner, by rule, to determine the level of performance considered to be satisfactory on the assessment instruments administered under Section 39.023(b) or (b-1) in accordance with applicable federal requirements.

(c) Makes conforming and nonsubstantive changes.

SECTION 2D.21. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.0241, as follows:

Sec. 39.0241. **TRANSITION PLAN FOR USE OF ASSESSMENT INSTRUMENTS.**

(a) Requires the commissioner by rule to adopt a transition plan to implement the amendments made by S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005, relating to end-of-course assessment instruments, including Sections 39.023(a) and (c) and 39.051(b)(5). Requires the rules to provide for the administration of end-of-course assessment instruments adopted under Section 39.023(c) to begin during the 2009-2010

school year. Requires certain actions to be taken during the period under which the transition to end-of-course assessment instruments is made.

(b) Requires rules adopted under Subsection (a) to require that each student who will be subject to the requirements implemented under the amendments made by S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005, relating to end-of-course assessment instruments, including Section 39.023(c), is entitled to notice of the specific requirements applicable to the student. Requires notice under this subsection to be provided not later than the date the student enters the ninth grade.

(c) Requires implementation of the end-of-course assessment instruments to begin with the assessment instrument for Algebra I.

(d) Provides that a reference in this code to an end-of-course assessment instrument administered under Section 39.023(c) includes a secondary exit-level assessment instrument administered as provided by Subsection (a).

(e) Provides that this section expires September 1, 2010.

SECTION 2D.22. Amends, effective September 1, 2006, Subchapter B, Chapter 39, Education Code, by adding Section 39.0261, as follows:

Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) Provides that, in addition to the assessment instruments otherwise authorized or required by this subchapter, certain assessments are required or authorized to be administered.

(b) Requires TEA to take certain actions relating to the administration of assessment instruments.

(c) Requires a vendor that administers an assessment instrument for a district under this section to report the results of the assessment instrument to TEA.

(d) Provides that Subsection (a)(2) does not prohibit a high school student in the spring of the 11th grade or during the 12th grade from selecting and taking, at the student's own expense, an assessment instrument described by Subsection (a)(2) more than once.

SECTION 2D.23. Amends Sections 39.027(a), (e), and (g), Education Code, as follows:

(a) Deletes existing text relating to provisions under which a student is authorized to be exempted from the administration of an assessment instrument. Makes conforming changes.

(e) Requires the commissioner, as provided by applicable federal requirements, to develop an assessment system that is required to be used for evaluating the academic progress toward attaining academic language proficiency in English, including reading proficiency in English, of all students of limited English proficiency, as defined by Section 29.052. Provides that a student who has demonstrated the designated level of reading proficiency in English as determined by the assessment system developed under this subsection is not eligible for an exemption under Subsection (a)(1) or (2). Deletes existing text relating to the administration of assessment instruments.

(g) Makes a conforming change.

SECTION 2D.24. Amends Subchapter B, Chapter 39, Education Code, by adding Sections 39.034 and 39.035, as follows:

Sec. 39.034. MEASURE OF INCREMENTAL GROWTH IN STUDENT ACHIEVEMENT. (a) Requires the commissioner to determine a method by which TEA

may measure incremental growth in student achievement from one school year to the next on an assessment instrument required under this subchapter.

(b) Requires TEA to report to each school district the comparisons made under Subsection (a). Requires each school district to provide the comparisons to each teacher for all students who meet certain criteria.

(c) Requires the school a student attends to provide a record of the comparison made under this section and provided to the school under Subsection (b) in a written notice to the student's parents.

(d) Requires TEA, to the extent practicable, to combine the report of the comparisons required under this section with the report of the student's performance on assessment instruments administered under Section 39.023.

(e) Requires the commissioner to implement this section not later than September 1, 2006. Provides that this subsection expires January 1, 2008.

Sec. 39.035. **CRIMINAL PENALTY RELATED TO ADMINISTRATION OF ASSESSMENT INSTRUMENT.** (a) Provides that an administrator, teacher, other employee, contractor, or volunteer of a school district or public charter district commits an offense if, for the primary purpose of influencing the results of an assessment instrument administered under this subchapter, the person intentionally takes certain actions.

(b) Provides that an offense under this section is a Class A misdemeanor.

(c) Provides that an offense under Subsection (a)(4) is in addition to any offense under Section 37.10(c)(2), Penal Code, arising from the same action.

SECTION 2D.25. Reenacts and amends Section 39.051(b), Education Code, as amended by Chapters 433 and 805, Acts of the 78th Legislature, Regular Session, 2003, to amend the information that determine the indicators. Makes conforming changes.

SECTION 2D.26. Amends Section 39.052(b), Education Code, to make a conforming change.

SECTION 2D.27. Amends Section 39.055, Education Code, as follows:

Sec. 39.055. **New heading: AUDIT OF DROPOUT RECORDS; REPORT.** (a) Requires the system to be designed to identify districts that are at high risk of having inaccurate dropout records and that, as a result, may be subject to a special accreditation investigation under Section 39.075. Deletes existing text relating to the administration of dropout records.

(b) Created from existing Subsection (e). Requires the commissioner to notify the superintendent, rather than the board of trustees, of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, or any recommendation by the commissioner concerning the data.

SECTION 2D.28. Amends Sections 39.071 and 39.072, Education Code, as follows:

Sec. 39.071. **ACCREDITATION.** (a) Creates subsection from existing text. Makes a nonsubstantive change.

(b) Requires the commissioner, each year, to determine the accreditation status of each school district. Requires the commissioner to take certain considerations into account in determining accreditation status.

(c) Requires the commissioner, based on a school district's performance under Subsection (b), to take certain actions relating to accreditation status.

(d) Requires the commissioner to notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. Requires the commissioner to require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) Prohibits a school district that is not accredited from receiving funds from TEA or holding itself out as operating a public school of this state.

(f) Prohibits this chapter from being construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. New heading: ACADEMIC ACCOUNTABILITY SYSTEM. (a) Requires the commissioner, rather than the board, to adopt rules for assigning to each school district and campus a performance rating in a certain manner. Makes conforming changes.

(b) Requires the academic excellence indicators adopted under Section 39.051(b) to be the main considerations of TEA in the rating of a school district or campus under this section. Deletes existing text authorizing additional criteria in the rules to include certain considerations. Makes conforming changes.

(c) Makes conforming changes. Deletes existing text relating to the performance of certain schools on indicators and the effectiveness of certain district programs.

(d) Requires TEA to annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. Requires the commissioner, notwithstanding any other provision of this code, to determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Requires each annual review to include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to certain standards.

(f) Authorizes the academic performance rating of a school district to be raised or lowered based on the district's performance or to be lowered based on the unacceptable performance of one or more campuses in the district. Authorizes the academic performance rating of a school district to also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) Requires the commissioner to notify a school district if the performance of the district or a campus in the district is below a standard required under this section. Requires the commissioner to require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Provides that, notwithstanding any other provision of this code, for purposes of determining the performance of a school district or public charter district under this chapter, including the academic performance rating, rather than accreditation status, of the district, a student attending a campus that is a facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or public charter district serving the student. Requires the performance of a student who attends such a

campus on an assessment instrument or other academic excellence indicator adopted under Section 39.051 to be determined and reported, but prohibits it from being used to determine the rating of the school district or public charter district unless the campus is the only campus operated by the district. Makes conforming changes.

SECTION 2D.29. Amends Subchapter D, Chapter 39, Education Code, by adding Section 39.0722, as follows:

Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a) Requires the commissioner, in addition to school district performance ratings under Section 39.072, to annually rate districts according to the degree to which the districts prepare students for postsecondary success, including student performance on assessment instruments administered under Section 39.0261 and on the applicable indicators under Sections 39.051(b) and 39.0721. Requires the commissioner to consult with the P-16 Council established under Section 61.076 when adopting criteria under this section.

(b) Authorizes the commissioner to adopt rules as necessary to administer this section.

SECTION 2D.30. Amends Section 39.075(a), Education Code, to authorize, rather than require, the commissioner to authorize special accreditation investigations to be conducted under certain circumstances. Makes conforming changes.

SECTION 2D.31. Reenacts and amends Section 39.075(c), Education Code, as amended by Chapters 396 and 931, Acts of the 76th Legislature, Regular Session, 1999, as follows:

(c) Authorizes the commissioner to raise or lower the district's accreditation status based on the results of a special accreditation investigation. Makes a conforming change.

SECTION 2D.32. Amends Section 39.076, Education Code, by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c), as follows:

(a) Requires TEA to adopt written procedures for conducting investigations, rather than on-site investigations, under this subchapter.

(a-1) Authorizes an investigation conducted under this subchapter to be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) Authorizes investigators, if conducting an on-site investigation, to obtain information from administrators, teachers, or parents of students enrolled in the school district. Requires the commissioner to adopt rules for obtaining certain information.

(a-3) Authorizes TEA to give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) Requires the investigators conducting an on-site investigation to report the results of the investigation in writing to the board of trustees of the district and, as appropriate, to campus administrators, and to make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 2D.33. Amends Subchapter D, Chapter 39, Education Code, by adding Sections 39.077 and 39.078, as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) Requires a school district or public charter district that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating to petition for an informal review as provided by Section 7.0571.

(b) Provides that a final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability

rating following a review under Section 7.0571 is final and prohibited from being appealed.

Sec. 39.078. RULES. (a) Authorizes the commissioner to adopt rules as necessary to administer this subchapter.

(b) Requires any rule adopted under Subsection (a) to apply accreditation requirements and academic performance ratings under this subchapter to certain schools and campuses unless a provision of this code clearly specifies otherwise,

SECTION 2D.34. Amends Subchapter F, Chapter 39, Education Code, by adding Section 39.113, as follows:

Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT PERFORMANCE ON AT-RISK CAMPUSES. (a) Requires the commissioner to adopt rules to create an incentive award system for annual growth in student achievement. Provides that a school that achieves incremental growth in student achievement, as described by Subsection (b), is eligible for an award if the school meets certain criteria.

(b) Requires the commissioner by rule to adopt performance criteria to measure annual growth in student academic performance. Requires the commissioner to consider certain criteria.

(c) Requires the commissioner, from funds appropriated for the purposes of this section, to award grants to campuses that meet performance criteria adopted under Subsection (b). Requires the commissioner to allocate awards to campuses not later than December 1 of each year, based on growth in student achievement as measured for the preceding two school years.

(c-1) Requires the commissioner to award grants under this section beginning September 1, 2006. Provides that this subsection expires January 1, 2007.

(d) Requires at least 75 percent of an award under this section to be used for additional teacher compensation at the campus level. Requires the commissioner by rule to provide for allocating awards under this subsection, including providing individual awards of at least \$3,000 for each teacher at a campus receiving an award under this subsection.

(e) Authorizes grants from funds appropriated for the award program to be awarded beginning with the 2006-2007 school year and prohibits the grants from exceeding \$100 million in the 2006-2007 school year except as expressly authorized by the General Appropriations Act or other law.

(f) Provides that a determination of the commissioner under this section is final and prohibited from being appealed.

(g) Requires the commissioner to annually evaluate the effectiveness of the state incentive program for improving student performance on at-risk campuses established under this section. Requires the evaluation to take certain considerations into account.

SECTION 2D.35. Amends Section 39.131, Education Code, as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) Requires the commissioner, if a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, to take certain actions to the extent the commissioner determines necessary.

(b) Authorizes the commissioner, if for two consecutive school years, including the school year, rather than a period of one year or more, a district has had a

conservator or management team assigned, to appoint the board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

SECTION 2D.36. Amends Section 39.132, Education Code, as follows:

Sec. 39.132. New heading: **SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND CERTAIN OTHER CAMPUSES**. Provides that if a campus performance is below any standard under Section 39.072, the campus is considered an academically unacceptable, rather than a low-performing, campus. Authorizes the commissioner to permit the campus to participate in an innovative redesign of the campus to improve campus performance or requires, rather than authorizes, the campus to take certain actions to the extent the commissioner determines necessary. Deletes existing text relating to certain actions taken as a result of the performance of a low-performing campus. Makes conforming changes.

SECTION 2D.37. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1321-39.1326, as follows:

Sec. 39.1321. **TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION TEAMS**. (a) Requires the commissioner, if a campus is rated academically acceptable for the current school year but would be rated as academically unacceptable if performance standards to be used for the following school year were applied to the current school year, to select and assign a technical assistance team to assist the campus in executing a school improvement plan and any other school improvement strategies the commissioner determines appropriate.

(b) Requires the commissioner to assign a campus intervention team if a campus has been identified as academically unacceptable under Section 39.132.

(c) Requires the commissioner, to the extent practicable, to select and assign the technical assistance team under Subsection (a) or the campus intervention team under Subsection (b) before the first day of instruction for the school year.

(d) Authorizes the commissioner to determine when the services of a technical assistance team or campus intervention team are no longer needed at a campus under this section.

Sec. 39.1322. **CAMPUS INTERVENTION TEAM PROCEDURES**. (a) Requires a campus intervention team to take certain actions relating to the improvement of schools and campuses.

(b) Requires a campus intervention team assigned under Section 39.1321(b) to a campus to conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress. Requires the team to have wide latitude to determine what factors to assess and how to conduct the assessment. Sets forth certain factors to be considered.

(c) Requires the campus intervention team, on completing the evaluation under this section, to recommend certain appropriate actions.

(d) Requires the campus intervention team to take certain actions in executing a school improvement plan developed under Subsection (a)(3).

(e) Sets forth certain duties of a campus intervention team assigned under Section 39.1321(b).

(f) Authorizes the commissioner, notwithstanding any other provision of this subchapter, if the commissioner determines that a campus for which an intervention is ordered under Section 39.1321(b) is not fully implementing the campus intervention team's recommendations or school improvement plan, to

order the reconstitution of the campus, pursue alternative management of the campus as provided by Section 39.1325, or order closure of the campus.

Sec. 39.1323. **MANDATORY SANCTIONS.** (a) Requires the commissioner, if a campus has been identified as academically unacceptable for a period of two consecutive school years, including the current school year, to order the reconstitution of the campus and assign a campus intervention team. Prohibits dropout rates and completion rates from being considered in determining whether a campus is rated academically unacceptable for a second year under this subsection. Requires a campus intervention team to assist the campus in certain ways in reconstituting the campus.

(b) Requires the campus intervention team to decide which educators may be retained at that campus. Prohibits a principal who has been employed by the campus in that capacity during the two-year period described by Subsection (a) from being retained at that campus. Authorizes a teacher of a subject assessed by an assessment instrument under Section 39.023 to be retained only if the campus intervention team determines that a pattern exists of significant academic growth by students taught by the teacher. Authorizes the educator to be assigned to another position in the district if an educator is not retained.

(c) Requires a campus subject to Subsection (a) to implement the school improvement plan as approved by the commissioner. Authorizes the commissioner to appoint a monitor, conservator, management team, or a board of managers to the district to ensure and oversee the implementation of the school improvement plan.

(d) Authorizes the commissioner, notwithstanding any other provision of this subchapter, if the commissioner determines that a campus subject to Subsection (a) is not fully implementing the campus intervention team's recommendations or school improvement plan, to pursue alternative management of the campus as provided by Section 39.1325 or order closure of the campus.

(e) Authorizes the commissioner, if a campus is considered an academically unacceptable campus for three consecutive school years, to pursue the remedies provided under Subsection (c), order reconstitution or closure of the campus, or pursue alternative management under Section 39.1325.

(f) Requires the commissioner, if a campus is considered an academically unacceptable campus for the subsequent school year after the campus is reconstituted under this section, to pursue alternative management under Section 39.1325 or order closure of the campus.

Sec. 39.1324. **TRANSITIONAL SANCTIONS PROVISIONS.** Requires the commissioner, for the 2005-2006 school year, to assign a campus intervention team or a technical assistance team to a campus under Section 39.1321 on the basis of academic performance ratings for the 2004-2005 school year. Authorizes the commissioner to impose a sanction on a campus under Section 39.1322(f) or 39.1323(a) on the basis of academic performance ratings for the 2004-2005 school year and the 2005-2006 school year. Requires a sanction ordered by the commissioner before July 1, 2005, to remain in effect for the 2005-2006 school year. Authorizes the commissioner to allow a principal subject to Section 39.1323(b) to remain at a campus for the 2005-2006 school year. Provides that this section expires September 1, 2007.

Sec. 39.1325. **MANAGEMENT OF CERTAIN ACADEMICALLY UNACCEPTABLE CAMPUSES.** (a) Authorizes a campus to be subject to this section if the campus has been identified as academically unacceptable under Section 39.132 and the commissioner orders alternative management under this subchapter.

(b) Requires the commissioner to solicit proposals from qualified entities to assume management of a campus subject to this section.

(c) Authorizes the commissioner, if the commissioner determines that the basis for identifying a campus as academically unacceptable is limited to a specific condition that may be remedied with targeted technical assistance, to provide the campus a one-year waiver under this section and require the district to contract for the appropriate technical assistance.

(d) Authorizes the commissioner to annually solicit proposals under this section for the management of a campus subject to this section. Requires the commissioner to notify a qualified entity that has been approved as a provider under this section. Requires the district to execute a contract with an approved provider and relinquish control of the campus before January 1 of the school year.

(e) Requires the entity, to qualify for consideration as a managing entity under this section, to submit a proposal that provides certain information relating to the entity's management and leadership team that will participate in management of the campus under consideration.

(f) Requires the commissioner to give preference to certain entities in selecting a managing entity under this section.

(g) Authorizes the school district to negotiate the term of a management contract for not more than five years with an option to renew the contract. Requires the management contract to include a provision describing the district's responsibilities in supporting the operation of the campus. Requires the commissioner to approve the contract before the contract is executed and, as appropriate, may require the district, as a term of the contract, to support the campus in the same manner as the district was required to support the campus before the execution of the management contract.

(h) Requires a management contract under this section to include provisions approved by the commissioner that require the managing entity to demonstrate improvement in campus performance, including negotiated performance measures. Requires the performance measures to be consistent with the priorities of this chapter. Requires the commissioner to evaluate a managing entity's performance on the first and second anniversaries of the date of the management contract. Authorizes the district, if the evaluation fails to demonstrate improvement as negotiated under the contract by the first anniversary of the date of the management contract, to terminate the management contract, with the commissioner's consent, for nonperformance or breach of contract and select another provider from an approved list provided by the commissioner. Requires the district, if the evaluation fails to demonstrate significant improvement, as determined by the commissioner, by the second anniversary of the date of the management contract, to terminate the management contract and select another provider from an approved list provided by the commissioner or resume operation of the campus if approved by the commissioner. Requires the commissioner to assign a technical assistance team to assist the campus if the commissioner approves the district's operation of the campus.

(i) Requires, notwithstanding any other provision of this code, the funding for a campus operated by a managing entity to be equivalent to the funding of the other campuses in the district on a per student basis so that the managing entity receives the same funding the campus would otherwise have received.

(j) Provides that each campus operated by a managing entity under this section is subject to this chapter in the same manner as any other campus in the district.

(k) Authorizes the commissioner to adopt rules necessary to implement this section.

(l) Provides that, with respect to the management of a campus under this section, a managing entity is considered to be a governmental body for purposes of

Chapters 551 and 552, Government Code, and any requirement in Chapter 551 or 552, Government Code, that applies to a school district or the board of trustees of a school district applies to a managing entity.

Sec. 39.1326. REVIEW OF SANCTIONS FOR CAMPUSES SERVING RESIDENTIAL FACILITIES. (a) Authorizes a school district or public charter district to petition the commissioner to review an academically unacceptable rating assigned to a campus if the campus predominantly served students residing in a residential facility during the rating period.

(b) Authorizes the commissioner, if the commissioner determines that the basis for identifying the campus as academically unacceptable was limited to a condition that was not related to the educational purpose of the residential facility, to take certain actions as the commissioner determines appropriate.

(c) Authorizes the commissioner to consider a factor other than a factor used to assign a rating in evaluating a campus under this section. Authorizes the commissioner to assign a campus intervention team under Section 39.1321 at the expense of the school district or public charter district as provided by Section 39.134 to develop a long-term intervention plan to improve services for students.

(d) Authorizes the commissioner to waive revocation of a public charter district for a period not to exceed two years on a determination that a campus subject to this section is appropriately meeting the educational needs of its students. Authorizes a waiver under this subsection to be extended for additional two-year periods based on subsequent evaluations of the campus.

(e) Provides that this section does not limit the commissioner's ability to sanction a public charter district for the performance of a campus subject to this section or any other law.

(f) Provides that a decision by the commissioner under this section is final and prohibited from being appealed.

SECTION 2D.38. Amends Section 39.133, Education Code, as follows:

Sec. 39.133. ANNUAL REVIEW. (a) Creates this subsection from existing text. Requires the commissioner to review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. Requires the determination to take into account the number, severity, and duration of the problems identified. Deletes existing text relating to certain duties of the commissioner.

(b) Requires the commissioner to review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and prohibits the commissioner from raising the rating until the district has demonstrated improved student performance.

SECTION 2D.381. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1331, as follows:

Sec. 39.1331. Authorizes the commissioner to order annexation of a district contingent upon certain performance measures not being met in one or more subsequent school years. Authorizes a conditional annexation order under this section to defer collection of amounts owed to the state for no more than one school year for the purposes of enabling a district to remedy serious instructional or infrastructure deficits. Requires the commissioner to ensure that the district and any proposed for annexation have agreed to plan a repay all amounts deferred under this subsection. Requires the commissioner to annually determine whether the measures have been met and announce the final annexation upon a determination met and announce the final annexation upon a determination that any of them has not been fulfilled. Requires nothing in this subsection

to be construed to limit the commissioner's authority to order a final annexation at any time as authorized under Section 39.131 (Sanctions for Districts).

SECTION 2D.382. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1332, 39.1333, and 39.1334, as follows:

Sec. 39.1332. ACQUISITION OF PROFESSIONAL SERVICES. Authorizes the commissioner, in addition to other sanctions authorized under Sections 39.131 and 39.132, to order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. Authorizes the commissioner's order to require the district or campus to take certain actions.

Sec. 39.1333. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) Authorizes the commissioner to revoke the accreditation of a school district and order the closure of the district or a campus, as appropriate, under certain circumstances.

(b) Requires the commissioner to issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. Authorizes an order of closure to set forth certain functions.

(c) Provides that a person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) Authorizes a board of managers exercising authority under Subsection (b)(2) to exercise the authority of the board trustees with regard to financial management of the district and personnel actions.

(e) Provides that an open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1334. FINALITY OF DECISION BY COMMISSIONER. (a) Provides that a school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) Prohibits the school district from collaterally contesting an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 2D.39. Amends Section 39.134, Education Code, to require the costs of providing a monitor, conservator, management team, campus intervention team, technical assistance team, managing entity under this subchapter to be paid by the district. Makes a conforming change.

SECTION 2D.40. Amends Section 39.182(a), Education Code, as amended by S.B. 42, Acts of the 79th Legislature, Regular Session, 2005, to require TEA to submit to certain entities a comprehensive report covering the preceding school year and containing certain information. Makes conforming changes.

SECTION 2D.41. Amends Section 39.182(b), Education Code, to make a conforming change.

SECTION 2D.42. Amends Section 39.182, Education Code, by adding Sections (b-1) and (b-2), as follows:

(b-1) Requires the report to include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including certain information.

(b-2) Provides that Subsection (b-1) applies beginning January 1, 2009. Provides that this subsection expires February 1, 2009.

SECTION 2D.43. Amends Section 39.202(a), Education Code, to require the commissioner, in consultation with the comptroller, to develop and implement a financial accountability rating system for school districts in this state that includes procedures for providing additional transparency to public education finance, establishing financial accountability standards commensurate with academic standards reaching to the campus level, and enabling the commissioner and district administrators to provide meaningful financial oversight and improvement.

SECTION 2D. 44. Amends Section 39.203(b), Education Code, to require the annual financial management report to include certain information. Makes conforming changes.

SECTION 2D.45. Amends Subchapter I, Chapter 39, Education Code, by adding Section 39.205, as follows:

Sec. 39.205. REPORT TO LEGISLATURE. (a) Requires TEA, not later than September 1, 2006, to submit a report to the legislature on the status of the financial accountability system that recommends to the legislature methods for linking school district financial management performance and academic performance.

(b) Provides that this section expires September 2, 2006.

SECTION 2D.46. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.0073, as follows:

Sec. 44.0073. INSTRUCTIONAL COSTS. (a) Defines "direct instructional costs" and "indirect instructional costs."

(b) Requires TEA, for purposes of school district financial accountability, to identify each district's direct and indirect instructional costs for the preceding fiscal year and make that information available to the public on TEA'S Internet website.

SECTION 2D.47. Amends Section 51.3062(q), Education Code, to provide that a student who has achieved scores set by the board on end-of-course assessment instruments, rather than exit-level assessment instruments, required under Section 39.023 is exempt from the requirements of this section. Makes conforming and nonsubstantive changes.

SECTION 2D.48. (a) Requires TEA to collect certain information relating to student improvement and achievement not later than the 2006-2007 school year.

(b) Requires TEA, not later than the 2007-2008 school year, to include certain information in evaluating the performance of school districts, campuses, and public charter districts under Subchapter D, Chapter 39, Education Code.

SECTION 2D.49. Requires the commissioner to develop and implement the reporting procedures for certain districts and campuses.

PART E. INSTRUCTIONAL MATERIALS

SECTION 2E.01. Amends Subchapter B, Chapter 7, Education Code, by adding Section 7.030, as follows:

Sec. 7.030. REVIEW OF STATE-FUNDED AND FEDERALLY FUNDED GRANT PROGRAMS. (a) Requires TEA to conduct a review of state-funded and federally

funded grant programs and incentives designed to improve student academic performance and to actively determine the full extent to which funds awarded under those programs may be used to enhance or expand the use of technology in public schools. Authorizes the commissioner, for purposes of removing barriers to and encouraging the use of technology in public schools to issue a waiver to one or more schools, as appropriate.

(b) Requires TEA, not later than December 1, 2006, to submit a report regarding the findings of the review conducted under this section to the legislature. Requires the report to include a summary of promising practices for current grant programs that leverage technology. Provides that this section expires January 15, 2007.

SECTION 2E.02. Amends Section 7.055(b)(28), Education Code, to make a conforming change.

SECTION 2E.03. Amends Section 7.056(f), Education Code, to make conforming changes.

SECTION 2E.04. Amends Section 7.102(c)(23), Education Code, to make a conforming change.

SECTION 2E.05. Amends Sections 7.108(a) and (c), Education Code, as follows:

(a) Makes conforming changes.

(c) Defines "instructional material" and "publisher." Deletes the definition of "textbook."

SECTION 2E.06. Amends the heading to Section 7.112, Education Code, to read as follows:

Sec. 7.112. REPRESENTATION OF PUBLISHER OF INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

SECTION 2E.07. Amends Section 7.112(a), Education Code, to make conforming changes.

SECTION 2E.08. Amends Section 7.112(c)(2), Education Code, to define "instructional material" and "publisher."

SECTION 2E.09. Amends Section 11.158(b), Education Code, to make conforming changes.

SECTION 2E.10. Amends Section 11.164(a), Education Code, to make a conforming change.

SECTION 2E.11. Amends Section 19.007(e), Education Code, to make a conforming change.

SECTION 2E.12. Amends Sections 26.006(a) and (c), Education Code, to make conforming changes.

SECTION 2E.13. Amends Sections 28.002(c) and (h), Education Code, to make conforming changes.

SECTION 2E.14. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.010, as follows:

Sec. 28.010. COMPUTER-ADAPTIVE ASSESSMENT TOOLS. (a) Requires TEA to develop or acquire ongoing, computer-adaptive, interactive, assessment tools for each subject and grade level for which an assessment instrument is adopted under Section 39.023.

(b) Requires TEA, from funds appropriated for the purpose, to make assessment tools developed or acquired under this section available to public schools at no cost.

SECTION 2E.15. Amends the heading to Chapter 31, Education Code, to read as follows:

CHAPTER 31. INSTRUCTIONAL MATERIALS

SECTION 2E.16. Amends Section 31.001, Education Code, to make conforming changes.

SECTION 2E.17. Amends Section 31.002, Education Code, to define "instructional material" and "state-adopted" and redefine "publisher" and "technological equipment." Deletes definition of "textbook."

SECTION 2E.18. Amends Section 31.003, Education Code, to make a conforming change.

SECTION 2E.19. Amends Section 31.021, Education Code, as amended by S.B. 151, Acts of the 79th Legislature, Regular Session, 2005, as follows:

Sec. 31.021. New heading: STATE INSTRUCTIONAL MATERIALS FUND. (a) Sets forth the composition of the state instructional materials fund. Makes a conforming change.

(b) Requires the State Board of Education (board), beginning with the 2007-2008 school year, to annually set aside out of the available school fund of the state an amount sufficient for the allotment under Section 31.0211 to provide school districts and open-enrollment charter schools with the funds required to purchase and distribute the necessary state-adopted instructional materials for the use of the students of this state for the following school year. Requires the board to determine the amount of the available school fund to set aside for the state instructional materials fund based on the amount of the allotment under Section 31.0211 and on reports of maximum attendance and anticipated enrollment growth submitted under Section 31.103. Deletes existing text relating to determining the amount described by this subsection. Makes conforming changes.

(c) Provides that this subsection applies only if the pilot project established under Section 54.2161 is implemented, and expires September 1, 2007, rather than August 15, 2009. Makes a conforming change.

(d) Makes a conforming change. Deletes existing Subsection (e) requiring expenses incurred under this chapter to be paid from a certain fund.

SECTION 2E.20. Amends, effective September 1, 2007, Subchapter B, Chapter 31, Education Code, by adding Sections 31.0211 and 31.0212, as follows:

Sec. 31.0211. INSTRUCTIONAL MATERIALS AND TECHNOLOGY ALLOTMENT. (a) Entitles a school district, for the maximum attendance and anticipated enrollment growth reported under Section 31.103 in a school year, to an annual allotment of \$150 for each student or a greater amount for any year provided by appropriation.

(a-1) Provides that this subsection applies only if the pilot project established under Section 54.2161 is implemented. Entitles a school district, in addition to amounts to which the district is entitled under Subsection (a), to an amount sufficient for the district to pay the costs of textbooks for students participating in the pilot project established under Section 54.2161. Provides that this subsection expires August 15, 2009.

(b) Requires the district, from the funds a school district receives under Subsection (a), to use \$60 for each student in average daily attendance to fund targeted technology programs under Section 32.007. Requires a school district to use funds for targeted technology programs in a manner that allows each student and teacher assigned to a targeted campus, grade level on a campus, or specific educational program to benefit from a targeted technology program. Requires the commissioner to adopt rules concerning the use of funds under this subsection.

(c) Authorizes an allotment under this section to be used only to pay for certain costs.

(d) Authorizes the allotment under this section to be paid from certain funds.

Sec. 31.0212. ALLOTMENT FOR JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a) Entitles a juvenile justice alternative education program operating under Section 37.011, notwithstanding any other provision of this chapter, to receive an allotment under Section 31.0211 to be used in purchasing state-adopted instructional materials as if the program were a school district.

(b) Requires the board, in coordination with the Texas Juvenile Probation Commission, to adopt rules as necessary to administer this section.

SECTION 2E.21. Amends Subchapter B, Chapter 31, Education Code, by amending Subsections 31.022-31.024 and 31.026-31.030 and adding Section 31.0221, as follows:

Sec. 31.022. New heading: INSTRUCTIONAL MATERIALS REVIEW AND ADOPTION CYCLE. (a) Makes a conforming change.

(b) Makes conforming changes.

(c) Requires the board to adopt rules to provide for a full and complete investigation of instructional materials for each subject in the enrichment curriculum on a cycle the board considers appropriate, but not less than every eight years. Makes a conforming change.

(d) Makes conforming changes.

(e) Requires the board to take certain actions in organizing the cycle for review and adoption of instructional materials.

(f) Requires the board by rule, in addition to organizing a review and adoption cycle, to allow an instructional material to be submitted, reviewed, and adopted at a time when the subject or grade level is not scheduled in the cycle to be considered for at least two years, in conformance with the procedures for adoption of other state-adopted instructional materials. Requires the board to place each instructional material submitted under this subsection and adopted under Section 31.024 on an applicable list under Section 31.023.

Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) Requires the board to take certain actions to promote efficiency in the correction of factual errors during the instructional materials review and adoption process.

(b) Requires the publisher of instructional materials proposed for adoption in this state, during the instructional material review and adoption process, to promptly correct any factual errors discovered in the instructional materials. Provides that, for purposes of this section, a factual error includes an objectively verifiable mistake, including an incorrect reference to a date, place, or person, an incorrect computational process or result, or similar incorrect provisions. Provides that a factual error does not include a difference in professional opinion, conclusion, emphasis, or perspective expressed in instructional materials.

(c) Authorizes the board, if it determines that an instructional material proposed for adoption may contain a factual error, to appoint a panel of experts and scholars to evaluate the material for any factual error.

(d) Requires the board to adopt rules authorizing the imposition of an administrative penalty in the manner provided by Section 31.151 against a publisher who knowingly violates Subsection (b). Requires the board, in setting the amount of any penalty to be imposed under this subsection, to consider the

stage of the instructional materials review and adoption process at which the violation occurs and set progressively higher penalties for violations that occur later in the process.

Sec. 31.023. New heading: **LISTS OF STATE-ADOPTED INSTRUCTIONAL MATERIALS**. Makes conforming changes.

Sec. 31.024. **ADOPTION BY STATE BOARD OF EDUCATION**. (a) Requires the board to meet biannually to adopt instructional materials. Makes conforming changes.

(b) Requires the board, not later than December 1 of the year preceding the school year in which the state-adopted instructional materials for a particular subject and grade level will be purchased under the cycle adopted by the board under Section 31.022, to make available the lists of state-adopted instructional materials, including instructional materials under Section 31.022(f) to each school district. Requires each nonconforming list to include certain information.

Sec. 31.026. **CONTRACT; PRICE**. (a) Requires the commissioner, with the assistance of the Department of Information Resources, the board, and the office of the attorney general, to develop model contracts that may be used by school districts for the purchase or licensing of instructional materials under this chapter. Makes a conforming change.

(b) Requires a contract to require the publisher to provide all of the instructional materials required by school districts in this state for the term of the contract. Deletes existing text relating to the contract's coinciding with the board's adoption cycle. Makes a conforming change.

(c) Authorizes the price to decrease if the lowest price paid by another state or another school or school district decreases during the term of the contract. Makes a conforming change.

Sec. 31.027. **INFORMATION TO SCHOOL DISTRICTS; SAMPLE COPIES**. (a) Makes conforming changes.

(b) Requires a publisher to provide at least two sample copies of each state-adopted instructional material to be maintained for at least two years at each regional education service center or an alternate location designated by the applicable service center. Makes a conforming change.

Sec. 31.028. New heading: **SPECIAL INSTRUCTIONAL MATERIALS**. (a) Makes conforming and nonsubstantive changes.

(b) Makes conforming changes.

(c) Makes a conforming change.

(c-1) Requires the board to require electronic instructional materials included on the conforming list and nonconforming list under Section 31.023 to comply with the standards established under Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section 794d), if the materials are for use by students enrolled in certain schools.

(d) Redefines "blind or visually impaired student" and "special instructional materials."

Sec. 31.029. New heading: **BILINGUAL INSTRUCTIONAL MATERIALS**. Requires the board to adopt instructional materials for use in bilingual education classes. Makes a conforming change.

Sec. 31.030. New heading: **USED INSTRUCTIONAL MATERIALS**. Makes conforming changes.

SECTION 2E.22. Amends Section 31.031(b), Education Code, as added by S.B. No. 151, Acts of the 79th Legislature, Regular Session, 2005, require the school district that a student entitled to free textbooks under the pilot project established by Section 54.2161 attends, from the amount set aside by the board under Section 31.021(c) or allocated to a school district under Section 31.0211(a-1), to pay the costs of each textbook the student requires for a course described by Section 54.2161(b)(2).

SECTION 2E.23. Amends Subchapter B, Chapter 31, Education Code, by adding Sections 31.032 and 31.033, as follows:

Sec. 31.032. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL MATERIALS. Authorizes the publisher of a state-adopted electronic instructional material to offer the material to school districts on a subscription basis.

Sec. 31.033. UPDATES. Authorizes the publisher of a state-adopted instructional material to update the instructional material, and a school district or open-enrollment charter school may purchase the update. Requires the board by rule to provide for an expedited review process to determine the extent to which updated instructional material aligns with the essential knowledge and skills adopted by the board under Section 28.002 and does not contain factual errors.

SECTION 2E.24. Amends Section 31.101, Education Code, as follows:

Sec. 31.101. New heading: SELECTION AND PURCHASE OF INSTRUCTIONAL MATERIALS BY SCHOOL DISTRICT. (a) Requires the board of trustees of each school district and the governing body of each open-enrollment charter school, each year, during any period established by the board, to take certain actions relating to instructional materials. Makes conforming changes.

(b) Requires the board of trustees of each school district or the governing body of each open-enrollment charter school to use the instructional materials allotment to purchase instructional materials selected by the board of trustees or the governing body for a subject in the required curriculum.

(c) Authorizes a school district or open-enrollment charter school to purchase an instructional material under Subsection (b) only if the instructional material is purchased not later than the beginning of the second school year that begins after the adoption of the conforming or nonconforming list that includes the instructional material. Provides that this subsection does not apply to certain instructional materials. Deletes existing Subsection (d) relating to the use of textbooks. Makes conforming changes.

SECTION 2E.25. Amends Section 31.102, Education Code, as follows:

Sec. 31.102. TITLE AND CUSTODY. (a) Provides that, except as provided by this subsection, each instructional material purchased by the state as provided by this chapter is the property of this state. Provides that, beginning with the 2007-2008 school year, each instructional material purchased through the instructional materials allotment by a school district or open-enrollment charter school is the property of the district or charter school.

(b) Makes a conforming change.

(c) Makes conforming changes.

(d) Prohibits an open-enrollment charter school from transferring instructional materials unless the transfer is approved by the commissioner. Prohibits the commissioner from approving such a transfer unless the transfer is to another public school of this state.

SECTION 2E.26. Amends Section 31.103, Education Code, as follows:

Sec. 31.103. New heading: INSTRUCTIONAL MATERIALS REQUISITIONS. (a) Requires the superintendent of a school district or the chief operating officer of an open-enrollment charter school to report to the commissioner the district's or school's maximum attendance and anticipated enrollment growth not later than April 25. Makes a nonsubstantive change.

(b) and (c) Deletes existing text relating to the requisition of textbooks. Makes conforming changes.

SECTION 2E.27. Amends Sections 31.104-31.106, Education Code, as follows:

Sec. 31.104. Authorizes the board of trustees of a school district or the governing body of an open-enrollment charter school to delegate to an employee the authority to purchase instructional materials in a certain manner. Makes conforming changes.

Sec. 31.105. New heading: SALE OF INSTRUCTIONAL MATERIALS. Makes conforming changes.

Sec. 31.106. USE OF LOCAL FUNDS. Makes conforming changes.

SECTION 2E.28. Amends the heading to Section 31.151, Education Code, to read as follows:

Sec. 31.151. DUTIES OF PUBLISHERS.

SECTION 2E.29. Amends Sections 31.151(a), (b), and (d), Education Code, as follows:

(a) Sets forth certain requirements applicable to a publisher, rather than a publisher or manufacturer, of instructional materials. Makes conforming changes.

(b) and (d) Makes conforming changes.

SECTION 2E.30. Amends the heading to Section 31.152, Education Code, to read as follows:

Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS.

SECTION 2E.31. Amends Sections 31.152(a), (b), and (d), Education Code, to make conforming changes.

SECTION 2E.32. Amends the heading to Section 31.153, Education Code, to read as follows:

Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS LAW.

SECTION 2E.33. Amends Section 31.153(a), Education Code, to make a conforming change.

SECTION 2E.34. Amends Subchapter E, Chapter 31, Education Code, as follows:

SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS

Sec. 31.201. New heading: DISPOSITION OF INSTRUCTIONAL MATERIALS. Makes conforming changes.

SECTION 2E.35. Amends Section 32.005, Education Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Entitles each school district to an allotment of \$50, rather than \$30, for each student in average daily attendance or a different amount for any year provided by appropriation.

(d) Provides that this subsection expires September 1, 2007.

SECTION 2E.36. Amends Subchapter A, Chapter 32, Education Code, by adding Section 32.006, as follows:

Sec. 32.006. AGREEMENT WITH PUBLIC BROADCASTING STATION. (a) Authorizes the commissioner to enter into an agreement with a public broadcasting station, or a consortium of public broadcasting stations, under which the station or consortium will provide online instructional content and educational materials.

(b) Authorizes the commissioner, from funds appropriated to TEA, under an agreement entered into under Subsection (a), to make instructional materials available through public broadcasting stations for purposes of instruction and professional development and for use in providing adult-based education.

(c) Requires an agreement entered into under Subsection (a), to the extent practicable, to provide access to instructional materials and online content to persons located in all parts of this state.

(d) Authorizes the commissioner, for purposes of providing high-quality online instructional materials under this section, to use federal funds that may be used for those purposes and use unexpended balances of funds appropriated to TEA for educational purposes, including adult education.

SECTION 2E.37. Amends, effective September 1, 2007, Subchapter A, Chapter 32, Education Code, by adding Section 32.007, as follows:

Sec. 32.007. TARGETED TECHNOLOGY PROGRAMS. (a) Requires each school district to use funds designated for targeted technology programs under Section 31.0211(b) in accordance with this section and in a manner consistent with the long-range plan developed by the board under Section 32.001 and the district's own technology plan. Authorizes a school district to use funds from other sources, including grants, donations, and state and federal funds, to provide targeted technology programs.

(b) Requires a targeted technology program to provide for each student and teacher at a targeted campus or grade level on a targeted campus certain assistances.

(c) Requires the Legislative Budget Board (LBB) to conduct a biennial study of the cost of school district targeted technology programs, including the cost of implementing those programs on a statewide basis; and, based on the results of the study, make recommendations to the legislature before the beginning of each regular session of the legislature concerning statewide implementation of targeted technology programs.

(d) Requires LBB and the commissioner, each biennium, to jointly conduct a performance evaluation of school district targeted technology programs.

SECTION 2E.38. Amends Section 32.154, Education Code, as added by Chapter 834, Acts of the 78th Legislature, Regular Session, 2003, by amending Subsection (b) and adding Subsection (a-1), as follows:

(a-1) Requires TEA, in addition to school districts and schools selected before September 1, 2005, for participation in the technology immersion pilot project, to expand the program by selecting for participation in the pilot project for the 2005-2006 and subsequent school years each high school to which a school district regularly assigns students who were enrolled in grade eight during the 2004-2005 school year at a district school participating in the pilot project. Requires TEA to establish criteria for expanding the pilot project under this subsection.

(b) Creates an exception as provided by Subsection (a-1). Makes conforming changes.

SECTION 2E.39. Amends Section 32.156, Education Code, as added by Chapter 1216, Acts of the 78th Legislature, Regular Session, 2003, to make conforming changes.

SECTION 2E.40. Amends Section 32.161(b), Education Code, to make conforming changes.

SECTION 2E.41. Requires the commissioner, from funds appropriated for the Foundation School Program for the state fiscal biennium beginning September 1, 2005, to set aside an amount sufficient to pay the cost of textbooks under Proclamation 2002 issued by the board.

SECTION 2E.42. Makes application of Section 31.0221, Education Code, as added by this part, prospective.

SECTION 2E.43. (a) Provides that this section applies to a contract entered into by the board before January 1, 2005, for the purchase of an adopted instructional material, as that term is defined by Section 31.002, Education Code, as amended by this part, or the purchase or licensing of an electronic instructional material.

(b) Provides that a contract described by Subsection (a) of this section continues in effect as a state contract for the remainder of the contract term, and the former law is continued in effect for that purpose.

PART F. BILINGUAL EDUCATION AND SPECIAL EDUCATION PROGRAMS

SECTION 2F.01. Amends Subchapter B, Chapter 21, Education Code, by adding Sections 21.0485 and 21.0486, as follows:

Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER CERTIFICATION. (a) Requires the commissioner to establish a dual language education teaching certificate to ensure that there are teachers with special training to work with other teachers and with students in a dual language education program.

(b) Requires the commissioner to adopt rules establishing the training requirements, including the minimum academic qualifications, a person must accomplish to obtain a certificate under this section.

(c) Requires the commissioner to adopt rules establishing the requirements for a teacher who receives training in a foreign country to obtain a certificate under this section.

Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION. (a) Requires the commissioner to establish certain certificates to ensure that there are teachers with special training to work with other teachers and with students in order to improve student performance in English and other languages.

(b) Requires the board to issue the appropriate master language teacher certificate to each eligible person.

(c) Requires a person to meet certain criteria to be eligible for a master language teacher certificate.

SECTION 2F.02. Amends Section 21.050(b), Education Code, to authorize the commissioner to adopt rules requiring additional credit hours for certification in bilingual education, dual language instruction, English as a second language, early childhood education, or special education. Makes conforming changes.

SECTION 2F.03. Amends Section 21.054, Education Code, by adding Subsection (c), as follows:

(c) Requires rules adopted under Subsection (a) to permit an educator to fulfill continuing education requirements by acquiring conversational skills in one or more languages other than English and academic language development in the subject area for

which the educator provides instruction. Requires the rules to permit educators to obtain language instruction through a variety of methods, including attendance at workshops offered by qualified entities and enrollment on a noncredit basis in courses offered by public or private colleges and universities.

SECTION 2F.04. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.060, as follows:

Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION. Requires the board, on issuing an educator certificate to an educational aide or renewing such a certificate, to notify the person to whom the certificate is issued of the existence of the educational aide exemption under Section 54.214.

SECTION 2F.05. Amends Section 28.0051, Education Code, by adding Subsection (d), to require the commissioner to provide for the issuance of teaching certificates appropriate for dual language instruction to teachers who meet certain criteria.

SECTION 2F.06. Amends Subchapter A, Chapter 28, Education Code, by adding Section 28.0052, as follows:

Sec. 28.0052. DUAL LANGUAGE EDUCATION PILOT PROJECT. (a) Requires the commissioner to establish a pilot project in school districts selected by the commissioner under which the agency examines dual language education programs and the effect of those programs on a student's ability to graduate from high school.

(b) Requires the commissioner, in selecting school districts under Subsection (a), take certain considerations into account.

(c) Requires the commissioner by rule to require a district to limit activities of the dual language education program during the first year of the program to planning certain activities.

(d) Requires the commissioner, from amounts appropriated to TEA, to award grants to school districts that participate in the program. Requires a grant under this section to be in an amount sufficient to pay the costs to the district of participating in the program, as determined by the commissioner. Provides that a determination of the commissioner under this subsection is final and prohibited from being appealed.

(e) Provides that a school district that applies for the expansion of an existing dual language education program is eligible for a grant under Subsection (d).

(f) Authorizes a school district to use a grant awarded under Subsection (d) for certain costs.

(f-1) Authorizes the commissioner, during the 2005-2006 school year, to award grants to school districts under this section only for the purpose of planning activities described by Subsection (c) in an amount not to exceed two percent of the total amount required to fully implement the pilot project for the 2006-2007 school year. Provides that this subsection expires September 1, 2007.

(g) Prohibits grants under this section from exceeding \$13 million for each biennium.

(h) Requires TEA to report to the legislature describing the agency's activities under the pilot project, the effect of the project on grade-level completion, and the recommendations arising from the project. Requires TEA to submit an interim report under this subsection not later than January 1, 2009, and a final report not later than January 1, 2011.

(i) Provides that this section expires August 1, 2011.

SECTION 2F.07. Amends Section 29.056, Education Code, by amending Subsections (a), (d), and (g), and adding Subsections (g-1) and (i), as follows:

(a) Creates an exception as provided by this subsection. Requires a school district to provide notice to the student's parent that the district intends to transfer the student from the program. Authorizes the district, if the student's parent fails to respond to the notice on or before the 30th day after the date the notice is provided, to transfer the student from the program without the student's parent's approval. Requires the district to inform the student's parent of the student's transfer from the program.

(d) Requires the language proficiency assessment committee, not later than the 20th, rather than the 10th, day after the date of the student's classification as a student of limited English proficiency, to give written notice of the classification to the student's parent.

(g) Authorizes a district to transfer a student of limited English proficiency out of a bilingual education or special language program for the first time or a subsequent time if the student is able to participate equally in a regular all-English instructional program as determined by certain examinations.

(g-1) Authorizes a school district to transfer a student of limited English proficiency who is eligible for special education services under Subchapter A out of a bilingual education or special language program and into a special education program if the language proficiency assessment committee and the student's admission, review, and dismissal committee agree that the student has a learning disability and would be better served in a special education program. Requires the student's admission, review, and dismissal committee to document that the student has a learning disability that cannot be addressed effectively in a bilingual education or special language program and that the student's learning disability is not due to the student's limited English proficiency. Requires the commissioner by rule to adopt criteria for a school district to use in transferring a student under this subsection.

(i) Authorizes a school district, on approval of the student's parent, to allow a student of limited English proficiency who meets the criteria for being transferred out of a bilingual education or special language program to continue participating in the program.

SECTION 2F.08. Amends Subchapter B, Chapter 29, Education Code, by adding Section 29.0561, as follows:

Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS; REENROLLMENT.

(a) Requires the language proficiency assessment committee to reevaluate a student who is transferred out of a bilingual education or special language program under Section 29.056(g) if the student earns a failing grade in a subject in the foundation curriculum under Section 28.002(a)(1) during any grading period in the first two school years after the student is transferred to determine whether the student should be reenrolled in a bilingual education or special language program.

(b) Requires the language proficiency assessment committee, during the first two school years after a student is transferred out of a bilingual education or special language program under Section 29.056(g), to review the student's performance and consider certain information.

(c) Authorizes the language proficiency assessment committee, after an evaluation under this section, to require intensive instruction for the student or reenroll the student in a bilingual education or special language program.

SECTION 2F.09. Amends Subchapter B, Chapter 29, Education Code, by adding Section 29.065, as follows:

Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE PROFICIENCY. Requires the commissioner by rule to develop a longitudinal measure of progress toward English language proficiency under which a student of limited English proficiency is evaluated from the time the student enters public school until, for two consecutive school years, the student scores at a specific level determined by the commissioner on the reading assessment instrument under Section 39.023(a) or the English I or II assessment instrument under Section 39.023(c), as applicable. Requires the commissioner to take certain actions relating the development of the evaluation.

SECTION 2F.10. Requires the commissioner of education, not later than January 1, 2006, to adopt rules: establishing requirements and prescribing an examination for master language teacher certification as required by Section 21.0486, Education Code, as added by this Act; establishing requirements and prescribing an examination for dual language instruction teacher certification as required by Section 21.050(b), Education Code, as amended by this Act, and Section 28.0051(d), Education Code, as added by this Act; and permitting an educator to fulfill continuing education requirements by acquiring conversational skill in a language other than English as required by Section 21.054(c), Education Code, as added by this Act.

PART G. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

SECTION 2G.01. Amends Subchapter D, Chapter 29, Education Code, by adding Section 29.124, as follows:

Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) Defines "public senior college or university."

(b) Provides that a Texas governor's school is a summer residential program for high-achieving high school students. Authorizes a governor's school program to include certain educational curricula.

(c) Authorizes a public senior college or university to apply to the commissioner to administer a Texas governor's school program under this section. Requires the commissioner to give preference to a public senior college or university that applies in cooperation with a nonprofit association. Requires the commissioner to give additional preference if the nonprofit association receives private foundation funds that may be used to finance the program.

(d) Authorizes the commissioner to approve an application under this section only if the applicant meets certain criteria.

(e) Authorizes the commissioner, from funds appropriated for the purpose, to make a grant in an amount not to exceed \$750,000 each year to public senior colleges or universities whose applications are approved under this section to pay the costs of administering a Texas governor's school program.

(f) Authorizes the commissioner to adopt other rules necessary to implement this section.

SECTION 2G.02. Amends Section 39.051, Education Code, by adding Subsection (b-1), as follows:

(b-1) Requires the commissioner, in addition to the indicators adopted under Subsection (b), to adopt certain indicators relating to high academic achievement to be considered in assigning a district an exemplary performance rating under Section 39.072.

SECTION 2G.03. Amends Section 39.053(a), Education Code, to require each board of trustees to publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. Requires the annual report to include information relating to high academic achievement in the district, as determined by the district's performance on the indicators under Section 39.051(b-1). Makes conforming changes.

SECTION 2G.04. (a) Requires TEA, not later than the 2006-2007 school year, to collect information concerning high academic achievement for purposes of Section 39.051(b-1), Education Code, as added by this Act.

(b) Requires TEA, not later than the 2007-2008 school year, to include information concerning high academic achievement for purposes of Section 39.051(b-1), Education Code, as added by this Act, in evaluating the performance of school districts, campuses, and public charter districts under Subchapter D, Chapter 39, Education Code.

(c) Requires TEA, not later than the 2007-2008 school year, to include the information required by Section 39.182(a)(23), Education Code, as amended by this Act, in the agency's comprehensive annual report under Section 39.182, Education Code.

PART H. PREKINDERGARTEN PROGRAMS

SECTION 2H.01. Amends Section 29.1532, Education Code, by adding Subsections (d), (e), and (f), as follows:

(d) Requires a district, before a school district may implement a prekindergarten program, to investigate the possibility of sharing program sites with existing child-care programs licensed by the Department of Family and Protective Services and existing federal Head Start programs and coordinate use of any sites to the greatest extent possible.

(e) Requires a school district to implement to the greatest extent possible coordinated use of licensed child-care and Head Start sites with existing prekindergarten programs.

(f) Authorizes the commissioner to adopt rules relating to the operation of prekindergarten and early childhood care and education programs that receive state funds to foster school readiness in children enrolled in those programs.

PART I. SCHOOL DISCIPLINE

SECTION 2I.01. Amends Chapter 26, Education Code, by adding Section 26.0083, as follows:

Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY ACTION. (a) Entitles a parent to notice from a school district or public charter district as provided by this section if the parent's child is removed from class under Section 37.006 for placement in a disciplinary alternative education program or under Section 37.007 for expulsion or placement in a juvenile justice alternative education program. Requires a school district or public charter district to make a good faith effort to provide the notice required by this subsection on the same day the parent's child is removed from class. Requires a district, if the district fails to provide the notice on that day, to provide or mail the notice not later than 5 p.m. on the first business day after the day the student is removed from class.

(b) Entitles a noncustodial parent who has requested notice of disciplinary actions as provided by Section 37.0091 to notice under Subsection (a).

SECTION 2I.02. Amends Section 37.004, Education Code, by adding Subsections (e) and (f), as follows:

(e) Requires the expulsion under a provision of Section 37.007 described by this subsection of a student with a disability who receives special education services, in a county with a juvenile alternative education program, to occur in accordance with this subsection and Subsection (f). Requires the school district from which the student was expelled to, in accordance with applicable federal law, provide the administrator of the juvenile justice alternative education program or the administrator's designee with reasonable notice of the meeting of the student's admission, review, and dismissal committee to discuss the student's expulsion. Authorizes a representative of the juvenile

justice alternative education program to participate in the meeting to the extent that the meeting relates to the student's placement in the program. Provides that this subsection applies only to certain expulsions.

(f) Requires the administrator or designee, if, after placement of a student in a juvenile justice alternative education program under Subsection (e), the administrator of the program or the administrator's designee has concerns that the student's educational or behavioral needs cannot be met in the program, to immediately provide written notice of those concerns to the school district from which the student was expelled. Requires the student's admission, review and dismissal committee to meet to reconsider the placement of the student in the program. Requires the district, in accordance with applicable federal law, provide the administrator or designee with reasonable notice of the meeting, and representative of the program is authorized to participate in the meeting to the extent that the meeting relates to the student's continued placement in the program.

SECTION 2I.03. Amends Section 37.008, Education Code, by amending Subsections (m) and (m-1) and adding Subsection (n), as follows:

(m) Requires the commissioner, notwithstanding Section 7.028, to adopt rules necessary to evaluate through an annual monitoring process, the performance of each district's disciplinary alternative education program established under this subchapter. Authorizes the monitoring process, rather than the evaluation, required by this section to be electronic and requires it to be based on indicators defined by the commissioner, but requires it to include student performance on assessment instruments required under Section 39.023(a) and at least one indicator that measures student academic progress. Makes conforming changes.

(m-1) Requires TEA to integrate the monitoring process developed under Subsection (m) with the monitoring TEA is authorized to conduct under Section 7.028(a). Authorizes the commissioner to require a school district to contract at the district's expense in the manner provided by Section 39.134 with a public or private service provider for services determined by the commissioner to be necessary to make certain improvements.

(n) Created from existing text. Deletes existing text relating to the commissioner's potential objections to the district's disciplinary alternative education program.

SECTION 2I.04. Amends Sections 37.020(b) and (c), Education Code, as follows:

(b) Requires the district, for each placement in a disciplinary alternative education program established under Section 37.008, to report information indicating whether the student was enrolled in a special education program under Subchapter A, Chapter 29, at the time of placement. Makes conforming changes.

(c) Makes conforming changes.

PART J. CRIMINAL HISTORY RECORDS INFORMATION

SECTION 2J.01. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.0401, as follows:

Sec. 21.0401. **COLLECTION OF FINGERPRINTS REQUIRED.** Requires the commissioner to obtain a complete set of fingerprints from certain persons.

SECTION 2J.02. Amends Section 21.041(c), Education Code, to require the commissioner by rule to set fees to pay for certain costs.

SECTION 2J.03. Amends Section 22.082, Education Code, as follows:

Sec. 22.082. New heading: **ACCESS TO CRIMINAL HISTORY RECORDS BY STATE EDUCATION AUTHORITIES.** (a) Creates subsection from existing text. Requires TEA, rather than the State Board for Educator Certification, to obtain from any

law enforcement or criminal justice agency all state and national criminal history record information that relates to certain persons. Makes conforming and nonsubstantive changes.

(b) Authorizes the Educators' Professional Practices Board to obtain from any law enforcement or criminal justice agency all criminal history record information that relates to a holder of a certificate issued under Subchapter B, Chapter 21.

(c) Requires TEA to require each applicant, holder, and person described by Subsection (a)(2) to pay any costs to TEA related to obtaining criminal history record information related to the person under this section.

SECTION 2J.04. Amends Section 22.083(d), Education Code, as follows:

(d) Requires the superintendent of a district or the director of a public charter district, rather than an open-enrollment charter school, a private school, regional education service center, or shared services arrangement to promptly notify the Educators' Professional Practices Board (EPPB), rather than the State Board for Educator Certification, in writing if the person obtains or has knowledge of information showing that an applicant for or holder of a certificate issued under Subchapter B, Chapter 21, has a reported criminal history. Requires EPPB to notify the commissioner of the reported criminal history. Makes conforming changes.

SECTION 2J.05. Amends Sections 22.085 and 22.086, Education Code, to make conforming changes.

SECTION 2J.06. Amends Section 411.090, Government Code, as follows:

Sec. 411.090. New heading: ACCESS TO CRIMINAL HISTORY RECORD INFORMATION AND FINGERPRINTS; STATE EDUCATIONAL AUTHORITIES.

(a) Entitles TEA, rather than the State Board for Educator Certification, to obtain from the Department of Public Safety (department) any criminal history record information maintained by the department about certain persons. Makes conforming changes.

(b) Sets forth certain provisions relating to criminal history record information obtained by TEA under Subsection (a).

(c) Authorizes TEA to keep on file with the department all fingerprints obtained by the agency under Section 21.0401, Education Code. Requires the department to notify TEA of the arrest of any person who has fingerprints on file with the department pursuant to that section.

(d) Requires TEA, on receipt of notice from the department of an arrest of a person described by Section 11A.153 or 21.0032, Education Code, to notify the public charter district affected.

PART K. HEALTH AND SAFETY

SECTION 2K.01. Amends Chapter 34, Education Code, by adding Section 34.012, as follows:

Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) Authorizes a person to offer to donate safety or lap belts or money for the purchase of safety or lap belts for a school district's school buses.

(b) Requires the board of trustees of a school district to consider any offer made by a person under Subsection (a). Authorizes the board of trustees to accept or decline the offer after adequate consideration.

(c) Authorizes the board of trustees to acknowledge a person who donates safety or lap belts or money for the purchase of safety or lap belts for a school bus under this section by displaying a small, discreet sign on the side or back of the bus

recognizing the person who made the donation. Prohibits the sign from serving as an advertisement for the person who made the donation.

SECTION 2K.02. Amends the heading to Section 38.015, Education Code, to read as follows:

Sec. 38.015. SELF-ADMINISTRATION OF PRESCRIPTION ASTHMA OR ANAPHYLAXIS MEDICINE BY STUDENTS.

SECTION 2K.03. Amends Sections 38.015(a) and (b), Education Code, as follows:

(a) Redefines "self-administration of prescription asthma or anaphylaxis medicine."

(b) Provides that a student with asthma or anaphylaxis is entitled to possess and self-administer prescription asthma or anaphylaxis medicine while on school property or at a school-related event or activity if the student has demonstrated to the student's physician or other licensed health care provider and the school nurse, if available, the skill level necessary to self-administer the prescription medication, including the use of any device required to administer the medication. Redesignates Subdivisions (2) and (3) as Subdivisions (3) and (4). Makes conforming changes.

PART L. SCHOOL SAFETY

SECTION 2L.01. Amends Chapter 33, Education Code, by adding Subchapter F, as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. Provides that this subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League (UIL) regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) Requires the commissioner of education (commissioner) by rule to develop and adopt a safety training program (program) as provided by this section. Authorizes the commissioner, in developing the program, to use materials available from the American Red Cross or another appropriate entity.

(b) Requires certain persons to satisfactorily complete the program.

(c) Sets forth what the training program must include.

(d) Requires a student participating in an extracurricular athletic activity to receive training related to certain information.

(e) Authorizes the program and the training under Subsection (d) to each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) Provides that a physician who is employed by a school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Requires each student participating in an extracurricular athletic activity to complete the UIL forms entitled "Preparticipation Physical Evaluation-Medical History" and "Acknowledgement of Rules." Requires each form to be signed by both the student and the student's parent or guardian.

(b) Requires each form described by Subsection (a) to clearly state that failure to accurately and truthfully answer all questions on a form required by statute or by the UIL as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by the UIL.

(c) Requires the "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) to contain certain language.

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. Prohibits a coach, trainer, or sponsor for an extracurricular activity from encouraging or permitting a student participating in the activity to engage in any unreasonably dangerously athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) Requires a coach, trainer, or sponsor for an extracurricular activity, at each athletic practice or competition to ensure that certain precautions are taken.

(b) Prohibits the student, if the student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, from taking certain actions.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) Requires a school, on request, to make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) Requires the superintendent of a school district or the director of a school subject to this subchapter to maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) Requires a school campus that is determined by the school's superintendent or director to not be in compliance with Section 33.202, 33.204, or 33.205 to discontinue all extracurricular athletic activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. (a) Requires the commissioner to maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Requires each school that offers an extracurricular athletic activity to prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. (a) Requires a school that offers an extracurricular athletic activity to provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the UIL's parent information manual.

(b) Authorizes a document required to be provided under this section to be provided in an electronic format unless otherwise requested by a student, parent, or guardian.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. Requires UIL to incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. Provides that an action taken under this subchapter is not considered to be a ministerial act for purposes of immunity from liability under Section 22.0511 (Immunity From Liability).

SECTION 2L.02. Amends Subchapter D, Chapter 33, Education Code, by adding Section 33.088, as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Requires TEA and UIL, using existing funds and other resources available for the purpose, to jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001 (Definition), Health and Safety Code, for use by UIL member schools, and the possibility of receiving a bulk discount on such purchases.

(b) Requires TEA and UIL, not later than June 1, 2006, to submit a report describing the findings of the investigation to the legislature.

(c) Provides that this section expires July 1, 2006.

ARTICLE 3. CONFORMING AMENDMENTS

SECTION 3.01. Amends Section 7.024(a), Education Code, to make a conforming change.

SECTION 3.02. Amends Section 7.055(b)(34), Education Code, to require the commissioner to perform duties in connection with equalization actions, rather than the equalized wealth level, under Chapter 41. Makes a conforming change.

SECTION 3.03. Amends Section 11.158(a), Education Code, to authorize the board of trustees of an independent school district to require payment of certain costs.

SECTION 3.04. Amends Section 12.013(b), Education Code, to provide that a home-rule school district is subject to certain provisions. Makes conforming changes.

SECTION 3.05. Amends Section 13.054(f), Education Code, to make conforming changes.

SECTION 3.06. Amends Sections 13.282(a) and (b), Education Code, to make conforming changes.

SECTION 3.07. Amends Section 21.410(h), Education Code, to make a conforming change.

SECTION 3.08. Amends Section 21.411(h), Education Code, to make a conforming change.

SECTION 3.09. Amends Section 21.412(h), Education Code, to make a conforming change.

SECTION 3.10. Amends Section 21.413(h), Education Code, as renumbered by Section 23.001(12), H.B. No. 2018, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 3.11. Amends Section 21.453(b), Education Code, to make a conforming change.

SECTION 3.12. Amends Section 22.004(c), Education Code, as amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 3.13. Amends Section 29.008(b), Education Code, to make conforming changes.

SECTION 3.14. Amends Section 29.014(d), Education Code, to provide that the accreditation allotment for a student enrolled in a district to which this section applies is adjusted by any other appropriate factor adopted by the commissioner. Makes a conforming change.

SECTION 3.15. Amends Section 29.087(j), Education Code, to make a conforming change.

SECTION 3.16. Amends Section 29.161(a), Education Code, as added by S.B. No. 23, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 3.17. Amends Section 29.202(a), Education Code, to make a conforming change.

SECTION 3.18. Amends Section 29.203(b), Education Code, to delete existing text relating to a school district's entitlement based on certain factors. Makes a conforming change.

SECTION 3.19. Amends Section 33.002(a), Education Code, to make a conforming change.

SECTION 3.20. Amends Section 34.002(c), Education Code, to make a conforming change.

SECTION 3.21. Amends Section 37.0061, Education Code, to delete existing text relating to the appropriate actions of certain districts regarding the transfer of certain students to juvenile facilities.

SECTION 3.22. Amends Section 39.031, Education Code, as follows:

Sec. 39.0031. COST. (a) Requires the commissioner to set aside an appropriate amount from the Foundation School Program to pay the cost of preparing, administering, or grading the assessment instruments and the cost of releasing the question and answer keys under Section 39.023(e). Deletes existing text relating to the payment of costs described in this subsection.

(b) Requires the commissioner, after setting aside an appropriate amount in accordance with this section, to reduce each district's tier one allotments proportionately. Provides that a reduction in tier one allotments under this subsection does not affect the computation of the guaranteed amount of revenue per student per cent of tax effort under Section 42.252.

(c) Requires any amount set aside under this section to be approved by LBB and the governor's office of budget, planning, and policy.

SECTION 3.23. Amends Section 43.002(b), Education Code, to make conforming changes.

SECTION 3.24. Amends Section 44.004, Education Code, by amending Subsections (b), (e), and (i) and adding Subsections (b-1) and (b-2), as follows:

(b) Creates an exception to this subsection as provided by Subsection (b-2).

(b-1) Prohibits the notice of the public meeting to discuss and adopt the budget and the proposed tax from being smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and requires the headline on the notice to be in 18-point or larger type.

(b-2) Authorizes a school district, instead of publishing notice in the manner prescribed by Subsection (b), to publish the required notice on its Internet website not earlier than the 30th day or later than the 10th day before the date of the hearing. Requires a school district that publishes notice under this subsection to have a link on its Internet website that is clearly identified as the link to the public notice for the budget and proposed tax rate meeting.

(e) Makes a conforming change.

(i) Makes a nonsubstantive change.

SECTION 3.25. Amends Section 46.003(a), Education Code, to make conforming changes.

SECTION 3.26. Amends Section 46.006(g), Education Code, to make a conforming change.

SECTION 3.27. Amends Sections 46.009(b), (e), and (f), Education Code, to make conforming changes.

SECTION 3.28. Amends Section 46.013, Education Code, to make a conforming change.

SECTION 3.29. Amends Section 46.032(a), Education Code, to make conforming changes.

SECTION 3.30. Amends Section 46.037, Education Code, to make a conforming change.

SECTION 3.31. Amends Section 56.208, Education Code, to delete existing text relating to funds described in this section. Makes conforming changes.

SECTION 3.32. Amends Section 105.301(e), Education Code, to make a conforming change.

SECTION 3.33. Amends Section 317.005(f), Government Code, to make conforming changes.

SECTION 3.34. Amends Section 403.093(d), Government Code, to make conforming changes.

SECTION 3.35. Amends Section 403.302(k), Government Code, to make a conforming change.

SECTION 3.36. Amends Section 404.121(1), Government Code, to make a conforming change.

SECTION 3.37. Amends Section 466.355(c), Government Code, to make conforming changes.

SECTION 3.38. Amends Section 822.201(c), Government Code, as amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th Legislature, Regular Session, 2005, to set forth certain costs that are excluded from salary and wages.

SECTION 3.39. Amends Section 2175.304(c), Government Code, to make conforming changes.

SECTION 3.40. Amends Section 1579.251, Insurance Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Requires the state contribution to be distributed through the school finance formulas under Chapters 41 and 42, Education Code, and used by school districts and charter schools to pay contributions under a group health coverage plan for employees.

(c) Entitles a school district or charter school that does not participate in the program to state assistance computed and distributed as provided by Subsection (a). Requires state funds received under this subsection to be used to pay for employee health coverage.

SECTION 3.41. Amends Section 1581.702, Insurance Code, as amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th Legislature, Regular Session, 2005, to require the state to provide additional support for a school district to which this section applies in an amount computed by multiplying the total amount of supplemental compensation that district employees would have received under Chapter 1580, as it existed on January 1, 2005, by 0.062.

SECTION 3.42. Amends Section 302.006(c), Labor Code, to make a conforming change.

SECTION 3.43. Amends Section 6.02(b), Tax Code, to delete existing text relating to the choice of a school district to participate in a single appraisal district and resulting actions.

SECTION 3.44. Amends Section 21.02(a), Tax Code, to make conforming changes.

SECTION 3.45. Amends Section 313.029, Tax Code, to prohibit the governing body of the school district, if the governing body of a school district grants an application for a limitation on appraised value under this subchapter, for each of the first two tax years that begins after the date the application is approved, from adopting a tax rate that exceeds the school district's rollback tax rate under Section 26.08 (Right to Full Information Concerning Student), if applicable, for that year.

ARTICLE 4. CHARTER SCHOOLS

SECTION 4.01. (a) Repealer: Subchapter D (Open-enrollment Charter School), Chapter 12, Education Code, effective August 1, 2006.

(b) Requires each open-enrollment charter school operating or holding a charter to operate on August 1, 2006, to be dissolved in accordance with Subchapter J, Chapter 11A, Education Code, as added by this Act, except as provided by Section 11A1041.

SECTION 4.02. Amends Subtitle C, Title 2, Education Code, by adding Chapter 11A, as follows:

CHARTER 11A. PUBLIC CHARTER DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11A.001. DEFINITIONS. Defines "charter holder," "governing body of a charter holder," "governing body of a public charter district," "management company," "management services," and "officer of a public charter district."

Sec. 11A.002. AUTHORIZATION. (a) Authorizes the State Board of Education, in accordance with this chapter, to grant a charter on the application of an eligible entity for a public charter district to operate in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. Defines "eligible entity."

(b) Authorizes the State Board of Education to grant a charter for a public charter district only to an applicant that meets all financial, governing, and operational standards adopted by the commissioner under this chapter.

(c) Prohibits the State Board of Education from granting more than a total of 215 charters for public charter districts.

(d) Prohibits an educator employed by a school district before the effective date of a charter for a public charter district operated at a school district facility from being transferred to or employed by the public charter district over the educator's objection.

Sec. 11A.003. AUTHORITY UNDER CHARTER. Sets forth the authority under a public charter district.

Sec. 11A.004. STATUS. Provides that a public charter district or campus is part of the public school system of this state.

Sec. 11A.005. IMMUNITY FROM LIABILITY. Provides that in matters related to operation of a public charter district, a public charter district is immune from liability to the same extent as a school district, and its employees and volunteers are immune from liability to the same extent as school district employees and volunteers. Provides that a member of the governing body of a public charter district or of a charter holder is immune from liability to the same extent as a school district trustee, except as provided by Section 11A.154.

Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL. Provides that a reference in law to an open-enrollment charter school means a public charter district or public charter campus, as applicable.

[Reserves Sections 11A.007-11A.050 for expansion.]

SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Provides that a public charter district is subject to federal and state laws and rules governing public schools and to municipal zoning ordinances governing public schools, except as provided by Subsection (b) or (c).

(b) Provides that a public charter district is subject to this code and rules adopted under this code only to the extent the applicability to a public charter district of a provision of this code or a rule adopted under this code is specifically provided.

(c) Provides that a campus of a public charter district located in whole or in part in a municipality with a population of 20,000 or less is not subject to a municipal zoning ordinance governing public schools, notwithstanding Subsection (a).

Sec. 11A.052. APPLICABILITY OF TITLE. (a) Provides that a public charter district has the powers granted to schools under this title.

(b) Provides that a public charter district is subject to a certain provision, and to a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to certain policies, programs, assessments, and procedures.

(c) Provides that a public charter district is entitled to the same level of services provided to school districts by regional education service centers. Requires the commissioner to adopt rules that provide for the representation of public charter districts on the boards of directors of regional education service centers.

(d) Authorizes the commissioner to by rule permit a public charter district to voluntarily participate in any state program available to school districts, including a purchasing program, if the public charter district complies with all terms of the program.

Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC INFORMATION LAWS. (a) Provides that with respect to the operation of a public charter district, the governing body of a charter holder and the governing body of a public charter district are considered to be governmental bodies for purposes of Chapters 551 (Open Meeting) and 552 (Public Information), Government Code.

(b) Provides that with respect to the operation of a public charter district, any requirement in Chapter 551 or 552, Government Code, that applies to a school district, the board of trustees of a school district, or public school students applies to a public charter district, the governing body of a charter holder, the governing body of a public charter district, or students in attendance at a public charter district campus.

Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL GOVERNMENT RECORDS. (a) Provides that with respect to the operation of a public charter district, a public charter district is considered to be a local government for purposes of Subtitle C, Title 6, Local Government Code, and Subchapter J (Preservation and Management of Local Government Records), Chapter 441, Government Code.

(b) Provides that records of a public charter district, a charter holder, or a management company that relate to a public charter district are government records for all purposes under state law.

(c) Requires any requirement in Subtitle C, Title 6, Local Government Code, or Subchapter J, Chapter 441, Government Code, that applies to a school district, the board of trustees of a school district, or an officer or employee of a school district to apply to a public charter district or management company, the governing body of a charter holder, the governing body of a public charter district, or an officer or employee of a public charter district or management company except that the records of a public charter district or management company that ceases to operate are to be transferred in the manner prescribed by Subsection (d).

(d) Requires the records of a public charter district or management company that ceases to operate to be transferred in the manner specified by the commissioner to

a custodian designated by the commissioner. Authorizes the commissioner to designate any appropriate entity to serve as custodian, including the agency, a regional education service center, or a school district. Requires the commissioner, in designating a custodian, to ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of maintaining the records, making the records accessible to certain persons, and complying with state or federal law restricting access to the records.

(e) Authorizes the commissioner, if the charter holder of a public charter district that ceases to operate or an officer or employee of the district or a management company refuses to transfer school records in the manner specified by the commissioner under Subsection (d), to ask the attorney general to petition a court for recovery of the records. Requires the court, if the court grants the petition, to award attorney's fees and court costs to the state.

(f) Provides that a record described by this section is a public school record for certain purposes.

Sec. 11A.055. **APPLICABILITY OF LAWS RELATING TO PUBLIC PURCHASING AND CONTRACTING.** (a) Provides that this section applies to a public charter district unless the district's charter otherwise describes procedures for purchasing and contracting and the procedures are approved by the State Board of Education.

(b) Provides that a public charter district is considered to be certain entities for certain purposes.

(c) Provides that to the extent consistent with this section, a requirement in a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

Sec. 11A.056. **APPLICABILITY OF LAWS RELATING TO CONFLICT OF INTEREST.** (a) Provides that a member of the governing body of a charter holder, a member of the governing body of a public charter district, or an officer of a public charter district is considered to be a local public official for certain purposes of the Local Government Code. Provides for those certain purposes.

(b) Provides that to the extent consistent with this section, a requirement of a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

(c) Authorizes an employee who is not a teacher to serve as a member of the governing body of a charter holder or the governing body of a public charter district if there are certain circumstances.

(d) Prohibits the individual, if under Subsection (c) an individual continues to be employed and serve as a member of the governing body, from participating in any deliberation or voting on certain issues. Prohibits the individual from hearing, considering, or acting on any grievance or complaint concerning the individual or a matter with which the individual has dealt in the individual's capacity as an employee.

Sec. 11A.057. **APPLICABILITY OF NEPOTISM LAWS.** (a) Provides that a public charter district, including the governing body of a public charter district and any district employee with final authority to hire a district employee, is subject to a prohibition, restriction, or requirement, as applicable, imposed by state law or by a rule adopted under state law, relating to nepotism under Chapter 573 (Degrees of Relationship; Nepotism Prohibitions), Government Code.

(b) Prohibits a member of the governing body of a charter holder or public charter district from being related in the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to another member of the governing body of the charter holder or public charter district, notwithstanding Subsection (a).

(c) Provides that this section does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if there are certain circumstances.

(d) Prohibits the public official to whom the individual is related in a prohibited degree if, under Subsection (c), an individual continues to be employed or serve in a position, from participating in certain matters.

[Reserves Sections 11A.058-11A.100 for expansion.]

SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

Sec. 11A.101. APPLICATION. (a) Requires the State Board of Education to adopt a certain application form and procedure, and certain criteria.

(b) Requires the application form to provide for including the information required under Section 11A.103 to be contained in a charter.

(c) Authorizes the State Board of Education to approve or deny an application based on criteria it adopts and on financial, governing, and operational standards adopted by the commissioner under this chapter. Requires the criteria the board adopts to include certain criteria relating to certain issues.

(d) Prohibits a public charter district from beginning to operate under this chapter unless the commissioner has certified that the applicant has acceptable administrative and accounting systems and procedures in place for the operation of the proposed public charter district.

Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. Requires the commissioner by rule to adopt a procedure for providing notice to each member of the legislature that represents the geographic area to be served by the proposed public charter district, as determined by the commissioner, on receipt by the State Board of Education of an application for a charter for a public charter district under Section 11A.101.

Sec. 11A.103. CONTENT. (a) Requires each charter granted under this chapter to meet certain requirements.

(b) Requires a charter holder of a public charter district to consider including in the district's charter a requirement that the district develop and administer personal graduation plans under Section 28.0212 (Finality of Grade).

(c) Prohibits the terms of a charter from including plans for future increases in student enrollment, grade levels, campuses, or geographical area, with certain exceptions.

Sec. 11A.104. FORM. Requires a charter for a public charter district to be in the form of a license issued by the State Board of Education to the charter holder.

Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN ENTITIES. (a) Requires the commissioner to immediately grant a charter under this chapter to certain entities on or before August 1, 2006, notwithstanding Section 11A.101.

(b) Provides that assessment instrument results for fewer than five students are not considered for purposes of Subsection (a)(1)(B) or (C).

- (c) Requires the commissioner to determine which entities are eligible for a charter under this section as soon as practicable.
- (d) Requires the content and terms of a charter granted to an eligible entity under this section to be the same as those under which the entity operated under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2005, except that where the terms conflict with this chapter, this chapter prevails.
- (e) Prohibits an eligible entity holding multiple charters prior to January 1, 2005, from combining those charters into one charter for a public charter district but requires the entity to retain each of those charters which count towards the limit imposed under Section 11A.002(c).
- (f) Provides that Section 11A.157 does not apply to an entity granted a charter under this section.
- (g) Provides that a decision of the commissioner under this section is not subject to a hearing or an appeal to a district court.
- (h) Provides that this section expires January 1, 2008.

Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE. (a) Provides that for purposes of Section 11A.1041(a), the commissioner is required to compute the percentage of students who performed satisfactorily on an assessment instrument in a manner consistent with this section.

- (b) Authorizes the commissioner to only consider the performance of a student who was enrolled as of the date for reporting enrollment for the fall semester under the Public Education Information Management System (PEIMS).
- (c) Requires the commissioner, in computing performance under this section, to follow certain procedures.
- (d) Requires the commissioner, to the extent consistent with this section, to use the methodology used to compute passing rates for reading and mathematics assessment instruments for purposes of determining accountability ratings under Chapter 39 for the 2004-2005 school year as provided by 19 T.A.C. Section 97.1002.
- (e) Provides that this section expires January 1, 2008.

Sec. 11A.105. CHARTER GRANTED. Requires each charter the board grants for a public charter district to satisfy this chapter and include certain information.

Sec. 11A.106. REVISION. (a) Authorizes a revision of a charter of a public charter district to be made only with the approval of the commissioner.

- (b) Authorizes a public charter district, not more than once each year, to request approval to revise the maximum student enrollment described by the district's charter.
- (c) Prohibits the commissioner from approving a charter revision that increases a public charter district's enrollment, increases the grade levels offered, increases the number of campuses, or changes the boundaries of the geographic area served by the program unless the commissioner makes certain determinations.
- (d) Requires the commissioner, in making a determination under Subsection (c)(6), to review all available information relating to the charter holder.
- (e) Prohibits the commissioner from approving a charter revision that proposes certain increases.

(f) Authorizes the commissioner to approve a charter revision authorizing a public charter district to serve students in a geographical area that is not contiguous with the existing boundaries of the district, but prohibits the approval of a statewide geographical boundary.

Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. (a) Authorizes the commissioner to modify, place on probation, or revoke the charter of a public charter district if the commissioner determines under Section 11A.108 that the charter holder committed certain violations or failed to meet certain requirements.

(b) Requires the commissioner to revoke the charter of a public charter district without a hearing if certain conditions are present.

(c) Provides that a revocation under Subsection (b)(1) is effective on January 1 following the school year in which the public charter district received a second unacceptable rating.

Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. (a) Requires the commissioner to adopt a procedure to be used for modifying, placing on probation, or revoking the charter of a public charter district under Section 11A.107(a).

(b) Requires the procedure adopted under Subsection (a) to provide an opportunity for a hearing to the charter holder.

Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. Authorizes a charter holder to appeal a modification, placement on probation, or revocation under this subchapter only in the manner provided by the applicable procedures adopted by the commissioner under Section 11A.108. Prohibits the charter holder from otherwise appealing to the commissioner and from appealing to a district court.

Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER. Prohibits the district from continuing to operate under this chapter or receiving state funds under this chapter if the commissioner revokes a charter of a public charter district, if a district is ordered closed under Chapter 39, or if a public charter district surrenders its charter.

[Reserves Sections 11A.111-11A.150 for expansion.]

SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND MANAGEMENT COMPANIES

Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT. Provides that the governing body of a charter holder is responsible for the management, operation, and accountability of the public charter district, regardless of whether the governing body delegates the governing body's powers and duties to another person.

Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER HOLDER. Requires the governing body of a charter holder to be composed of at least five members.

Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS OFFICER OR EMPLOYEE. (a) Prohibits a person, except as provided by Subsection (b), from serving as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the person meets certain criteria.

(b) Authorizes a person who has been convicted of an offense described by Subsection (a)(1), (2), or (3) to serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the commissioner determines that the person is fit to serve in that capacity. Requires the commissioner to take certain considerations into account in making a determination under this subsection.

(c) Provides that, for purposes of Subsection (a)(4), a person has a substantial interest in a management company if the person or a relative within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, meets certain criteria.

Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Requires the attorney general, notwithstanding the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), Chapter 22, Business Organizations Code, or other law, on request of the commissioner, to bring suit against a member of the governing body of a charter holder for breach of a fiduciary duty by the member, including misapplication of public funds.

(b) Authorizes the attorney general to bring suit under Subsection (a) for damages, injunctive relief, or any other equitable remedy determined to be appropriate by the court.

(c) Provides that this section is cumulative of all other remedies.

Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Requires the commissioner to adopt rules prescribing training for members of governing bodies of charter holders.

(b) Authorizes the rules adopted under Subsection (a) to serve certain functions.

Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) Requires a charter holder to file with the board a copy of its articles of incorporation and bylaws, or comparable documents if the charter holder does not have articles of incorporation or bylaws, within the period and in the manner prescribed by the board.

(b) Requires each public charter district to file annually with the commissioner certain information in a form prescribed by the commissioner.

Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. Requires the charter holder, during a public charter district's first year of operation, to submit quarterly financial reports to the commissioner. Requires the commissioner by rule to determine the form and content of the financial reports under this section.

Sec. 11A.158. PEIMS INFORMATION. Requires the governing body of a public charter district to comply with Section 42.006.

Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) Provides that a management company that provides management services to a public charter district is liable for damages incurred by the state or a school district as a result of the failure of the company to comply with its contractual or other legal obligation to provide services to the district.

(b) Authorizes the attorney general, on request of the commissioner, to bring suit on behalf of the state against a management company liable under Subsection (a) for certain costs.

(c) Provides that this section is cumulative of all other remedies and does not affect certain liabilities.

Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED. (a) Prohibits the charter holder or the governing body of a public charter district from accepting a loan from a management company that has a contract to provide management services to certain entities.

(b) Prohibits a charter holder or the governing body of a public charter district that accepts a loan from a management company from entering into a contract with that management company to provide management services to the district.

Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Requires any contract, including a contract renewal, between a public charter district and a management company proposing to provide management services to the district to require the management company to maintain all records related to the management services separately from any other records of the management company.

Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS PROHIBITED. Authorizes the commissioner to prohibit, deny renewal of, suspend, or revoke a contract between a public charter district and a management company providing management services to the district if the commissioner determines that the management company has failed to meet certain criteria.

[Reserves Sections 11A.163-11A.200 for expansion.]

SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

Sec. 11A.201. STATE FUNDING. (a) Entitles a charter holder, to the extent consistent with Subsection (c), to receive for the public charter district funding under Chapter 42 as if the public charter district were a school district without a local share for purposes of Section 42.306 and without any local revenue ("LR") for purposes of Section 42.252. Provides that in determining funding for a public charter district, adjustments under Sections 42.301, 42.302, and 42.303 and the district enrichment tax rate ("DTR") under Section 42.252 are based on the average adjustment and average district enrichment tax rate for the state.

(a-1) Entitles an entity granted a charter under Section 11A.1041, notwithstanding Subsection (a), to receive funding for each student in weighted average daily attendance in an amount equal to the greater of the amount determined under Subsection (a) or the amount to which the entity was entitled for the 2003-2004 or 2004-2005 school year, as determined by the commissioner. Provides that a determination of the commissioner under this subsection is final and not subject to appeal. Provides that this subsection expires September 1, 2013.

(b) Entitles a public charter district, to the extent consistent with Subsection (c), to funds that are available to school districts from TEA or the commissioner, including grants and other discretionary funding and any teacher incentive payments under Chapter 42 (Foundation School Program), unless the statute authorizing the funding explicitly provides that a public charter district is not entitled to the funding.

(c) Entitles a charter holder to receive for a public charter district funding under this section only if the holder performs certain actions.

(d) Requires the commissioner to suspend the funding of a charter holder that fails to comply with Subsection (c) until the commissioner determines that the charter holder is in compliance or has cured any noncompliance and has adopted adequate procedures to prevent future noncompliance.

(e) Authorizes the commissioner to adopt rules to provide and account for state funding of public charter districts under this section. Authorizes a rule adopted under this section to be similar to a provision of this code that is not similar to

Section 11A.052(b) if the commissioner determines that the rule is related to financing of public charter districts and is necessary or prudent to provide or account for state funds.

Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF SALARIES. (a) Provides that this section applies only to a charter holder that on January 1, 2005, operated an open-enrollment charter school under former Subchapter D, Chapter 12, and participated in the program under Chapter 1579, Insurance Code.

(b) Provides that in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder is entitled to state aid in an amount, as determined by the commissioner, equal to the product of \$1,000 multiplied by the number of classroom teachers, full-time librarians, and full-time counselors certified under Subchapter B (Certification of Educators), Chapter 21, and full-time school nurses appropriately licensed under Chapter 301 (Nurses), Occupations Code, who are employed by the charter holder at a public charter district.

Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) Defines "instructional facility."

(b) Provides that a charter holder is initially eligible for instructional facilities allotments in accordance with this section if certain conditions are satisfied.

(b-1) Provides that a charter holder is eligible for instructional facilities allotments for the 2006-2007 school year in accordance with this section if any campus of a public charter district for which the charter holder has been granted a license has been rated exemplary or recognized under Subchapter D (Accreditation Status), Chapter 39, for at least two of the 2003-2004, 2004-2005, and 2005-2006 school years, notwithstanding Subsection (b).

(b-2) Provides that Subsection (b-1) and this subsection expire September 1, 2007.

(c) Provides that once a public charter district satisfies the initial eligibility requirements under Subsection (b) and receives an allotment under this section, the district continues to remain eligible until the district receives an accountability rating of unacceptable under Subchapter D (Accreditation Status), Chapter 39, at which point the district is again subject to the eligibility requirements of Subsection (b).

(d) Requires the commissioner annually to review the eligibility of a public charter district campus for purposes of this section.

(e) Provides that a charter holder is entitled to an annual allotment in an amount determined by the commissioner, not to exceed a certain amount, for each student in average daily attendance during the preceding year at a campus of a public charter district that is eligible for an allotment under this section, except as otherwise provided by this section.

(f) Authorizes a charter holder who receives funds under this section to use those funds only in a certain manner.

(g) Provides that a decision of the commissioner under Subsection (e) is final and is prohibited from being appealed.

(h) Requires the commissioner to by rule establish procedures to ensure that funds a charter holder claims to be using for certain purposes are being used in that manner.

Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Provides that funds received under Section 11A.201 or 11A.202 by a charter school may be used and managed in a certain manner.

(b) Authorizes funds deposited under Subsection (a)(4) to be directly deposited into an account controlled by a bond trustee acting for the charter holder pursuant to a bond indenture agreement requiring direct deposit.

(c) Requires the commissioner to adopt rules for identifying public funds in accordance with Subsection (a).

(d) Authorizes the commissioner to bring action in district court in Travis County for injunctive or other relief to enforce this section. Requires the court, in identifying public funds held by a charter holder, to use the criteria adopted by the commissioner under Subsection (c). Requires the court to enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of the students of a public charter district, except as otherwise provided by this subsection. Requires the court, in the case of a public charter district that has ceased to operate, to enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of this state.

Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Requires each bank selected as a school depository and the charter holder to enter into a depository contract, bond, or other necessary instrument setting forth the duties and agreements pertaining to the State Board of Education.

(b) Requires the depository bank to attach to the contract and file with the charter holder a bond in an initial amount equal to the estimated highest daily balance, determined by the charter holder, of all deposits that the charter holder will have in the depository during the term of the contract, less any applicable Federal Deposit Insurance Corporation insurance. Requires the bond to be payable to the charter and to be signed by certain entities. Requires the depository bank to increase the amount of the bond if the charter holder determines the increase is necessary to adequately protect the funds of the charter holder deposited with the depository bank.

(c) Requires the bond to be conditioned on certain factors.

(d) Requires a bond and the surety on the bond to be approved by the charter holder. Prohibits a premium on the depository bond from being paid out of charter holder funds related to operation of the public charter district.

(e) Requires the charter holder to file a copy of the depository contract and bond with the agency.

(f) Authorizes the depository bank, instead of the bond required under Subsection (b), to deposit or pledge, with the charter holder or with a trustee designated by the charter holder, approved securities as defined by a certain section of the Education Code, in an amount sufficient to adequately protect the funds of the charter holder deposited with the depository bank. Authorizes a depository bank to give a bond and deposit or pledge approved securities in an certain amount. Requires the charter holder periodically designate the amount of approved securities or the aggregate amount of the bond and approved securities necessary to adequately protect the charter holder. Prohibits the charter holder from designating a certain amount. Authorizes the depository bank to substitute approved securities on obtaining the approval of the charter holder. Provides that for purposes of this subsection, the approved securities are valued at their market value.

Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. Provides that a charter holder who accepts state funds under Section 11A.201 or 11A.202 agrees to be subject to all requirements, prohibitions, and sanctions authorized under this chapter.

Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE FUNDS. (a) Provides that property purchased or leased with funds received by a charter holder under Section 11A.201 or 11A.202 is to be used for certain purposes.

(b) Requires the commissioner to manage and supervise certain property in a certain manner.

(c) Provides that this section does not affect the priority of a security interest in or lien on property established by a creditor in compliance with law if the security interest or lien arose in connection with the sale or lease of the property to the charter holder.

(d) Requires the commissioner to adopt rules for identifying public property in accordance with Subsection (a).

(e) Authorizes the commissioner to bring an action in district court in Travis County for injunctive or other relief to enforce this section. Requires the court, in identifying public property held by a charter holder, to use the criteria adopted by the commissioner under Subsection (d). Requires the court to enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of the students of a public charter district, except as otherwise provided by this subsection. Requires the court, in the case of a public charter district that has ceased to operate, to enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of this state. Authorizes the court to order title to real or personal public property held by the charter holder transferred to a trust established for the purpose of managing the property or to make other disposition of the property necessary to best serve the interests of this state.

Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER DISTRICT LAND OR FACILITIES. Authorizes a municipality to which a charter is granted under this chapter to borrow funds, issue obligations, or otherwise spend its funds to acquire land or acquire, construct, expand, or renovate school buildings or facilities and related improvements for its public charter district within the city limits of the municipality in the same manner the municipality is authorized to borrow funds, issue obligations, or otherwise spend its funds in connection with any other public works project.

Sec. 11A.208. FUNDING FOR INSTRUCTIONAL MATERIALS AND TECHNOLOGY. Provide that a public charter district is entitled to funding for instructional materials under Chapter 31 (Textbooks) and technology under Subchapter A (Computers and Computer Related Equipment), Chapter 32, and is subject to those provisions as if the public charter district were a school district.

Sec. 11A.209. ANNUAL BUDGET. Requires the governing body of a public charter district to annually adopt a budget for the district.

Sec. 11A.210. ANNUAL AUDIT. Requires the governing body of a public charter district to conduct an annual audit in a manner that complies with Section 44.008 (Annual Audit Report).

[Reserves Sections 11A.211-11A.250 for expansion.]

SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

Sec. 11A.251. ADMISSION POLICY. (a) Prohibits a public charter district from discriminating in admission policy on the basis of sex, national origin, ethnicity, religion,

disability, or academic, artistic, or athletic ability or the district the child would otherwise attend in accordance with this code.

(b) Authorizes a public charter district admission policy to provide for the exclusion of a student who has a documented history of a criminal offense, a juvenile court adjudication, or discipline problems under Subchapter A (Alternative Setting for Behavior Management), Chapter 37.

Sec. 11A.252. ADMISSION OF STUDENTS. Sets forth admission procedures to a public charter district campus to be required by the governing body.

SEC. 11A.253. STUDENT ENROLLMENT. (a) Requires the district, during a public charter district's first year of operation, to have a student enrollment of at least 100 and not more than 500 at any time during the school year, except as provided by Subsection (b) or as otherwise determined impracticable by the commissioner.

(b) Authorizes a public charter district to have a student enrollment of less than 100 if approved by the commissioner.

(c) Requires at least 25 percent of the district's students, not later than a public charter district's third year of operation, to be enrolled in one or more grade levels for which assessment instruments are administered under Section 39.023(a) (Adoption and Administration of Instruments).

(d) Authorizes the commissioner to grant a waiver from the requirements of Subsection (c) for a public charter district that opens a campus serving prekindergarten or kindergarten students and agrees to certain measures.

(e) Authorizes the commissioner to grant a waiver from the requirements of Subsection (c) for a public charter district that was operating an open-enrollment charter school campus on January 1, 2005, serving prekindergarten, kindergarten, and first, second, and third grade students if the public charter district meets certain standards and requirements.

(f) Requires the commissioner to adopt rules necessary to implement this section.

Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) Prohibits a public charter district from charging tuition to an eligible student who applies for admission to the district under this chapter.

(b) Authorizes the governing body of a public charter district to require a student to pay any fee that the board of trustees of a school district may charge under Section 11.158(a) (Authority to Charge Fees). Prohibits the governing body from requiring a student to pay a fee that the board of trustees of a school district may not charge under Section 11.158(b).

Sec. 11A.255. TRANSPORTATION. Requires a public charter district to provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.

Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) Requires the governing body of a public charter district to adopt a code of conduct for the district or for each campus in the district.

(b) Requires the code of conduct to include certain information.

(c) Prohibits a final decision of the governing body of a public charter district regarding action taken under the code of conduct from being appealed.

(d) Prohibits a public charter district from expelling a student for a reason that is not authorized by Section 37.007 (Expulsion for Serious Offenses) or specified in the district's code of conduct as conduct that may result in expulsion.

(e) Provides that Section 37.002 (Removal by Teacher) does not apply to a public charter district except to the extent specified by the governing body of the public charter district in the district's code of conduct.

[Reserves Sections 11A.257-11A.300 for expansion.]

SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Requires a person employed as a teacher by a public charter district to hold a high school diploma, except as otherwise required by this section or chapter.

(b) Requires a person employed as a teacher by a public charter district, to the extent required by federal law, including 20 U.S.C. 7801(11), to hold a baccalaureate degree.

Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE QUALIFICATIONS. (a) Requires each public charter district to provide to the parent or guardian of each student enrolled at a campus in the district written notice of the qualifications of each professional employee, including each teacher, employed at the campus.

(b) Requires the notice to include certain information.

Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. Requires the governing body of a public charter district to obtain a complete set of fingerprints from each person described by Section 21.0032(a) (Definition).

Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF CERTAIN APPLICANTS. Requires a public charter district to comply with Section 21.0032 before employing or otherwise securing the services of a person as a certain education employee regardless of whether the applicant is certified under Subchapter B (Certification of Educators), Chapter 21.

Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF TEXAS. (a) Requires an employee of a public charter district who qualifies for membership in the Teacher Retirement System of Texas to be covered under the system to the same extent a qualified employee of a school district is covered.

(b) Provides that for each employee of a public charter district covered under the system, the public charter district is responsible for making any contribution that otherwise would be the legal responsibility of a school district, and the state is responsible for making contributions to the same extent it would be legally responsible if the employee were a school district employee.

Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF. (a) Provides that this section applies only to a charter holder that on January 1, 2005, operated an open-enrollment charter school under former Subchapter D (Open-enrollment Charter Schools), Chapter 12, and participated in the program under Chapter 1579 (Texas School Employees Uniform Group Health Coverage).

(b) Requires a charter holder each school year, using state funds received by the charter holder for that purpose under Section 11A.20011, to pay certain employees employed by the charter holder at a public charter district an amount at least equal to a certain amount.

(c) Provides that payment under this section is in addition to wages the charter holder would otherwise pay the employee during the school year.

[Reserves Sections 11A.307-11A.350 for expansion.]

SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

Sec. 11A.351. AUDIT (a) Authorizes the commissioner, to the extent consistent with this section, to audit the records of certain entities.

(b) Requires an audit under Subsection (a) to be limited to matters directly related to the management or operation of a public charter district, including any financial, student, and administrative records.

(c) Prohibits the commissioner, unless the commissioner has specific cause to conduct an additional audit, from conducting more than one on-site audit of a public charter district under this section during any fiscal year, including any audit of financial, student, and administrative records. Provides that for purposes of this subsection, an audit of a charter holder or management company associated with a public charter district is not considered an audit of the district.

[Section 11A.352 reserved.]

Sec. 11A.353. SANCTIONS. (a) Requires the commissioner to take certain actions, to the extent the commissioner determines necessary, if a public charter district, as determined by a report issued under Section 39.076(b) () fails to meet certain standards, fails to comply with this chapter or certain rules, or commits a material violation of the district's charter.

(b) Authorizes the commissioner to temporarily withhold funding, suspend the authority of a public charter district to operate, or take any other reasonable action the commissioner determines necessary to protect the health, safety, or welfare of students enrolled at a district campus based on evidence that conditions at the district campus present a danger to the health, safety, or welfare of the students.

(c) Prohibits the public charter district, after the commissioner acts under Subsection (b), from receiving funding and from resuming operating until a certain determination is made.

(d) Requires the commissioner, not later than the third business day after the date the commissioner acts under Subsection (b), to provide the charter holder an opportunity for a hearing. Provide that this subsection does not apply to an action taken by the commissioner under Chapter 39 (Public School System Accountability).

(e) Requires the commissioner, immediately after a hearing under Subsection (d), to cease the action under Subsection (b) or initiate action under Section 11A.108.

Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN ASSESSMENT INSTRUMENTS. (a) Requires the commissioner, using funds appropriated for the Foundation School Program, to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.313 and adopt and implement a program for supervising the administration of assessment instruments under Section 39.023 during the 2005-2006 school year at an open-enrollment charter school, other than a school operated by an entity described by Section 11A.1041(a)(2), (3), or (4), at which less than 25 percent of all students enrolled at the school and administered an assessment instrument under Section 39.023(a), (c), or (l) performed satisfactorily on certain assessment instruments.

(b) Requires the program adopted under Subsection (a) to be designed for certain purposes.

(c) Authorizes the commissioner to adopt rules necessary to administer this section and to take any action that the commissioner determines necessary to ensure the integrity of the results of an assessment instrument administered at an open-enrollment charter school described by Subsection (a).

(d) Requires the commissioner, after deducting the amount withheld under Subsection (a) from the total amount appropriated for the Foundation School Program, to reduce the total amount of state funds allocated to each district from any source in the same manner described for a reduction in allotments under Section 42.313.

(e) Provides that an open-enrollment charter school's failure to fully cooperate with the commissioner under this section is sufficient grounds for revocation of the district's charter, as determined by the commissioner.

(f) Provides that this section expires September 1, 2006.

Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. Requires the commissioner to periodically consult with representatives of charter holders regarding the duties and mission of the agency relating to the operation of public charter districts. Requires the commissioner to determine the frequency of the consultations.

Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Provides that nothing in this chapter may be construed to limit the commissioner's authority under Chapter 39.

Sec. 11A.356. RULES. Authorizes the commissioner to adopt rules for the administration of this chapter.

[Reserves Sections 11A.357-11A.400 for expansion.]

SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

Sec. 11A.401. AUTHORIZATION. (a) Defines "eligible entity."

(b) Authorizes the commissioner, in accordance with this subchapter, to authorize not more than three charter holders to grant a charter to an eligible entity to operate a blue ribbon charter campus if certain standards and requirements are met.

(b-1) Authorizes an eligible entity that assumed operation of an existing charter school program during the seven years preceding the proposed authorization under Subsection (b) to be authorized to grant a blue ribbon charter under Subsection (b) if it meets certain standards and qualifications.

(c) Authorizes a charter holder to grant a blue ribbon charter only to an applicant that meets any financial, governing, and operational standards adopted by the commissioner under this subchapter.

(d) Authorizes a charter holder to grant not more than two blue ribbon charters under this subchapter.

Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) Provides that a blue ribbon charter campus is considered a public charter district campus for purposes of state and federal law.

(b) Provides that a blue ribbon charter granted under this subchapter is not considered for purposes of the limit on the number of public charter districts imposed by Section 11A.002.

Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE RIBBON CHARTER CAMPUS. (a) Provides that the governing body of the public

charter district authorizing a blue ribbon charter is responsible for the management and operation of the campus operated under a blue ribbon charter. Provides that a blue ribbon charter campus is subject to the rules and policies of the governing body of the charter holder that granted the blue ribbon charter.

(b) Provides that for purposes of academic and financial accountability and all other purposes under this chapter and Chapter 39, a blue ribbon charter campus is considered a campus of the public charter district operated by the charter holder that granted the blue ribbon charter.

(c) Provides that a charter holder is entitled to receive funding for a blue ribbon charter campus as if the blue ribbon charter campus were a campus of the public charter district operated by the charter holder.

Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The commissioner by rule shall adopt an application form and procedures for a charter holder to apply for authorization to grant a blue ribbon charter to an eligible entity under this subchapter.

(b) Requires the application to specify certain information.

(c) Provides that a determination by the commissioner regarding an application under this section is final and is prohibited from being appealed.

Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) Authorizes the commissioner to revoke a charter holder's authorization to grant a blue ribbon charter or operate a campus granted a blue ribbon charter if the commissioner determines that the purposes of this subchapter are not being satisfied.

(b) Requires the charter holder, on revocation of a charter holder's authority under this section, to follow certain procedures.

Sec. 11A.406. CONTENT. (a) Requires each blue ribbon charter granted under this subchapter to meet certain standards, provide certain information, and include certain specifications.

(b) Authorizes a charter holder to reserve the right to approve contracts, governance alterations, personnel decisions, and other matters affecting the operation of the blue ribbon charter campus.

(c) Requires a blue ribbon charter to specify the basis and procedure to be used by the charter holder for placing the blue ribbon charter campus on probation or revoking the charter, which is required to include an opportunity for an informal review of the blue ribbon charter campus and governing body of the campus by the charter holder. Provides that a charter holder's decision to place on probation or revoke a blue ribbon charter is final and is prohibited from being appealed.

Sec. 11A.407. FORM. Requires a blue ribbon charter issued under this subchapter to be in the form and substance of a written contract signed by the president or equivalent officer of the governing body of the charter holder granting the blue ribbon charter and the president or equivalent officer of the governing body of the eligible entity to which the blue ribbon charter is granted.

Sec. 11A.408. REVISION. Authorizes a blue ribbon charter granted under this subchapter to be revised with the approval of the charter holder that granted the charter.

[Reserves Sections 11A.409-11A.450 for expansion.]

SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER SCHOOLS

Sec. 11A.451. DEFINITIONS. Defines "assets" and "records."

Sec. 11A.452. APPLICABILITY. Requires the commissioner to appoint a receiver under this subchapter for each open-enrollment charter school that on June 1, 2005, was operating under a charter issued under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2005, and is not authorized to operate as a public charter district under this chapter or elects not to operate as a public charter district under this chapter.

Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a) Requires the commissioner to appoint a receiver to protect the assets and direct the dissolution of open-enrollment charter schools subject to this subchapter.

(b) Requires the receiver to execute a bond in an amount set by the commissioner to ensure the proper performance of the receiver's duties.

(c) Requires the receiver, until discharged by the commissioner, to perform the duties that the commissioner directs to preserve the assets and direct the dissolution of the open-enrollment charter school under this subchapter.

Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) Requires the receiver, after appointment and execution of bond under Section 11A.453, to take possession of certain assets and records, and certain funds.

(b) Requires the attorney general, on request of the receiver, to file a suit for attachment, garnishment, or involuntary bankruptcy and take any other action necessary for the dissolution of an open-enrollment charter school under this subchapter.

(c) Authorizes the receiver, if the charter holder of an open-enrollment charter school or an officer or employee of such a school refuses to transfer school assets or records to a receiver under this subsection, to ask the attorney general to petition a court for recovery of the assets or records. Requires the court, if the court grants the petition, to award attorney's fees and court costs to the state.

(d) Provides that a record described by this section is a public school record for purposes of Section 37.10(c)(2) (Tampering with Governmental Record), Penal Code.

Sec. 11A.455. DISPOSITION OF ASSETS. (a) Requires a receiver to wind up the affairs of an open-enrollment charter school and, except as provided by Subsection (b), reduce its assets to cash for the purpose of discharging all existing liabilities and obligations of the school. Requires the receiver, in winding up the affairs of a school, to cooperate in any bankruptcy proceeding affecting the school. Requires the receiver to distribute any remaining balance to the commissioner.

(b) Requires a receiver to offer free of charge any equipment and supplies of an open-enrollment charter school dissolved under this subchapter to school districts, giving priority to districts based on the percentage of the charter school's students that reside in the districts.

(c) Requires the commissioner to use money in the foundation school fund and money received under this section to pay the costs described by Section 11A.458 and discharge liabilities and obligations of open-enrollment charter schools under this subchapter. Requires the commissioner to deposit any remaining balance in the foundation school fund.

Sec. 11A.456. DISPOSITION OF RECORDS. (a) Requires the records of an open-enrollment charter school subject to this subchapter to be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. Authorizes the commissioner to designate any appropriate entity to serve as custodian of records, including the agency, a regional education service center, or a school district. Requires the commissioner, in designating a custodian, to ensure that the transferred

records, including student and personnel records, are transferred to a custodian capable of maintaining certain records and making those records accessible to certain persons entitled to access, and complying with certain state federal laws.

(b) Entitles the commissioner to access to any records transferred to a custodian under this section as the commissioner determines necessary for auditing, investigative, or monitoring purposes.

Sec. 11A.457. **LIABILITY.** Provides that a receiver is not personally liable for actions taken by the receiver under this subchapter.

Sec. 11A.458. **COSTS OF RECEIVERSHIP.** Authorizes the commissioner to authorize reimbursement of reasonable costs related to the receivership, including certain payments of fees to certain persons and entities.

Sec. 11A.459. **EXEMPTION FROM COMPETITIVE BIDDING.** Provides that the competitive bidding requirements of this code and the contracting requirements of Chapter 2155 (Purchasing: General Rules and Procedures), Government Code, do not apply to the appointment of a receiver, attorney, accountant, or other person appointed under this subchapter.

SECTION 4.03. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.1058, as follows:

Sec. 12.1058. **APPLICABILITY OF PUBLIC CHARTER DISTRICT PROVISIONS.**
(a) Provides that an open-enrollment charter school is subject to certain sections of the Education Code.

(b) Authorizes the commissioner to bring an action for injunctive or other relief as provided by Section 11A.203(d) to enforce Section 12.107 (Status and Use of Funds).

(c) Provides that for purposes of this section, a reference in a law described by this section to a public charter district means an open-enrollment charter school.

SECTION 4.04. Amends Sections 12.152 and 12.156, Education Code, to authorize the State Board of Education, in accordance with this subchapter and Chapter 11A, rather than Subchapter D, to grant a charter on the application of a public senior college or university for a public charter district, rather than an open-enrollment school, to operate on the campus of the public senior college or university or in the same county in which the campus of the public senior college or university is located.

Sec. 12.156. (a) and (b) Make conforming changes.

(c) Provides that a college or university charter school is not subject to a prohibition, restriction, or requirement relating to certain functions of charter school.

(d) Provides that a college or university charter school and the governing body of the school are subject to regulations and procedures that govern a public senior college or university relating to open meetings, records retention, purchasing, contracting, conflicts of interest, and nepotism.

SECTION 4.05. Amends Section 5.001, Education Code, by adding Subdivision (5-a) and amending Subdivision (6), to define "public charter campus" and redefine "public charter district."

SECTION 4.06. Amends Section 7.003, Education Code, to delete existing text relating to an open-enrollment charter school.

SECTION 4.07. Amends Section 7.055(b)(17), Education Code, to make conforming changes.

SECTION 4.08. Amends section 7.102(c)(9), Education Code, to make conforming changes.

SECTION 4.09. Amends Section 12.002, Education Code, to provide that the classes of charter under this chapter include a college or university charter, rather than an open-enrollment charter, as provided by Subchapter E.

SECTION 4.10. Amends Subchapter A, Chapter 21, Education Code, by adding Section 21.0032, as follows:

Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER DISTRICT PERSONNEL; APPEAL. (a) Prohibits a person from being employed by or serve as a certain education employee for a public charter district unless the person has been cleared by TEA following a national criminal history record review and investigation under this section.

(b) Requires a public charter district, before or immediately after employing or securing the services of a person described by Subsection (a), to send to TEA the person's fingerprints and social security number. Authorizes the person to be employed or serve pending action by the board.

(c) Requires TEA to review and investigate the person's national criminal history record information, educator certification discipline history in any state, and other information in the same manner as a review or investigation conducted regarding an initial application for educator certification. Requires TEA, if TEA finds the person would not be eligible for educator certification, to notify the public charter district in writing that the person is prohibited from being employed or serving in a capacity described by Subsection (a).

(d) Prohibits a public charter district, on receipt of written notice under Subsection (c), from employing or permitting the person to serve unless the person timely submits a written appeal under this section. Requires the TEA to conduct an appeal under this subsection in the same manner as an appeal regarding the denial of an initial application for educator certification.

SECTION 4.11. Amends Sections 21.058(b) and (c), Education Code, as follows:

(b) Requires the State Board for Educator certification (board), not later than the fifth day after the date the board receives notice under Article 42.018 (Notice Provided by Clerk of Court), Code of Criminal Procedure, of the conviction of a person described by Section 21.0032 (Definition) or who holds a certificate under this subchapter, to revoke the certificate or clearance held by the person, notwithstanding Section 21.041(b)(7). Makes a conforming change.

(c) Makes a conforming change.

SECTION 4.12. Amends Sections 22.083(b) and (c), Education Code, as follows:

(b) Authorizes a public charter district to obtain from the Department of Public Safety, rather than any law enforcement or criminal justice agency, all criminal history record information that relates to a certain person. Makes conforming changes.

(c) Authorizes a school district, public charter district, private school, regional education service center, or shared services arrangement to obtain from a federal or state law enforcement or criminal justice agency all criminal history record information that relates to a certain volunteer or employee. Makes a conforming change.

SECTION 4.13. Amends Section 22.084, Education Code, as follows:

(a) and (b) Makes conforming changes.

(c) Limits the provisions of this section to a federal or state law enforcement or criminal justice agency, rather than any law enforcement or criminal justice agency.

(d) Makes a conforming change.

SECTION 4.14. Amends Section 25.087, Education Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires the district to excuse a student from attending school for certain purposes. Deletes existing text relating to excusing of a student for travel.

(c) Makes conforming changes.

SECTION 4.15. Amends Section 25.088, Education Code, to make a conforming change.

SECTION 4.16. Amends Section 25.089(a), Education Code, to make a conforming change.

SECTION 4.17. Amends Section 25.090(b), Education Code, to make a conforming change.

SECTION 4.18. Amends Sections 25.093(d) and (e), Education Code, to make conforming changes.

SECTION 4.19. Amends Sections 25.095(a) and (b), Education Code, as follows:

(a) Makes a conforming change.

(b) Includes a public charter district in this section.

SECTION 4.20. Amends Sections 25.0951(a), Education Code, to make conforming changes.

SECTION 4.21. Amends Sections 25.0951(b), Education Code, to make conforming changes

SECTION 4.22. Amends Sections 26.0085(a), (c), (d), and (e), Education Code, as follows:

(a), (c), and (d) Make conforming changes.

(e) Provides that this section does not affect the earlier deadline for purposes of Section 552.353(b)(3) (Failure or Refusal of Officer for Public Information to Provide Access to or Copying of Public Information), Government Code, rather than Section 532.353(b)(3), for a suit brought by an officer for public information.

SECTION 4.23. Amends Section 28.0211(j), Education Code, to delete existing text relating to an open-enrollment charter school.

SECTION 4.24. Amends Section 29.010(f), Education Code, to make a conforming change.

SECTION 4.25. Amends Sections 29.012(a) and (c), Education Code, to make conforming changes.

SECTION 4.26. Amends Sections 29.062(c)-(e), Education Code, to make conforming changes.

SECTION 4.27. Amends Sections 29.087(a)-(c), (e), (k), and (l), Education Code, as follows:

(a) Makes a conforming change.

(b) Requires the commissioner, as part of the application process, to require a school district or public charter district to provide information regarding the operation of any similar program during the preceding five years. Makes a conforming and nonsubstantive change.

(b-1), (c), and (e) Makes conforming changes.

(k) Requires the board of trustees of a school district or the governing body, rather than governing board, of a public charter district to take certain actions. Makes a conforming change.

(l) Makes conforming changes and a nonsubstantive change.

SECTION 4.28 Amends Sections 29.155(a)-(d), (i), and (j), Education Code, as follows:

(a)-(d) Makes conforming changes.

(i) Authorizes a school district or public charter district to use funds granted to the school district or public charter district under this section, rather than subsection, in contracting with another entity, including a private entity. Makes conforming changes.

(j) Makes a conforming change.

SECTION 4.29. Amends Section 29.905(b), Education Code, to limit this subsection to the board of trustees of the school district, rather than the board of trustees or the school district. Makes conforming changes.

SECTION 4.30. Amends Subchapter C, Chapter 32, Education Code, by adding Section 32.1011, as follows:

Sec. 32.1011. **APPLICABILITY TO PUBLIC CHARTER DISTRICTS.** Provides that this subchapter applies to a public charter district as if the public charter district were a school district.

SECTION 4.31. Amends Section 32.102, Education Code, to make conforming changes.

SECTION 4.32. Amends Section 32.103, Education Code, to make conforming changes.

SECTION 4.33. Amends Section 32.104, Education Code, to make a conforming change.

SECTION 4.34. Amends Section 32.105, Education Code, to make a conforming change.

SECTION 4.35. Amends Section 32.106, Education Code, to make conforming changes.

SECTION 4.36. Amends Section 33.007, Education Code, as follows:

(a) Makes conforming changes.

(b) Makes a conforming and a nonsubstantive change.

SECTION 4.37. Amends Section 33.901, Education Code, to make conforming changes.

SECTION 4.38. Amends Section 37.007(e), Education Code, to make conforming changes.

SECTION 4.39. Amends Section 37.008(j), Education Code, as amended by H.B. No. 603, Acts of the 79th Legislature, Regular Session, to authorize a school district to take certain actions permitted by this subsection.

SECTION 4.40. Amends Section 37.022(a)(2), Education Code, as renumbered by Section 23.001(16), H.B. No. 2018, Acts of the 79th Legislature, Regular Session, 2005, to make conforming changes.

SECTION 4.41. Amends Section 44.008(a), Education Code, to require the accountant to have completed at least one peer-reviewed audit of a school district, governmental entity, quasi-governmental entity, or nonprofit corporation and received an unqualified opinion from the peer review, except as determined impracticable by the commissioner.

SECTION 4.42. Amends Section 46.012, Education Code, to make conforming changes.

SECTION 4.43. Amends Section 46.036, Education Code, to make conforming changes.

SECTION 4.44. Amends Section 53.02(13), Education Code, to make conforming changes.

SECTION 4.45. Amends the heading to Section 53.351, Education Code, to read as follows:

Sec. 53.351. BONDS FOR AUTHORIZED CHARTER SCHOOL FACILITIES.

SECTION 4.46. Amends Sections 53.351(a), (c), (d), (f), and (g), Education Code, as follows:

(a) Makes a conforming change.

(c) Authorizes a corporation to make expenditures from the fund described by Subsection (e), and to solicit and accept grants for deposit into the fund. Makes a conforming change.

(d), (f), and (g) Makes conforming changes.

SECTION 4.47. Amends Section 411.097(c), Government Code, to make conforming changes.

SECTION 4.48. Amends Sections 2175.128(a) and (b), Government Code, to make conforming changes.

SECTION 4.49. Amends Section 2306.630(a), Government Code, to authorize certain entities to apply to receive a grant for an eligible project under this subchapter, including a public charter district approved by the State Board of Education, rather than the Texas Education Agency.

SECTION 4.50. Amends Section 1575.002(6), Insurance Code, to make conforming changes.

SECTION 4.51. Amends Section 1579.002(3), Insurance Code, to make conforming changes.

SECTION 4.52. Amends Section 140.005, Local Government Code, to make a conforming change.

SECTION 4.53. Amends Section 140.006(c), Local Government Code, to make a conforming change.

SECTION 4.54. Amends Section 375.303(2), Local Government Code, to redefine "eligible project."

SECTION 4.55. Amends Sections 375.308(b) and (c), Local Government Code, to make conforming changes.

SECTION 4.56. Amends Section 541.201(15), Transportation Code, to make a conforming change.

SECTION 4.57. Amends Section 57.042(9), Utilities Code, to make a conforming change.

SECTION 4.58. Amends Section 4(2), Chapter 22, Acts of the 57 Legislature, 3rd Called Session, 1962 (Article 6228a-5, V.T.C.S.), to make a conforming change.

SECTION 4.59. Repealer: Section 12.106 (State Funding), Education Code, and Section 40 (relating to open-enrollment charter schools), Chapter 1504, Acts of the 77th Legislature, Regular Session, 2001.

SECTION 4.60. Provides that Sections 12.107 and 12.128, Education Code, continue to apply to state funds and property received or purchased by an open-enrollment charter school before September 1, 2006.

SECTION 4.61. Makes application of Sections 4.04-4.60 of this article, prospective to August 1, 2006, except that Sections 4.10, 4.11, 4.41, and 4.59 are prospective to September 1, 2005.

[RESERVES ARTICLES 5-6]

ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION;
TRANSFER OF POWERS AND DUTIES

SECTION 7.01. Amends Section 21.0031(a), Education Code, to provide that an employee's probationary, continuing, or term contract under this chapter is void if the employee does not hold a certificate or permit issued under Subchapter B, rather than by the State Board for Educator Certification.

SECTION 7.02. Amends Sections 21.004(a)-(e), Education Code, as follows:

(a) and (b) Deletes existing text relating to the State Board for Educator Certification.

(c) Deletes existing text relating to the executive director of the State Board for Educator Certification.

(d) and (e) Deletes existing text relating to the State Board for Educator Certification.

SECTION 7.03. Amends Section 21.006, Education Code, by amending Subsections (a)-(c) and (e)-(g) and adding Subsection (h), as follows:

(a) Redefines "abuse" and defines "board."

(b) Requires the superintendent or director of a school district, regional education service center, or shared services arrangement, in addition to the reporting requirement under Section 261.101 (Persons Required to Report; Time to Report), Family Code, to notify the commissioner if the superintendent or director has reasonable cause to believe that a certain employee has a criminal record or has committed a certain offense. Makes a nonsubstantive change.

(c) Makes a conforming change. Deletes existing text relating to the board.

(e) Makes a conforming change.

(f) Requires the Educators' Professional Practices Board (board), acting on a recommendation of the commissioner, to determine whether to impose sanctions against a superintendent or director who fails to file a report in violation of Subsection (c). Makes a conforming change.

(g) Make conforming changes.

(h) Requires the commissioner to forward a report received under this section to the board for use as the commissioner determines appropriate in the execution of the board's duties.

SECTION 7.035. Amends Subchapter A, Chapter 21, Education Code, by adding Section 21.007, as follows:

Sec. 21.007. RECOMMENDATION TO SANCTION. Requires the commissioner to determine whether to recommend a sanction against an educator to the board under this chapter, except that the commissioner is authorized to impose any sanction through informal disposition by stipulation, agreed settlement, consent order or default. Requires the board to make a final determination regarding the imposition of a sanction under this chapter.

SECTION 7.04. Amends Sections 21.031 and 21.032, Education Code, as follows:

Sec. 21.031. PURPOSE. (a) Provides that the Educators' Professional Practices Board is established in TEA to regulate and oversee the standards of conduct of public school educators. Deletes existing text relating to State Board for Educator Certification and certain board duties.

(b) Requires the commissioner to adopt rules governing the certification of educators and continuing education for educators. Makes a conforming and nonsubstantive change.

Sec. 21.032. DEFINITION. Makes a conforming change.

SECTION 7.05. Amends the heading to Section 21.033, Education Code, to read as follows:

Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES BOARD.

SECTION 7.06. Amends 21.033, Education Code, by amending Subsection (a) and adding Subsections (a-1), (d), (e), and (f), to set forth the terms, composition, and appointment procedures of the board and make conforming changes.

SECTION 7.07. Amends Section 21.034, Education Code, as follows:

(a) Provides that the board members hold office for staggered terms of six years with the terms of one-third, or as near to one-third as possible, of the members expiring on February 1 of each odd-numbered year. Deletes existing text relating to the governor appointing the board members and deletes text relating to a certain member appointed by the commissioner of education or by the commissioner of higher education.

(b) Makes conforming changes.

(c) Makes a conforming change.

SECTION 7.075. Amends Section 21.035(a), Education Code, to provide that the board is subject to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, the board is abolished and this subchapter expires on the date prescribed by Section 7.004 for abolishment of the agency. Deletes existing text relating to the expiration of the State Board for Educator Certification.

SECTION 7.08. Amends Subchapter B, Chapter 21, Education Code, by adding Section 21.0391, as follows:

Sec. 21.0391. ADVISORY COMMITTEE. (a) Requires the commissioner to appoint an advisory committee composed of holders of each class of educator certificate and stakeholders as required under Chapter 2008 (Negotiated Rulemaking), Government Code.

(b) Requires the advisory committee to recommend educator certification standards under Section 21.041(b)(4) and educator preparation program standards under Sections 21.044 and propose related rules to the commissioner through negotiated rulemaking under Chapter 2008, Government Code. Provides that for purposes of that chapter, the advisory committee is considered to be the negotiated rulemaking committee described by Section 2008.054 (Appointment and Duration of Negotiated Rulemaking Committee). Authorizes the commissioner, as provided by Section 2008.058 (Negotiated Rulemaking), Government Code, to propose and adopt a rule that has not been recommended or propose by the advisory committee.

(c) Prohibits the commissioner from finally adopting or amending a rule subject to this section unless the State Board of Education has failed to reject the rule or amendment by an affirmative vote of four-fifths of its members. Authorizes a vote under this subsection to be conducted by mail ballot, provided that the State

Board of Education has at least 30 days' written notice of the proposed final rule adoption.

(d) Provides that members of the advisory committee serve at the will of the commissioner.

SECTION 7.09. Amends Sections 21.041, Education Code, by adding Subsection (a-1) and amending Subsection (b), as follows:

(a-1) Requires the board to adopt rules that provide for the adoption and amendment of an educator's code of ethics.

(b) Requires the commissioner, rather than the board, to adopt, rather than propose, certain rules.

SECTION 7.10. Amends Section 21.044, Education Code, to make conforming changes.

SECTION 7.11 Amends Sec. 21.045(b)-(d), Education Code, to make conforming changes.

SECTION 7.12. Amends Sections 21.046(c) and (d), Education Code, to make conforming changes.

SECTION 7.13. Amends Section 21.048(a), Education Code, to make conforming changes.

SECTION 7.14. Amends Sections 21.0481, 21.0482, 21.0483, 21.0484, and 21.049, Education Code, as follows:

Sec. 21.0481. Makes conforming changes.

Sec. 21.0482. Makes conforming changes.

Sec. 21.0483. Makes conforming changes.

Sec. 21.0484. Makes conforming changes.

Sec. 21.049. (a) Makes conforming changes.

(b) Prohibits the commissioner from requiring a person employed as a teacher in a disciplinary alternative education program under Section 37.008 or a juvenile justice alternative education program under Section 37.011 (Juvenile Justice Alternative Education Program) for at least three years to complete an alternative educator certification program adopted under this section before taking the appropriate certification examination. Makes a conforming change.

SECTION 7.15. Amends Sections 21.050(a), Education Code, to make conforming changes.

SECTION 7.16. Amends Section 21.051, Education Code, to make conforming changes.

SECTION 7.17. Amends Section 21.054(a), Education Code, to make conforming changes.

SECTION 7.18. Amends Section 21.056, Education Code, to make a conforming change.

SECTION 7.19. Amends Section 21.057(d), Education Code, to make a conforming change.

SECTION 7.20. Amends Section 21.058(d), Education Code, to make a conforming change.

SECTION 7.21. Amends Section 21.105(c), Education Code, to authorize the Educators' Professional Practices Board, rather than the State Board for Educator Certification, on written complaint by the employing district and recommendation by the commissioner, to impose sanctions against certain teachers employed under a probationary contract.

SECTION 7.22. Amends Section 21.160(c), Education, to make conforming changes.

SECTION 7.23. Amends Section 21.210(c), Education Code, to make conforming changes.

SECTION 7.24. Amends Section 21.503, Education Code, to make a conforming change.

SECTION 7.25. Amends Section 21.504(b), Education Code, to make a conforming change.

SECTION 7.26. Amends Section 21.510(c), Education Code, to make a conforming change.

SECTION 7.27. Amends Sections 21.551, 21.552, and 21.553, Education Code to make conforming changes.

SECTION 7.28. Amends Section 21.604(b), Education Code, to make a conforming change.

SECTION 7.29. Amends Section 21.609(c), Education Code, to make a conforming change.

SECTION 7.30. Amends Section 22.0512(b), Education Code, to redefine "disciplinary proceeding."

SECTION 7.31. Amends Sections 29.061(a)-(c) and (e), Education Code, as follows:

(a) Makes conforming changes.

(b) Requires a teacher assigned to a bilingual education program to be appropriately certified under Subchapter B, Chapter 21, for bilingual education. Deletes existing text relating to the certification for bilingual education by the board.

(c) and (e) Makes conforming changes.

SECTION 7.32. Amends Sections 33.002(b) and (c), Education Code, to make conforming changes.

SECTION 7.33. Amends Section 37.007(g), Education Code, as amended by H.B. No. 603, Acts of the 79th Legislature, Regular Session, 2005, to authorize the Educators' Professional Practices Board on recommendation of the commissioner to revoke or suspend the certification of a teacher who intentionally violates this subsection. Makes a conforming change.

SECTION 7.34. Amends Section 61.0514, Education Code, to make a conforming change.

SECTION 7.35. Amends Section 61.076, Education Code, as amended by H.B. No. 2808, Act of the 79th Legislature, Regular Session, 2005, as follows:

(b) Makes a conforming change.

(j) Requires the P-16 Council, in conjunction with the State Center for early Childhood Development, to develop and adopt a school readiness certification system as required by Section 29.161.

SECTION 7.36. Amends Section 1001.254(a), Education Code, to make a conforming change.

SECTION 7.37. Amends Article 15.27(a), Code of Criminal Procedure, to make a conforming change.

SECTION 7.38. Amends Article 42.018(b), Code of Criminal Procedure, to require the clerk of the court in which the conviction or deferred adjudication is entered, not later than the fifth day after the date a person who holds a certificate issued under Subchapter B, Chapter 21, Education Code, is convicted or granted deferred adjudication on the basis of an offense, to provide to the Texas Education Agency and the Educators' Professional Practices Board written notice of the person's conviction or deferred adjudication, including the offense on which the conviction or deferred adjudication was based. Makes a conforming change.

SECTION 7.39. Amends Section 654.011(a), Government Code, to make a conforming change.

SECTION 7.40. Amends Section 821.001(7) , Government Code, to make a conforming change.

SECTION 7.41. Amends Section 821.103, Government Code, as follows:

Sec. 821.103. New heading: REVOCATION OF TEACHER CERTIFICATE. Authorizes the Educators' Professional Practices Board, after receiving notice from the board of trustees of an offense under Section 821.101 (Conversion of Funds; Fraud) and after complying with Chapter 2001 (Administrative Procedure) and rules adopted by the commissioner of education, to revoke, rather than cancel, the teacher certificate of a person if the board determines that the person committed the offense. Makes conforming changes.

SECTION 7.42. Amends Section 2054.352(a), Government Code, as amended by S.B. No. 411, Acts of the 79th Legislature, Regular Session, 2005, to make conforming changes.

SECTION 7.43. Amends Section 504.002(b), Occupations Code, to make conforming changes and provide Subdivision (2) with exception as provided by Section 504.01515.

SECTION 7.44. Repealer: Sections 21.036 (Officers), 21.040 (General Powers and Duties of the Board), 21.042 (Approval of Rules), and 21.047 (Centers for Professional Development of Teachers), Education Code.

SECTION 7.45. Sets forth provisions relating to the abolishment of the State Board for Educator Certification.

ARTICLE 8. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 8.01. Amends Section 1001.001, Education Code, to redefine "approved driving safety course," "course provider," and "department." Defines "commission" and "executive director." Deletes the definition of "commissioner."

SECTION 8.02. Amends Section 1001.002(c), Education Code, to exempt a driver education course from this chapter, other than Section 100.055, if the course is conducted or sponsored by certain specified entities.

SECTION 8.03. Amends Sections 1001.003 and 1001.004, Education Code, as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. Provides that it is the intent of the legislature that the rules of the Texas Commission of Licensing and Regulation (commission), rather than of the Texas Education Agency (TEA), that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. Requires the cost of administering this chapter to be included in the state budget allowance for the Texas Department of Licensing and Regulation (TDLR), rather than TEA.

SECTION 8.04. Amends Sections 1001.051 and 1001.052, Education Code, as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. Provides that TDLR, rather than TEA, has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. Requires the commission, rather than TEA, to adopt comprehensive rules governing driver training, including rules to ensure the integrity of approved driving safety courses and enhance program quality. Deletes existing text requiring TEA to administer comprehensive rules governing driving safety courses.

SECTION 8.05. Amends the heading to Section 1001.053, Education Code, to read as follows:

Sec. 1001.053. New heading: POWERS AND DUTIES OF DEPARTMENT.

SECTION 8.06. Amends Section 1001.053(a), Education Code, to require TDLR, rather than the commissioner of education, to perform certain amended functions, including enforcing rules adopted by the commission.

SECTION 8.07. Amends the heading to Section 1001.054, Education Code, to read as follows:

Sec. 1001.054. New heading. RULES RESTRICTING ADVERTISING.

SECTION 8.08. Amends Section 1001.054(c), Education Code, to authorize the commission, rather than the commissioner of education, by rule to restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 8.09. Amends Section 1001.055, Education Code, as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. Requires TDLR, rather than TEA, to print and supply to each licensed or exempt driver education school certain driver education certificates. Requires the commission, rather than TEA, by rule to provide for the design and distribution of the certificates in a certain manner. Makes a conforming change.

SECTION 8.10. Amends Section 1001.056, Education Code, by amending Subsections (b), (c), (e), and (g) , as follows:

(b) Requires TDLR, rather than TEA, to provide each licensed driving safety course provider with course completion certificate numbers to enable the provider to print and issue TDLR-approved uniform certificates of course completion.

(b-1) Makes no change to existing text.

(c) Requires the commission, rather than TEA, by rule, to provide for the design of the certificates and the distribution of certificate numbers in a manner that, to the greatest extent possible, prevents the unauthorized production or the misuse of the certificates or certificate numbers.

(c-1) Makes no changes to existing text.

(e) Authorizes TDLR, rather than TEA, to charge a fee of not more than \$4 for each course completion certificate number. Requires a course provider that supplies a certificate for an operator to collect from the operator a fee equal to the amount of the fee paid to TDLR for the certificate number.

(f) Makes no change to existing text.

(g) Makes a conforming change.

SECTION 8.11. Amends Section 1001.057, Education Code, to require TDLR, rather than TEA, to investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 8.12. Amends Subchapter B, Chapter 1001, Education Code, by adding Section 1001.058, as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. Authorizes the executive director of TDLR (executive director) to designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for TDLR.

SECTION 8.13. Amends Sections 1001.101 and 1001.102, Education Code, as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. Requires the commission, rather than the commissioner of education, by rule to establish the curriculum and designate the textbooks to be used in a driver education course.

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) Requires the commission by rule to require that certain information related to alcohol and driving be included in the curriculum of any driver education course or driving safety course.

(b) Requires the commission, in developing rules under this section, to consult with the Department of Public Safety (DPS).

SECTION 8.14. Amends Sections 1001.103(b), (d), and (e), Education Code, as follows:

(b) Requires TDLR, rather than TEA, to develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs. Requires a program to be offered in the same manner as a driving safety course, except as provided by commission rule, rather than TEA rule.

(d) Requires TDLR and the Texas Department of State Health Services (DSHS), rather than TEA and the Texas Commission on Alcohol and Drug Abuse, in accordance with Section 461.013(b), Health and Safety Code, to enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) Authorizes the commission, rather than the commissioner of education notwithstanding certain provisions, to establish fees in connection with the programs under this section. Requires the fees to be in amounts reasonable and necessary to administer TDLR's, rather than TEA's, duties under this section.

SECTION 8.15. Amends Sections 1001.104 and 1001.105, Education Code, as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) Requires TDLR, rather than TEA, to enter into a memorandum of understanding with the Texas Rehabilitation Commission, and DPS for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education. Makes a conforming change.

(b) Requires TDLR, rather than TEA, to administer comprehensive rules governing drive education courses, adopted by mutual agreement among the commission, rather than TEA, the Texas Rehabilitation Commission, and DPS. Makes a conforming change.

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. Requires the commission, rather than TEA, to enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 8.16. Amends Sections 1001.106(b), (c), and (d), Education Code, as follows:

(b) Requires the commission, rather than the commissioner of education, by rule to provide minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Provides that Subchapter F (Administrative Penalty), Chapter 51, Occupations Code and Section 51.353 (Administrative Sanctions), Occupations Code, do not apply to a violation of this section or a rule adopted under this section. Deletes the provision that Sections 1001.454 (Revocation of or Placement of Conditions on School or Course Provider License) and 1001.553 (Administrative Penalty) of this code do not apply to a

violation of this section or a rule adopted under this section. Makes a nonsubstantive change.

(d) Provides that Section 51.352 (Injunctive Relief; Civil Penalty), Occupations Code, does not apply to a violation of this section. Deletes the provision that Sections 1001.455(a)(6) (Denial, Suspension, or Revocation of Instructor License), 1001.551 (Injunction in General), and 1001.552 (Injunction Against School), of this code do not apply to a violation of this section. Makes a nonsubstantive change.

SECTION 8.17. Amends Section 1001.107, Education Code, as follows:

(a) Requires the commission, rather than the commissioner of education, by rule to require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course. Makes conforming changes.

(b) Requires the commission, in developing rules under this section, to consult with DPS.

SECTION 8.18. Amends Sections 1001.108(a) and (c), Education Code, to require the commission, rather than the commissioner of education, by rule to require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course. Requires the commission, in developing rules under this section, to consult with DPS and DSHS. Makes conforming changes.

SECTION 8.19. Amends Section 1001.151, Education Code, as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) Requires the commission, rather than the commissioner of education, to establish, rather than collect, the application, license, and registration fees. Requires TDLR to collect the application, license, and registration fees.

(b) Requires the commission to establish a fee for certain licenses and activities, rather than setting forth the set fees for certain licenses and activities. Modifies for which licenses or activities a fee is required. Makes nonsubstantive and conforming changes.

(c) Redesignated from existing Subsection (k). Makes conforming changes.

(d) Redesignated from existing Subsection (l). Makes a conforming change.

SECTION 8.20. Amends Section 1001.153, Education Code, to require the commission, rather than the commissioner of education, to establish the amount of the fee to investigate a driver training school or course provider to resolve a complaint. Authorizes the fee to be charged only if certain conditions are met, including that a representative of TDLR, rather than TEA, visited the school or course provider as part of the complaint resolution process.

SECTION 8.21. Amends Section 1001.202(b), Education Code, to authorize a driving school to use multiple classroom locations to teach a driving safety course if each location is approved by the parent school and TDLR, rather than TEA.

SECTION 8.22. Amends Sections 1001.203, 1001.204, 1001.205, and 1001.206, Education Code, as follows:

Sec. 1001.203. APPLICATION. Requires a driver training school, to operate or do business in this state, to apply to TDLR, rather than the commissioner of education, for the appropriate license. Makes a conforming change.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. Requires TDLR, rather than the commissioner of education, to approve of an application for a driver education school license, if certain determinations are made. Includes in those determinations that the school provides to each student before enrollment certain information of the TDLR, rather than TEA, including TEA's Internet website; that the school does not use a name similar to the name of another school licensed in this state,

rather than another existing school, or of a tax-supported educational institution in this state, unless specifically approved in writing by the executive director, rather than commissioner of education; and does not owe an administrative penalty for a violation of this chapter, rather than under this chapter. Makes conforming changes.

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. Makes conforming changes.

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. Makes conforming changes.

SECTION 8.23. Amends Sections 1001.207(a) and (b), Education Code, to require a driver education school, before the school may be issued a license, to file a certain bond with TDLR, rather than the commissioner of education. Makes a conforming change.

SECTION 8.24. Amends Section 1001.209(b), Education Code, to require a bond issued under Subsection (a) to be payable to the state to be used to cover the payment of unpaid fees or penalties assessed by TDLR, rather than TEA, and recover any cost associated with providing course completion certificate numbers, including the cancellation of certificate numbers, rather than to recover the cost of uniform certificates of course completion TEA demands be returned or any cost associated with the certificates.

SECTION 8.25. Amends Section 1001.210, Education Code, to authorize a driver education school or course provider to provide another form of security, instead of the bond, that is approved by TDLR, rather than the commissioner of education.

SECTION 8.26. Amends Sections 1001.211(a) and (b), Education Code, as follows:

(a) Requires TDLR, rather than the commissioner of education, to issue a license to an applicant for a license under this subchapter, if certain conditions apply.

(b) Requires the license to show in a clear and conspicuous manner the executive director's signature, rather than the commissioner of education's signature. Makes conforming changes.

SECTION 8.27. Amends Section 1001.212, Education Code, to require TDLR, rather than the commissioner of education, to provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 8.28. Amends Sections 1001.213(c) and (d), Education Code, as follows:

(c) Authorizes the commission to establish fees for a new driver education school or course provider license under Subsection (b) and for each branch location that are different from the amounts established under Section 1001.151 under certain circumstances. Deletes the provisions setting forth specific fee amounts for a new driver education school or course provider license and for each branch location under those circumstances.

(d) Provides that TDLR, rather than the commissioner of education, is not required to reinspect a school or branch location after a change of ownership.

SECTION 8.29. Amends Section 1001.214, Education Code, to authorize a duplicate license to be issued to a driver training school or course provider if an affidavit of that fact is filed with TDLR, rather than TEA.

SECTION 8.30. Amends Sections 1001.251, 1001.252, and 1001.253, Education Code, as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. Prohibits a person from teaching or providing driver education unless the person holds a driver education instructor license issued by TDLR, rather than TEA. Makes a conforming change.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. Requires a license under this subchapter to be signed by the executive director, rather than the commissioner of education.

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. Requires TDLR, rather than the commissioner of education, to establish standards for certification of professional and paraprofessional personnel who conduct driver education programs in driver education schools. Authorizes a driver education school to submit for TDLR, rather than TEA, approval a curriculum for an instructor development program for driver education instructors. Makes conforming changes.

SECTION 8.31. Amends Section 1001.254(a), Education Code, to authorize a temporary driver education instructor license to be issued authorizing a person to teach or provide classroom driver education training if the person demonstrates, in a manner prescribed by TDLR, rather than the commissioner of education, the intention to comply with the examination requirement at the first available opportunity.

SECTION 8.32. Amends Sections 1001.255(a), (b), and (c), Education Code, as follows:

(a) Requires TDLR, rather than TEA, to regulate as a driver education school certain driver education instructors.

(b) Makes a conforming change.

(c) Authorizes TDLR, rather than the commissioner of education, to waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 8.33. Amends Section 1001.256, Education Code, to authorize a duplicate license to be issued to a driver education instructor or driving safety instructor if an affidavit of that fact is filed with TDLR, rather than TEA.

SECTION 8.34. Amends the heading to Subchapter G, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION

SECTION 8.35. Amends Sections 1001.351(b), Education Code, to require a course provider to electronically submit to TDLR, rather than TEA, in the manner established by TDLR data identified by TDLR relating to uniform certificates of course completion issued by the course provider. Makes conforming changes.

SECTION 8.36. Amends Sections 1001.354(a) and (b), Education Code, as follows:

(a) Authorizes a driving safety course to be taught at a driving safety school if the school is approved by TDLR, rather than TEA.

(b) Authorizes a driving safety school to teach an approved driving safety course by an alternative method, rather than an alternative method that does not require students to be present in the classroom, if TDLR, rather than the commissioner of education, approves the alternative method. Authorizes TDLR to approve the alternative method if the alternative method includes testing and security measures that are at least as secure as the methods that would be used if the course were taught at the school and that are comparable to those available in a usual classroom setting, rather than at least as secure as the measures available in the usual classroom setting. Makes conforming changes.

SECTION 8.37. Amends Sections 1001.404(b) and (c), Education Code, as follows:

(b) Requires TDLR, rather than the commissioner of education, to establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) Authorizes TDLR, rather than TEA, to except a driver education school or course provider from the payment of interest under certain circumstances. Makes a conforming change.

SECTION 8.38. Amends Sections 1001.451 and 1001.452, Education Code, as follows:

Sec. 1001.451. PROHIBITED PRACTICES. Prohibits a person from failing to notify TDLR, rather than the commissioner of education, of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records and required by this chapter. Makes a conforming change.

Sec. 1001.452. COURSE OF INSTRUCTION. Prohibits a driver training school from maintaining, advertising, soliciting for, or conducting a course of instruction in this state before the date the school receives a driver training school license from TDLR, rather than the commissioner of education.

SECTION 8.39. Amends Sections 1001.453(d) and (e), Education Code, as follows:

(d) Provides that Subchapter F (Administrative Penalty), Chapter 51, Occupations Code, and Section 51.353 (Administrative Sanctions), Occupations Code, do not apply to a violation of this section or a rule adopted under this section. Deletes the provision that Sections 1001.454 (Revocation of or Placement of Conditions on School or Course Provider License) and 1001.553 (Administrative Penalty) of this code do not apply to a violation of this section or a rule adopted under this section. Makes a nonsubstantive change.

(e) Provides that Section 51.352 (Injunctive Relief; Civil Penalty), Occupations Code, does not apply to a violation of this section. Deletes the provision that Sections 1001.455(a)(6) (Denial, Suspension, or Revocation of Instructor License), 1001.551 (Injunction in General), and 1001.552 (Injunction Against School), of this code do not apply to a violation of this section. Makes a nonsubstantive change.

SECTION 8.40. Amends Section 1001.456, Education Code, as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) Authorizes TDLR, rather than TEA, to take certain actions without notice if TDLR believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director, rather than a rule adopted under this chapter. Makes a conforming change.

(b) Authorizes TDLR, if TDLR believes that a course provider, driving safety school, or driving safety instructor has violated this chapter or a rule or order of the commission or executive director adopted under this chapter, to take certain actions without notice, including suspending the right to purchase course completion certificate numbers, rather than uniform certificates of course completion. Makes conforming changes.

(c) Makes conforming changes.

(d) Provides that a suspension of enrollment under certain provisions means a ruling of the executive director, rather than the commissioner, that restricts a school from certain activities.

SECTION 8.41. Amends the heading to Subchapter L, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER L. PENALTIES

SECTION 8.42. Amends Section 1001.555(b), Education Code, to require TDLR, rather than TEA, to contract with DPS to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 8.43. Amends Article 45.0511(b), Code of Criminal Procedure, to require the judge to require the defendant to successfully complete a driving safety course approved by TDLR, rather than TEA, under certain circumstances.

SECTION 8.44. Amends Section 51.308, Education Code, to authorize a driver education course for the purpose of preparing students to obtain a driver's license to be offered by an institution of higher education with the approval of TDLR, rather than the Central Education Agency.

SECTION 8.45. Amends Section 521.1655(a), Transportation Code, to clarify that a driver education school is licensed under Chapter 1001, Education Code, rather than the Texas Driver and Traffic Safety Education Act (Article 4413(29c), V.T.C.S.).

SECTION 8.46. Amends Section 521.203, Transportation Code, to prohibit DPS from issuing certain driver's licenses to a person who is under 18 years of age unless the person has completed a driver training course approved by TDLR, rather than by the Central Education Agency.

SECTION 8.47. Amends Sections 521.205(b) and (d), Transportation Code, to prohibit DPS from approving a course unless it determines that the course materials are at least equal to those required in a course approved by TDLR, rather than just TEA, with certain exceptions. Makes a conforming change.

SECTION 8.48. Repealer: Section 1001.001(1) (Definitions), Sections 1001.053 (a) and (b) (Powers and Duties of Commissioner), and Sections 1001.152 (Duty to Review and Recommend Adjustments in Fee Amounts), Section 1001.054 (Rules Restricting Advertising Or Competitive Bidding), 1001.303 (Renewal of School or Course Provider License), 1001.304 (Renewal of Instructor License), 1001.454 (Revocation of or Placement of Conditions on School or Course Provider License), 1001.455 (Denial, Suspension, or Revocation of Instructor License), 1001.457 (Term of Suspension), 1001.458 (Surrender of License), 1001.459 (Appeal and Request for Hearing), 1001.460 (Hearing), 1001.461 (Judicial Review), 1001.551 (Injunction in General), 1001.552 (Injunction Against School), and 1001.553 (Administrative Penalty), Education Code, and Subchapter B (Dismissal of Certain Misdemeanor Charges on Completing Driving Safety Course), Chapter 543, Transportation Code.

SECTION 8.49. (a) Requires TEA and TDLR, as soon as practicable after the effective date of this Act, to develop a transition plan for transferring the functions performed by TEA under Chapter 1001, Education Code, to TDLR. Requires the transition plan to include a timetable with specific steps and deadlines needed to complete the transfer.

(b) Provides that on January 1, 2006, all functions and activities relating to Chapter 1001, Education Code, performed by TEA immediately before that date are transferred to TDLR; a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or form of the commission or TDLR, as applicable, and remains in effect until amended or replaced by the commission or TDLR and that a reference to TEA in a law or administrative rule that relates to Chapter 1001, Education Code, means the commission or TDLR, as applicable; transfers from TEA to TDLR a complaint investigation or other proceeding before TEA that is related to Chapter 1001, Education Code without change in status and TDLR assumes, as appropriate and without a change in status the position of TEA in an action or proceeding to which TEA is a party; all money, contracts, leases, property, and obligations of TEA; and the unexpended and unobligated balance of any money appropriated by the legislature for TEA related to Chapter 1001, Education Code.

(c) Provides that in accordance with the transition plan, on January 1, 2006, all fulltime equivalent employee positions at TEA that primarily concern the administration of Chapter 1001, Education Code, become positions at TDLR. Requires TDLR, when filling

positions, to give first consideration to an applicant who, as of December 31, 2005, was a full-time employee at TEA primarily involved in administering Chapter 1001, Education Code.

(d) Authorizes TEA, before January 1, 2005 [sic], to agree with TDLR to transfer any property of TEA to TDLR to implement the transfer required by this Act.

(e) Requires TEA, in the period beginning with the effective date of this Act and ending on January 1, 2006, to continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act.

(f) Provides that if this Act does not take effect immediately, an action required to be taken under this section on or before January 1, 2005, by TEA or TDLR, is required to be taken as soon as practicable after the effective date of this Act, but not later than March 1, 2006.

SECTION 8.50. Makes application of this Act prospective to a fee charge on or after January 1, 2006.

SECTION 8.51. Makes application of this Act prospective to a license issued or renewed on or after January 1, 2006.

ARTICLE 9. APPROPRIATION FOR TEXAS EDUCATION AGENCY

Enacts the appropriation of certain sums for the Texas Education Agency for fiscal years 2006 and 2007.

ARTICLE 10. REPEALER; APPLICABILITY; EFFECTIVE DATE

SECTION 10.01. (a) Repealer, effective September 1, 2005: Sections 1-3, Chapter 201, Acts of the 78th Legislature, Regular Session, 2003.

(b) Repealer: Sections 2 and 4, S.B. No. 151, Acts of the 79th Legislature, Regular Session, 2005.

(c) Repealer: Sections 2 and 10(b), H.B. No. 2753, Acts of the 79th Legislature, Regular Session, 2005.

(d) Repealer: Section 23.001(17), H.B. No. 2018, Acts of the 79th Legislature, Regular Session, 2005.

(e) Repealer: Section 4, S.B. No. 23, Acts of the 79th Legislature, Regular Session, 2005.

(f) Repealer: Subchapter (D) [sic], Chapter 22; Subchapters C (Detachment and Annexation by Agreement), E (Education of Nonresident Students), F (Tax Base Consolidation), and G (Detachment and Annexation by Commissioner), Chapter 41; Chapter 42 (Foundation School Program) as it existed on January 1, 2005; and Sections 7.006 (Coordination of Records), 21.357 (Compensation), 21.402(b) (Approval of Rules), 25.0811(b) (First Day of Instruction), and 29.056(h) (relating to the reenrollment of a student in a bilingual program), 29.203(c) and (g) (Financing), 31.025 (Limitation on Cost), 31.1031 (Shortage of Requested Textbooks), 37.004(g) (Placement of Students with Disabilities), 39.023(d) and (j) (Adoption and Administration of Instruments), 39.024(e) (Satisfactory Performance), 39.027(b), (c), and (f) (Exemption), 39.051(d) (Academic Excellence Indicators), 39.073 (Determining Accreditation Status), 39.074 (On-site Investigations), 39.112 (Excellence Exemptions), 41.001 (Definitions), 41.002 (Equalized Wealth Level), 41.003 (Options to Achieve Equalized Wealth Level), 41.0031 (Inclusion of attendance Credits and Nonresidents in Weighted Average Daily Attendance), 41.007 (Commissioner to approve Subsequent Boundary Changes), 41.009(b) (Tax Abatements), 41.011 (Contingency), 41.092 (Credit), 41.099 (Limitation),

41.252(b) (Selection Criteria), 44.004(c) and (d) (Notice of Budget and Tax Rate Meeting; Budget Adoption), and 105.301(f) (Establishment Scope), Education Code.

(g) Repealer: Section 403.302(j) (Determination of School District Property Values), Government Code.

(h) Repealer: Sections 1579.253(b) (Contribution by Employee), 1581.053(b) (Use of State Funds), and Subchapter C (State Assistance for Meeting Minimum Effort), Chapter 1581, Insurance Code.

(i) Repealer Sections 6.02(g) (District Boundaries), 6.03(m) (Board of Directors), 21.02(b) (Tangible Personal Property Generally), 26.08(k), (l), and (m) (Election to Ratify School Taxes), Tax Code.

SECTION 10.02. Makes application of this Act prospective to the beginning of the 2005-2006 school year, except as otherwise provided by this Act.

SECTION 10.03 (a) Effective date: upon adjournment or 91st day after the last day of the legislative session; and a provision of this Act that states that the provision takes effect September 1, 2005, takes effect on the effective date as provided by Subdivision (l) of this subsection.

(b) Provides that this Act takes effect only if H.B. No. 3, Acts of the 79th Legislature, 1st Called Session, 2005, becomes law. Provides that if that bill does not become law, this Act has no effect.