

By: Hochberg

H.B. No. 15

A BILL TO BE ENTITLED

AN ACT

relating to public education and public school finance matters.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING

SECTION 1A.01. Section 42.005(a), Education Code, is amended to read as follows:

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

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

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

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

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

(B) the average daily attendance as calculated by the commissioner in accordance with Section 29.0822(d), for

1 students served under Section 29.0822.

2 SECTION 1A.02. Effective September 1, 2005, Section 42.101,
3 Education Code, is amended to read as follows:

4 Sec. 42.101. BASIC ALLOTMENT. For each student in average
5 daily attendance, not including the time students spend each day in
6 special education programs in an instructional arrangement other
7 than mainstream or career and technology education programs, for
8 which an additional allotment is made under Subchapter C, a
9 district is entitled to an allotment of \$3,096 [~~\$2,537~~]. A greater
10 amount for any school year may be provided by appropriation.

11 SECTION 1A.03. Effective September 1, 2006, Section 42.101,
12 Education Code, is amended to read as follows:

13 Sec. 42.101. BASIC ALLOTMENT. For each student in average
14 daily attendance, not including the time students spend each day in
15 special education programs in an instructional arrangement other
16 than mainstream or career and technology education programs, for
17 which an additional allotment is made under Subchapter C, a
18 district is entitled to an allotment of \$3,225 [~~\$2,537~~]. A greater
19 amount for any school year may be provided by appropriation.

20 SECTION 1A.04. Section 42.102(b), Education Code, is
21 amended to read as follows:

22 (b) The cost of education adjustment is the cost of
23 education index adjustment adopted by the foundation school fund
24 budget committee and contained in Chapter 203, Title 19, Texas
25 Administrative Code, as that chapter existed on March 26, 1997. The
26 commissioner shall modify the adjustment as necessary to compensate
27 for the equal application of the adjustment to each of the two tiers

1 of the foundation school program.

2 SECTION 1A.05. Section 42.152, Education Code, is amended
3 by amending Subsections (a) and (t) and adding Subsection (c-3) to
4 read as follows:

5 (a) For each student who is educationally disadvantaged or
6 who is a student who does not have a disability and resides in a
7 residential placement facility in a district in which the student's
8 parent or legal guardian does not reside, a district is entitled to
9 an annual allotment equal to the adjusted basic allotment
10 multiplied by 0.25 [~~0.2~~], and by 2.41 for each full-time equivalent
11 student who is in a remedial and support program under Section
12 29.081 because the student is pregnant.

13 (c-3) Notwithstanding Subsection (c), a school district may
14 use funds allocated under this section to provide Saturday classes
15 for third grade students who fail to perform satisfactorily on an
16 assessment instrument administered under Section 39.023.

17 (t) A reduction made under this section, Section 39.031, or
18 the General Appropriations Act in the allotment under this section
19 does not affect the computation of students in weighted average
20 daily attendance for purposes of Subchapter F. The reduction in the
21 allotment under this section shall be applied in the same manner to
22 districts that receive state aid under this chapter and districts
23 that make payments under Chapter 41.

24 SECTION 1A.06. Section 42.153(a), Education Code, is
25 amended to read as follows:

26 (a) For each student in average daily attendance in a
27 bilingual education or special language program under Subchapter B,

1 Chapter 29, a district is entitled to an annual allotment equal to
2 the adjusted basic allotment multiplied by 0.15 [~~0.1~~].

3 SECTION 1A.07. Section 42.154(a), Education Code, is
4 amended to read as follows:

5 (a) For each full-time equivalent student in average daily
6 attendance in an approved career and technology education program
7 in grades [~~nine through 12 or in career and technology education~~
8 ~~programs for students with disabilities in grades~~] seven through
9 12, a district is entitled to an annual allotment equal to the
10 adjusted basic allotment multiplied by a weight of 1.35.

11 SECTION 1A.08. Section 42.155, Education Code, is amended
12 by adding Subsection (1) to read as follows:

13 (1) Beginning with the 2005-2006 school year, the allotment
14 per mile of approved route shall be at least 35 percent higher than
15 the allotment per mile of approved route for the 2004-2005 school
16 year.

17 SECTION 1A.09. Subchapter C, Chapter 42, Education Code, is
18 amended by adding Section 42.159 to read as follows:

19 Sec. 42.159. INSTRUCTIONAL MATERIALS AND TECHNOLOGY
20 ALLOTMENT. (a) For each student in average daily attendance, a
21 school district is entitled to an annual allotment of \$150.

22 (b) Funds allotted under this section may be used only to
23 purchase approved instructional materials, including online
24 instructional materials.

25 (c) This section applies beginning with the 2006-2007
26 school year. This subsection expires September 1, 2007.

27 SECTION 1A.10. Effective September 1, 2005, Section

1 42.2512(a), Education Code, is amended to read as follows:

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

6 (1) an amount equal to the product of \$2,400 [~~\$3,000~~]
7 multiplied by the number of classroom teachers, full-time
8 librarians, full-time counselors certified under Subchapter B,
9 Chapter 21, and full-time school nurses employed by the district
10 and entitled to a minimum salary under Section 21.402; and

11 (2) an amount equal to 80 percent of the amount of
12 additional funds to which the district is entitled due to the
13 increases made by .B. No. __, Acts of the 79th Legislature, 1st
14 Called Session, 2005 [~~S.B. No. 4, Acts of the 76th Legislature,~~
15 ~~Regular Session, 1999~~], to:

16 (A) the equalized wealth level under Section
17 41.002;

18 (B) the basic allotment under Section 42.101; and

19 (C) the guaranteed level of state and local funds
20 per weighted student per cent of tax effort under Section 42.302.

21 SECTION 1A.11. Effective September 1, 2006, Section
22 42.2512(a), Education Code, is amended to read as follows:

23 (a) A school district, including a school district that is
24 otherwise ineligible for state aid under this chapter, is entitled
25 to state aid in an amount, as determined by the commissioner, equal
26 to the difference, if any, between:

27 (1) an amount equal to the product of \$4,800 [~~\$3,000~~]

1 multiplied by the number of classroom teachers, full-time
2 librarians, full-time counselors certified under Subchapter B,
3 Chapter 21, and full-time school nurses employed by the district
4 and entitled to a minimum salary under Section 21.402; and

5 (2) an amount equal to 80 percent of the amount of
6 additional funds to which the district is entitled due to the
7 increases made by .B. No. ___, Acts of the 79th Legislature, 1st
8 Called Session, 2005 [~~S.B. No. 4, Acts of the 76th Legislature,~~
9 ~~Regular Session, 1999~~], to:

10 (A) the equalized wealth level under Section
11 41.002;

12 (B) the basic allotment under Section 42.101; and

13 (C) the guaranteed level of state and local funds
14 per weighted student per cent of tax effort under Section 42.302.

15 SECTION 1A.12. Effective September 1, 2005, Subchapter E,
16 Chapter 42, Education Code, is amended by adding Section 42.2513 to
17 read as follows:

18 Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a)
19 Notwithstanding any other provision of this chapter or Chapter 41,
20 a school district that imposes a maintenance and operations tax
21 rate of at least \$1.25 per \$100 valuation of taxable property is
22 entitled to the amount of state revenue necessary to maintain state
23 and local revenue per student in weighted average daily attendance
24 in an amount equal to the sum of:

25 (1) the greater of:

26 (A) the amount of state and local revenue per
27 student in weighted average daily attendance for the maintenance

1 and operation of the district to which the district was entitled for
2 the 2004-2005 school year under this chapter, or, if the district
3 was subject to Chapter 41, the amount to which the district was
4 entitled under that chapter, including any amounts the district
5 received under Rider 82, page III-23, Chapter 1330, Acts of the 78th
6 Legislature, Regular Session, 2003 (the General Appropriations
7 Act); or

8 (B) the amount of state and local revenue per
9 student in weighted average daily attendance for the maintenance
10 and operation of the district to which the district would have been
11 entitled for the 2005-2006 school year under this chapter, as this
12 chapter existed on January 1, 2005, or, if the district would have
13 been subject to Chapter 41 as that chapter existed on January 1,
14 2005, the amount to which the district would have been entitled
15 under that chapter, based on the funding elements in effect for the
16 2004-2005 school year and including any amounts described by Rider
17 82, page III-23, Chapter 1330, Acts of the 78th Legislature,
18 Regular Session, 2003 (the General Appropriations Act); and

19 (2) an amount equal to three percent of the greater of
20 the amounts described by Subdivision (1).

21 (b) The amount of revenue to which a school district is
22 entitled because of the technology allotment under Section 32.005
23 or the instructional materials and technology allotment under
24 Section 42.159 is not included in making a determination under
25 Subsection (a).

26 (c) The commissioner shall determine the amount of state
27 funds to which a school district is entitled under this section.

1 The commissioner's determination is final and may not be appealed.

2 SECTION 1A.13. Effective September 1, 2006, Subchapter E,
3 Chapter 42, Education Code, is amended by adding Section 42.2513 to
4 read as follows:

5 Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a)

6 Notwithstanding any other provision of this chapter or Chapter 41,
7 a school district that imposes a maintenance and operations tax
8 rate of at least \$1.25 per \$100 valuation of taxable property is
9 entitled to the amount of state revenue necessary to maintain state
10 and local revenue per student in weighted average daily attendance
11 in the amount equal to the sum of:

12 (1) the amount of state and local revenue per student
13 in weighted average daily attendance for the maintenance and
14 operation of the district to which the district would have been
15 entitled for the 2006-2007 school year under this chapter, as this
16 chapter existed on January 1, 2005, or, if the district would have
17 been subject to Chapter 41 as that chapter existed on January 1,
18 2005, the amount to which the district would have been entitled
19 under that chapter, based on the funding elements in effect for the
20 2004-2005 school year and including any amounts described by Rider
21 82, page III-23, Chapter 1330, Acts of the 78th Legislature,
22 Regular Session, 2003 (the General Appropriations Act); and

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

25 (b) The amount of revenue to which a school district is
26 entitled because of the technology allotment under Section 32.005
27 or the instructional materials and technology allotment under

1 Section 42.159 is not included in making a determination under
2 Subsection (a).

3 (c) The commissioner shall determine the amount of state
4 funds to which a school district is entitled under this section.
5 The commissioner's determination is final and may not be appealed.

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

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

$$LFA = TR \times DPV$$

10 where:

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

12 "TR" is a tax rate which when multiplied by the ratio of the
13 actual taxable value of the property in the district for the current
14 tax year divided by the taxable value of property in the district
15 for the preceding tax year as determined under Subchapter M,
16 Chapter 403, Government Code, raises \$0.86 for each hundred dollars
17 of valuation [~~is an effective tax rate of \$0.86~~]; and

18 "DPV" is the taxable value of property in the school district
19 for the preceding tax year determined under Subchapter M, Chapter
20 403, Government Code.

21 SECTION 1A.15. Section 42.302(a), Education Code, is
22 amended to read as follows:

23 (a) Each school district is guaranteed a specified amount
24 per weighted student in state and local funds for each cent of tax
25 effort over that required for the district's local fund assignment
26 up to the maximum level specified in this subchapter. The amount of
27

1 state support, subject only to the maximum amount under Section
2 42.303, is determined by the formula:

$$3 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

4 where:

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

7 "GL" is the dollar amount guaranteed level of state and local
8 funds per weighted student per cent of tax effort, which is an
9 amount equal to the quotient of the basic allotment under Section
10 42.101 divided by 86 [~~\$27.14~~] or a greater amount for any year
11 provided by appropriation;

12 "WADA" is the number of students in weighted average daily
13 attendance, which is calculated by dividing the sum of the school
14 district's allotments under Subchapters B and C, less any allotment
15 to the district for transportation and[~~7~~] any allotment under
16 Section 42.158, [~~and 50 percent of the adjustment under Section~~
17 ~~42.102,~~] by the basic allotment for the applicable year;

18 "DTR" is the district enrichment tax rate of the school
19 district, which is determined by multiplying the district's adopted
20 maintenance and operations tax rate by the ratio of the actual
21 taxable value of the property in the district for the current tax
22 year divided by the taxable value of property in the district for
23 the preceding year as determined under Subchapter M, Chapter 403,
24 Government Code, and subtracting the district's tax rate ("TR") as
25 calculated under Section 42.252(a) [~~subtracting the amounts~~
26 ~~specified by Subsection (b) from the total amount of maintenance~~
27 ~~and operations taxes collected by the school district for the~~

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

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

9 SECTION 1A.16. Section 41.002(a), Education Code, is
10 amended to read as follows:

11 (a) A school district may not have a wealth per student that
12 exceeds the product of the amount of the guaranteed level of state
13 and local funds per weighted student per cent of tax effort under
14 Section 42.302 multiplied by 10,000 [~~\$305,000~~].

15 SECTION 1A.17. Section 12.106(a), Education Code, is
16 amended to read as follows:

17 (a) A charter holder is entitled to receive for the
18 open-enrollment charter school funding under Chapter 42 as if the
19 school were a school district without a tier one local share for
20 purposes of Section 42.253 and without any local revenue ("LR") for
21 purposes of Section 42.302. In determining funding for an
22 open-enrollment charter school, adjustments under Sections 42.102,
23 42.103, 42.104, and 42.105 and the district enrichment tax rate
24 ("DTR") under Section 42.302 are based on the average adjustment
25 and average district enrichment tax rate for the state, as
26 estimated at the beginning of the school year, and provided that the
27 amount of state funding for each student is not subject to

1 adjustment after the beginning of the school year due to changes in
2 property value or collection rates for the state.

3 SECTION 1A.18. Section 26.08, Tax Code, is amended by
4 adding Subsections (a-1)-(a-4) and amending Subsections (i) and (k)
5 to read as follows:

6 (a-1) Except as provided by Subsection (a-2), for the 2005
7 tax year, a school district may not impose a tax for the maintenance
8 and operations of the district that exceeds the greater of:

9 (1) the rate equal to five-sixths of the rate adopted
10 by the district for maintenance and operations for the 2004 tax
11 year; or

12 (2) the rate necessary to ensure that the district
13 receives the amount of revenue described by Sections 42.2513(a)(1)
14 and (2), Education Code, provided that the rate may not exceed \$1.25
15 per \$100 valuation of taxable property.

16 (a-2) Notwithstanding any other provision of law, for the
17 2005 tax year, a school district permitted by special law on January
18 1, 2005, to impose an ad valorem tax for maintenance and operations
19 at a rate greater than \$1.50 per \$100 valuation of taxable property
20 in the district may continue to impose a tax for the maintenance and
21 operations of the district at a rate not to exceed the rate that is
22 \$0.25 less than the rate adopted by the district for maintenance and
23 operations for the 2004 tax year.

24 (a-3) A school district that has adopted a tax rate for the
25 2005 tax year before the effective date of the amendment to this
26 section by H.B. No. ____, Acts of the 79th Legislature, 1st Called
27 Session, 2005, must adopt a new tax rate for the 2005 tax year that

1 is consistent with Subsections (a-1) and (a-2).

2 (a-4) Subsections (a-1), (a-2), (a-3), and this subsection
3 expire January 1, 2006.

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

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

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

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

20 (k) For purposes of this section, for the [~~2003, 2004,~~]
21 2005, 2006, 2007, or 2008 tax year, for a school district that is
22 entitled to state funds under Sections 1581.1015(c), (d), (e), and
23 (f) [~~Section 4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article~~
24 ~~3.50-9~~], Insurance Code, the rollback tax rate of the district is
25 the sum of:

26 (1) the tax rate that, applied to the current total
27 value for the district, would impose taxes in an amount that, when

1 added to state funds that would be distributed to the district under
2 Chapter 42, Education Code, for the school year beginning in the
3 current tax year using that tax rate, would provide the same amount
4 of state funds distributed under Chapter 42 and maintenance and
5 operations taxes of the district per student in weighted average
6 daily attendance for that school year that would have been
7 available to the district in the preceding year if the funding
8 elements for Chapters 41 and 42, Education Code, for the current
9 year had been in effect for the preceding year;

10 (2) the tax rate that, applied to the current total
11 value for the district, would impose taxes in the amount that, when
12 added to state funds that would be distributed to the district under
13 Chapter 42, Education Code, for the school year beginning in the
14 current tax year using that tax rate, permits the district to comply
15 with Section 1581.052 [~~3, Article 3.50-9~~], Insurance Code;

16 (3) the rate of \$0.04 [~~\$0.06~~] per \$100 of taxable
17 value; and

18 (4) the district's current debt rate.

19 SECTION 1A.19. Section 311.013, Tax Code, is amended by
20 adding Subsection (h) to read as follows:

21 (h) This subsection applies only to a reinvestment zone
22 created before January 1, 2005, for which a school district entered
23 into an agreement before that date to pay a portion of the tax
24 increment produced by the school district into the tax increment
25 fund established for the zone. In addition to the amount the school
26 district is otherwise required to pay into the tax increment fund
27 each year, the comptroller shall pay into the fund from any

1 available source an additional amount. The additional amount is
2 the amount by which the amount the district would have been required
3 to pay into the fund for the current year under the agreement if the
4 district levied taxes at the district's 2004 tax rate exceeds the
5 amount the district is otherwise required to pay into the fund for
6 the current year. This subsection ceases to apply to the
7 reinvestment zone on the later of the dates specified by Sections
8 311.017(a)(1) and (2) for the reinvestment zone.

9 PART B. RESIDENCE HOMESTEAD EXEMPTION

10 SECTION 1B.01. Section 11.13(b), Tax Code, is amended to
11 read as follows:

12 (b) An adult is entitled to exemption from taxation by a
13 school district of \$45,000 [~~\$15,000~~] of the appraised value of the
14 adult's residence homestead, except that \$40,000 [~~\$10,000~~] of the
15 exemption does not apply to an entity operating under former
16 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters
17 existed on May 1, 1995, as permitted by Section 11.301, Education
18 Code.

19 SECTION 1B.02. Section 11.26(a), Tax Code, is amended to
20 read as follows:

21 (a) The tax officials shall appraise the property to which
22 this section applies and calculate taxes as on other property, but
23 if the tax so calculated exceeds the limitation imposed by this
24 section, the tax imposed is the amount of the tax as limited by this
25 section, except as otherwise provided by this section. A school
26 district may not increase the total annual amount of ad valorem tax
27 it imposes on the residence homestead of an individual 65 years of

1 age or older or on the residence homestead of an individual who is
2 disabled, as defined by Section 11.13, above the amount of the tax
3 it imposed in the first tax year in which the individual qualified
4 that residence homestead for the applicable exemption provided by
5 Section 11.13(c) for an individual who is 65 years of age or older
6 or is disabled. If the individual qualified that residence
7 homestead for the exemption after the beginning of that first year
8 and the residence homestead remains eligible for the same exemption
9 for the next year, and if the school district taxes imposed on the
10 residence homestead in the next year are less than the amount of
11 taxes imposed in that first year, a school district may not
12 subsequently increase the total annual amount of ad valorem taxes
13 it imposes on the residence homestead above the amount it imposed in
14 the year immediately following the first year for which the
15 individual qualified that residence homestead for the same
16 exemption, except as provided by Subsection (b). If the first tax
17 year the individual qualified the residence homestead for the
18 exemption provided by Section 11.13(c) for individuals 65 years of
19 age or older or disabled was a tax year before the 2006 [~~1997~~] tax
20 year, the amount of the limitation provided by this section is the
21 amount of tax the school district imposed for the 2005 [~~1996~~] tax
22 year less an amount equal to the amount determined by multiplying
23 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
24 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to
25 improvements made in 2005 [~~1996~~], other than improvements made to
26 comply with governmental regulations or repairs.

27 SECTION 1B.03. Section 42.2511(a), Education Code, is

1 amended to read as follows:

2 (a) Notwithstanding any other provision of this chapter, a
3 school district is entitled to additional state aid to the extent
4 that state aid under this chapter based on the determination of the
5 school district's taxable value of property as provided under
6 Subchapter M, Chapter 403, Government Code, does not fully
7 compensate the district for ad valorem tax revenue lost due to:

8 (1) the increase in the homestead exemption under
9 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
10 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
11 proposed by the joint resolution to amend that section adopted by
12 the 79th Legislature, 1st Called Session, 2005; and

13 (2) the additional limitation on tax increases under
14 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
15 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
16 proposed by the joint resolution to amend that section adopted by
17 the 79th Legislature, 1st Called Session, 2005.

18 SECTION 1B.04. Section 403.302(j), Government Code, is
19 amended to read as follows:

20 (j) For purposes of Section 42.2511, Education Code, the
21 comptroller shall certify to the commissioner of education:

22 (1) a final value for each school district computed on
23 a residence homestead exemption under Section 1-b(c), Article VIII,
24 Texas Constitution, of \$5,000; ~~and~~

25 (2) a final value for each school district computed
26 on:

27 (A) a residence homestead exemption under

1 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

2 (B) the effect of the additional limitation on
3 tax increases under Section 1-b(d), Article VIII, Texas
4 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,
5 Regular Session, 1997; and

6 (3) a final value for each school district computed
7 on:

8 (A) a residence homestead exemption under
9 Section 1-b(c), Article VIII, Texas Constitution, of \$45,000; and

10 (B) the effect of the additional limitation on
11 tax increases under Section 1-b(d), Article VIII, Texas
12 Constitution, as proposed by the joint resolution to amend that
13 section adopted by the 79th Legislature, 1st Called Session, 2005.

14 SECTION 1B.05. This part takes effect January 1, 2006, but
15 only if the constitutional amendment proposed by the 79th
16 Legislature, 1st Called Session, 2005, increasing the amount of the
17 school district residence homestead property tax exemption to
18 \$45,000 and providing for a corresponding adjustment of the
19 limitation on school taxes on residence homesteads of elderly and
20 disabled persons is approved by the voters. If that amendment is
21 not approved by the voters, this part has no effect.

22 PART C. SCHOOL DISTRICT EFFICIENCY

23 SECTION 1C.01. Subchapter A, Chapter 11, Education Code, is
24 amended by adding Section 11.003 to read as follows:

25 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) The
26 commissioner shall develop and implement a program assisting school
27 district boards of trustees in entering into an agreement with

1 another district or a regional education service center for a
2 cooperative arrangement regarding administrative services,
3 including transportation, food service, purchasing, and payroll
4 functions.

5 (b) An agreement under this section must contain an
6 explanation of how the cooperative arrangement would allow a
7 participating school district to reduce costs, operate more
8 efficiently, and improve educational quality.

9 (c) This section does not limit a school district's
10 authority to enter into any other agreement authorized by law.

11 (d) The commissioner shall develop and implement the
12 program described by this section not later than January 1, 2006.
13 This subsection expires March 1, 2006.

14 SECTION 1C.02. Subchapter H, Chapter 45, Education Code, is
15 amended by adding Section 45.233 to read as follows:

16 Sec. 45.233. REVIEW OF TAX COLLECTIONS. The comptroller
17 shall periodically examine the effectiveness of school districts in
18 collecting district taxes.

19 ARTICLE 2. EDUCATION EXCELLENCE

20 PART A. EDUCATOR QUALITY

21 SECTION 2A.01. Section 21.402, Education Code, is amended
22 by amending Subsections (a) and (d) and adding Subsections (c-1),
23 (c-2), (c-3), and (c-4) to read as follows:

24 (a) Except as provided by Subsection (d), (e), or (f), a
25 school district must pay each classroom teacher, full-time
26 librarian, full-time counselor certified under Subchapter B, or
27 full-time school nurse not less than the minimum monthly salary,

1 based on the employee's level of experience, determined by the
2 following formula:

3
$$MS = SF \times FS$$

4 where:

5 "MS" is the minimum monthly salary;

6 "SF" is the applicable salary factor specified by Subsection
7 (c); and

8 "FS" is the amount, as determined by the commissioner under
9 Subsection (b), of state and local funds per weighted student
10 available to a district eligible to receive state assistance under
11 Section 42.302 with an enrichment tax rate, as defined by Section
12 42.302, equal to the maximum rate authorized under Section 42.303,
13 except that the amount of state and local funds per weighted student
14 does not include the amount attributable to the increase in the
15 guaranteed level made by Chapter 1187 [H.B. No. 3343], Acts of the
16 77th Legislature, Regular Session, 2001, or .B. No. ., Acts of
17 the 79th Legislature, 1st Called Session, 2005.

18 (c-1) Not later than June 1, 2007, the commissioner shall
19 adjust the factors described by Subsection (c) so that the minimum
20 monthly salary calculated under Subsection (a) is \$400 greater than
21 the minimum monthly salary that the formula would have otherwise
22 generated.

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

27 (1) the monthly salary the employee would have

1 received for the 2005-2006 school year under the district's salary
2 schedule or other compensation system, including any local
3 supplement and any money representing a career ladder supplement
4 the employee would have received in the 2005-2006 school year; and

5 (2) \$200.

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

10 (1) the monthly salary the employee would have
11 received for the 2006-2007 school year under the district's salary
12 schedule or other compensation system, including any local
13 supplement and any money representing a career ladder supplement
14 the employee would have received in the 2006-2007 school year; and

15 (2) \$400.

16 (c-4) Subsections (c-2) and (c-3) and this subsection
17 expire September 1, 2007.

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

24 SECTION 2A.02. Subchapter I, Chapter 21, Education Code, is
25 amended by adding Section 21.4021 to read as follows:

26 Sec. 21.4021. ADDITIONAL COMPENSATION. (a) In addition to
27 the amounts specified under Section 21.402, each school district

1 shall spend an amount equal to the product of \$800 multiplied by the
2 number of classroom teachers, full-time librarians, full-time
3 counselors certified under Subchapter B, and full-time school
4 nurses employed by the district and entitled to a minimum salary
5 under Section 21.402 on:

6 (1) additional across-the-board salary increases for
7 all employees subject to the minimum salary schedule; or

8 (2) additional stipends, in amounts determined by the
9 district, to encourage successful classroom teachers who hold
10 appropriate certificates issued as provided by Subchapter B and
11 have at least three years of classroom experience to:

12 (A) teach or serve as a mentor or master teacher
13 at a campus that is considered low-performing under Section 39.132;

14 (B) teach or serve as a mentor or master teacher
15 at a campus or in a program where at least 70 percent of the students
16 are educationally disadvantaged;

17 (C) serve as a mentor or master teacher in a
18 subject in which the teacher is certified and which is designated by
19 the commissioner as a critical shortage area; or

20 (D) teach or serve in a program that is designed
21 to provide highly qualified teachers to students who are at risk of
22 failing or dropping out of school.

23 (b) Notwithstanding Subsection (a), during the 2005-2006
24 school year, in addition to the amounts specified under Section
25 21.402, each school district shall spend an amount equal to the
26 product of \$400 multiplied by the number of classroom teachers,
27 full-time librarians, full-time counselors certified under

1 Subchapter B, and full-time school nurses employed by the district
2 and entitled to a minimum salary under Section 21.402 in the manner
3 provided by Subsection (a).

4 (c) Subsection (a) applies beginning with the 2006-2007
5 school year. Subsection (b) and this subsection expire September
6 1, 2006.

7 SECTION 2A.03. Subchapter J, Chapter 21, Education Code, is
8 amended by adding Section 21.458 to read as follows:

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

12 (1) teach in the same school;

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

15 (3) meet the qualifications prescribed by
16 commissioner rules adopted under Subsection (b).

17 (b) The commissioner shall adopt rules necessary to
18 administer this section, including rules concerning the duties and
19 qualifications of a teacher who serves as a mentor. The rules
20 concerning qualifications must require that to serve as a mentor a
21 teacher must:

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

24 (2) complete at least one day of induction provided by
25 the district; and

26 (3) have at least three complete years of teaching
27 experience.

1 read as follows:

2 Sec. 8.102. DATA REPORTING. (a) Each regional education
3 service center shall report audited or budgeted financial
4 information and any other information requested by the commissioner
5 for use in assessing the performance of the center. The
6 commissioner shall develop a uniform system for regional education
7 service centers to report audited financial data, to report
8 information on the indicators adopted under Section 8.101, and to
9 provide information on client satisfaction with services provided
10 under Subchapter B.

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

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

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

17 SECTION 2B.03. Section 8.103, Education Code, is amended to
18 read as follows:

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

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

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

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

27 (4) a review of any other factor the commissioner

1 determines to be appropriate.

2 (b) In the audit conducted under Subsection (a)(1), the
3 commissioner shall verify that the regional education service
4 center has identified each expenditure separately by purpose as
5 educational, support, or administrative as required by Section
6 8.102(b).

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

12 PART C. SCHOOL DISTRICT GOVERNANCE

13 AND OTHER OPERATIONS

14 SECTION 2C.01. Section 11.201, Education Code, is amended
15 by adding Subsection (e) to read as follows:

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

22 SECTION 2C.02. Subchapter B, Chapter 28, Education Code, is
23 amended by adding Section 28.0215 to read as follows:

24 Sec. 28.0215. LIMITS ON ASSIGNMENT OF STUDENTS TO TEACHERS.

25 (a) A student in kindergarten or grades one through six may not be
26 assigned for two consecutive school years to a teacher who:

27 (1) has less than one year of teaching experience; or

1 (2) does not hold the appropriate certificate issued
2 by the State Board for Educator Certification.

3 (b) In a subject for which a student is administered an
4 assessment instrument under Section 39.023(a) or (c), a student in
5 grade seven or higher may not be assigned for two consecutive school
6 years to a teacher who:

7 (1) has less than one year of teaching experience; or

8 (2) does not hold the appropriate certificate issued
9 by the State Board for Educator Certification.

10 SECTION 2C.03. Section 29.153, Education Code, is amended
11 by adding Subsection (d-1) to read as follows:

12 (d-1) Notwithstanding Subsection (d), the commissioner may
13 not exempt a school district from the application of this section
14 for a school year if a private entity in the district:

15 (1) is willing and able to contract with the district
16 to operate a prekindergarten program that complies with the
17 requirements of this code and commissioner rules regarding
18 prekindergarten programs operated by a school district;

19 (2) meets any additional standards of the district for
20 the operation of the district's prekindergarten program; and

21 (3) notifies the district and the commissioner in
22 writing not later than June 1 of the entity's ability and commitment
23 to operate a prekindergarten program on behalf of the district for
24 the following school year.

25 PART D. ACCOUNTABILITY

26 SECTION 2D.01. Subchapter A, Chapter 7, Education Code, is
27 amended by adding Section 7.007 to read as follows:

1 Sec. 7.007. BEST PRACTICES; CLEARINGHOUSE. (a) The agency
2 shall establish an accessible online clearinghouse of information
3 relating to the best practices of school districts for curriculum
4 development, classroom instruction, bilingual education, special
5 language programs, and business practices. The information must be
6 accessible by school districts and interested members of the
7 public.

8 (b) The agency shall:

9 (1) allow each school district to submit examples of
10 the district's best practices for:

11 (A) curriculum development and classroom
12 instruction, including best practices regarding the scope and
13 sequence of education;

14 (B) bilingual education and special language
15 programs; and

16 (C) business practices, including descriptions
17 of effective, efficient practices;

18 (2) organize the best practices for curriculum
19 development and classroom instruction by each grade level and each
20 subject in the required curriculum under Section 28.002;

21 (3) organize the best practices for business practices
22 with priority given to descriptions of effective, efficient
23 practices provided by districts rated exemplary or recognized under
24 Subchapter D, Chapter 39; and

25 (4) periodically update information described by this
26 section as the agency determines necessary to provide timely
27 information regarding best practices.

1 (c) The agency may include in the clearinghouse any
2 information that the agency determines to be relevant to the best
3 practices of school districts.

4 (d) Based on the measure of progress toward English language
5 proficiency under Section 29.065, the commissioner shall determine
6 which school districts offer the most effective bilingual education
7 and special language programs and make the information available as
8 provided by this section.

9 (e) The agency may contract for the services of one or more
10 third-party contractors to develop a system of collecting and
11 evaluating best practices of school districts as provided by this
12 section.

13 (f) The agency shall implement this section not later than
14 September 1, 2006. This subsection expires January 1, 2007.

15 SECTION 2D.02. Section 7.056(f), Education Code, is amended
16 to read as follows:

17 (f) A school district or campus that is required to develop
18 and implement a student achievement improvement plan under Section
19 39.131 or 39.132 or that is subject to Section 39.1321 may receive
20 an exemption or waiver under this section from any law or rule other
21 than:

22 (1) a prohibition on conduct that constitutes a
23 criminal offense;

24 (2) a requirement imposed by federal law or rule;

25 (3) a requirement, restriction, or prohibition
26 imposed by state law or rule relating to:

27 (A) public school accountability as provided by

1 Subchapters B, C, D, and G, Chapter 39; or

2 (B) educator rights and benefits under
3 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
4 A, Chapter 22; or

5 (4) textbook selection under Chapter 31.

6 SECTION 2D.03. Section 25.005(b), Education Code, is
7 amended to read as follows:

8 (b) A reciprocity agreement must:

9 (1) address procedures for:

10 (A) transferring student records;

11 (B) awarding credit for completed course work;

12 and

13 (C) permitting a student to satisfy the
14 requirements of Section 39.025 through successful performance on
15 comparable end-of-course or other exit-level assessment
16 instruments administered in another state; and

17 (2) include appropriate criteria developed by the
18 agency.

19 SECTION 2D.04. Section 28.002(h), Education Code, is
20 amended to read as follows:

21 (h) The State Board of Education and each school district
22 shall foster the continuation of the tradition of teaching United
23 States and Texas history and the free enterprise system in regular
24 subject matter, ~~and~~ in social studies, economics, and reading
25 courses, and in the adoption of textbooks. A primary purpose of the
26 public school curriculum is to prepare thoughtful, active citizens
27 who understand the importance of patriotism and can function

1 productively in a free enterprise society with appreciation for the
2 basic democratic values of our state and national heritage.

3 SECTION 2D.05. The heading to Section 28.0211, Education
4 Code, is amended to read as follows:

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

8 SECTION 2D.06. Subchapter B, Chapter 28, Education Code, is
9 amended by adding Section 28.0215 to read as follows:

10 Sec. 28.0215. SATISFACTORY PERFORMANCE REQUIRED:
11 END-OF-COURSE ASSESSMENT INSTRUMENTS. (a) A student may not
12 receive course credit for a course described by Section 39.023(c)
13 unless the student performs satisfactorily on the end-of-course
14 assessment instrument for the course.

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

19 SECTION 2D.07. Section 28.025, Education Code, as amended
20 by H.B. No. 25, Acts of the 79th Legislature, Regular Session, 2005,
21 is amended by amending Subsections (c), (d), and (e) and adding
22 Subsection (f) to read as follows:

23 (c) A person may receive a diploma if the person is eligible
24 for a diploma under Section 28.0251. In other cases, a student may
25 graduate and receive a diploma only if[+]

26 [~~1~~] the student successfully completes:

27 (1) the curriculum requirements identified by the

1 State Board of Education under Subsection (a) [~~and complies with~~
2 ~~Section 39.025~~]; or

3 (2) [~~the student successfully completes~~] an
4 individualized education program developed under Section 29.005.

5 (d) Except as provided by Section 39.0241, a person may not
6 receive a diploma unless the person complies with Section 39.025.
7 For each year in which a person must comply with Section 39.025 to
8 receive a diploma, a [A] school district may issue a certificate of
9 coursework completion to a student who successfully completes the
10 curriculum requirements identified by the State Board of Education
11 under Subsection (a) but who fails to comply with Section 39.025. A
12 school district may allow a student who receives a certificate to
13 participate in a graduation ceremony with students receiving high
14 school diplomas. This subsection ceases to apply on the date the
15 commissioner certifies that the implementation of amendments made
16 by __.B. No. __, Acts of the 79th Legislature, 1st Called Session,
17 2005, to Sections 39.023(a) and (c) and 39.051(b) is complete under
18 the transition plan adopted under Section 39.0241. This subsection
19 expires September 1, 2011.

20 (e) Each school district shall report the academic
21 achievement record of students who have completed a minimum,
22 recommended, or advanced high school program on transcript forms
23 adopted by the State Board of Education. The transcript forms
24 adopted by the board must be designed to clearly differentiate
25 between each of the high school programs.

26 (f) The transcript forms adopted by the State Board of
27 Education under Subsection (e) must be designed to [~~and~~] identify

1 whether a student received a diploma or a certificate of coursework
2 completion. This subsection expires September 1, 2011.

3 SECTION 2D.08. Section 29.081(b), Education Code, is
4 amended to read as follows:

5 (b) Each district shall provide accelerated instruction to
6 a student enrolled in the district who has taken an end-of-course
7 [the secondary exit-level] assessment instrument administered
8 under Section 39.023(c) and has not performed satisfactorily on the
9 assessment instrument [each section] or who is at risk of dropping
10 out of school.

11 SECTION 2D.09. Subchapter C, Chapter 29, Education Code, is
12 amended by adding Section 29.0822 to read as follows:

13 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)
14 Notwithstanding Section 25.081 or 25.082(a), a school district may
15 provide a flexible school day program for students in grades nine
16 through 12 who have dropped out of school or who are at risk of
17 dropping out of school as defined by Section 29.081.

18 (b) To enable a school district to provide a program under
19 this section that meets the needs of students described by
20 Subsection (a), a school district may:

21 (1) provide flexibility in the number of hours each
22 day a student attends;

23 (2) provide flexibility in the number of days each
24 week a student attends; or

25 (3) allow a student to enroll in less or more than a
26 full course load.

27 (c) A course offered in a program under this section must

1 provide for at least the same number of instructional hours as
2 required for a course offered in a program that meets the required
3 minimum number of instructional days under Section 25.081 and the
4 required length of school day under Section 25.082(a).

5 (d) The commissioner may adopt rules for the administration
6 of this section. The commissioner shall calculate average daily
7 attendance for students served under this section. The
8 commissioner shall allow accumulations of hours of instruction for
9 students whose schedule would not otherwise allow full state
10 funding. Funding under this subsection shall be determined based
11 on the number of instructional days in the district calendar and a
12 seven-hour school day, but attendance may be cumulated over a
13 school year, inclusive of any summer or vacation sessions. The
14 attendance of students who accumulate less than the number of
15 attendance hours required under this subsection shall be
16 proportionately reduced for funding purposes. The commissioner may
17 set maximum funding amounts for an individual course under this
18 section.

19 SECTION 2D.10. Section 29.187(b), Education Code, is
20 amended to read as follows:

21 (b) An award granted under this section is not in lieu of a
22 diploma [~~or certificate of coursework completion~~] issued under
23 Section 28.025.

24 SECTION 2D.11. Section 29.202, Education Code, is amended
25 to read as follows:

26 Sec. 29.202. ELIGIBILITY. (a) In this section, "adequate
27 yearly progress standard" means a standard:

1 (1) determined by the commissioner and approved by the
2 United States Department of Education as provided by the No Child
3 Left Behind Act of 2001 (Pub. L. No. 107-110); and

4 (2) used to measure various indicators of educational
5 success to determine the progress of a campus towards academic
6 achievement.

7 (b) A student is eligible to receive a public education
8 grant or to attend another public school in the district in which
9 the student resides under this subchapter if the student is
10 assigned to attend a public school campus:

11 (1) at which 50 percent or more of the students did not
12 perform satisfactorily on an assessment instrument administered
13 under Section 39.023(a) or (c) in any two of the preceding three
14 years; ~~[or]~~

15 (2) that was, at any time in the preceding three years,
16 considered low-performing under Section 39.132; or

17 (3) that has not met the adequate yearly progress
18 standard for the same indicator of educational success for the
19 preceding two years.

20 (c) ~~[(b)]~~ After a student has used a public education grant
21 to attend a school in a district other than the district in which
22 the student resides, [+]

23 ~~[(1)]~~ the student does not become ineligible for the
24 grant if the school on which the student's initial eligibility is
25 based no longer meets the criteria under Subsection (b) ~~[(a), and~~

26 ~~[(2) the student becomes ineligible for the grant if~~
27 ~~the student is assigned to attend a school that does not meet the~~

1 ~~criteria under Subsection (a)]~~.

2 SECTION 2D.12. Section 29.203(f), Education Code, is
3 amended to read as follows:

4 (f) The school district in which a student resides shall
5 provide each student attending a school in another district under
6 this subchapter transportation free of charge to and from the
7 school the student would otherwise attend, except as provided by
8 Section 1116, No Child Left Behind Act of 2001 (20 U.S.C. Section
9 6316).

10 SECTION 2D.13. Section 30.021(e), Education Code, is
11 amended to read as follows:

12 (e) The school shall cooperate with public and private
13 agencies and organizations serving students and other persons with
14 visual impairments in the planning, development, and
15 implementation of effective educational and rehabilitative service
16 delivery systems associated with educating students with visual
17 impairments. To maximize and make efficient use of state
18 facilities, funding, and resources, the services provided in this
19 area may include conducting a cooperative program with other
20 agencies to serve students who have graduated from high school by
21 completing all academic requirements applicable to students in
22 regular education, excluding satisfactory performance on the
23 end-of-course [exit-level] assessment instruments required by
24 commissioner rule under Section 39.023(c) [instrument], who are
25 younger than 22 years of age on September 1 of the school year and
26 who have identified needs related to vocational training,
27 independent living skills, orientation and mobility, social and

1 leisure skills, compensatory skills, or remedial academic skills.

2 SECTION 2D.14. Sections 30.104(b) and (c), Education Code,
3 as amended by H.B. No. 25, Acts of the 79th Legislature, Regular
4 Session, 2005, are amended to read as follows:

5 (b) A student may graduate and receive a diploma from a
6 Texas Youth Commission educational program if[+]

7 [~~(1)~~] the student successfully completes:

8 (1) the curriculum requirements identified by the
9 State Board of Education under Section 28.025(a) [~~and complies with~~
10 ~~Section 39.025~~]; or

11 (2) [~~the student successfully completes~~] the
12 curriculum requirements under Section 28.025(a) as modified by an
13 individualized education program developed under Section 29.005.

14 (c) Except as provided by Section 39.0241, a person may not
15 receive a diploma unless the person complies with Section 39.025.
16 For each year in which a person must comply with Section 39.025 to
17 receive a diploma, a [A] Texas Youth Commission educational program
18 may issue a certificate of course-work completion to a student who
19 successfully completes the curriculum requirements identified by
20 the State Board of Education under Section 28.025(a) but who fails
21 to comply with Section 39.025. This subsection ceases to apply on
22 the date the commissioner certifies that the implementation of the
23 amendments made by __.B. No. __, Acts of the 79th Legislature, 1st
24 Called Session, 2005, to Sections 39.023(a) and (c) and 39.051(b)
25 is complete under the transition plan adopted under Section
26 39.0241. This subsection expires September 1, 2011.

27 SECTION 2D.15. Section 39.023, Education Code, is amended

1 by amending Subsections (a) and (c) and adding Subsection (a-1) to
2 read as follows:

3 (a) The agency shall adopt or develop appropriate
4 criterion-referenced assessment instruments designed to assess
5 essential knowledge and skills in reading, writing, mathematics,
6 social studies, and science. All students, except students
7 assessed under Subsection (b) or (1) or exempted under Section
8 39.027, shall be assessed in:

9 (1) mathematics, annually in grades three through
10 seven without the aid of technology and in grade [~~grades~~] eight
11 [~~through 11~~] with the aid of technology on any assessment
12 instruments that include algebra;

13 (2) reading, annually in grades three through eight
14 [~~nine~~];

15 (3) writing, including spelling and grammar, in grades
16 four and seven;

17 (4) [~~English language arts, in grade 10,~~
18 [~~5~~] social studies, in grade [~~grades~~] eight [~~and~~
19 ~~10~~];

20 (5) [~~6~~] science, in grades five and [~~7~~] eight [~~and~~
21 ~~10~~]; and

22 (6) [~~7~~] any other subject and grade required by
23 federal law.

24 (a-1) An assessment instrument under this section may
25 include questions that test a broader range of knowledge and skills
26 or that are at a higher difficulty level for the purpose of
27 differentiating student achievement. A student may not be required

1 to answer a question described by this subsection correctly to
2 perform satisfactorily on the assessment instrument or to be
3 promoted to the next grade level. To ensure a valid bank of
4 questions for use each year, the agency is not required to release a
5 question that is being field-tested until after the fifth school
6 year the question is used on an assessment instrument administered
7 under this section.

8 (c) The agency shall also adopt end-of-course [~~secondary~~
9 ~~exit-level~~] assessment instruments for secondary-level courses in
10 Algebra I, Algebra II, Geometry, Biology, Chemistry, Physics,
11 Integrated Physics and Chemistry, English I, English II, English
12 III, World Geography, World History, United States History, and any
13 other course as determined by rule by the commissioner [~~designed to~~
14 ~~be administered to students in grade 11 to assess essential~~
15 ~~knowledge and skills in mathematics, English language arts, social~~
16 ~~studies, and science. The mathematics section must include at~~
17 ~~least Algebra I and geometry with the aid of technology. The~~
18 ~~English language arts section must include at least English III and~~
19 ~~must include the assessment of essential knowledge and skills in~~
20 ~~writing. The social studies section must include early American and~~
21 ~~United States history. The science section must include at least~~
22 ~~biology and integrated chemistry and physics. The assessment~~
23 ~~instruments must be designed to assess a student's mastery of~~
24 ~~minimum skills necessary for high school graduation and readiness~~
25 ~~to enroll in an institution of higher education)]. If a student is
26 in a special education program under Subchapter A, Chapter 29, the
27 student's admission, review, and dismissal committee shall~~

1 determine whether any allowable modification is necessary in
2 administering to the student an assessment instrument required
3 under this subsection or whether the student should be exempted
4 under Section 39.027(a)(2). The State Board of Education shall
5 administer the assessment instruments. The State Board of
6 Education shall adopt a schedule for the administration of
7 end-of-course [~~secondary exit-level~~] assessment instruments.
8 [~~Each student who did not perform satisfactorily on any secondary~~
9 ~~exit-level assessment instrument when initially tested shall be~~
10 ~~given multiple opportunities to retake that assessment~~
11 ~~instrument.~~] A student who performs at or above a level established
12 by the Texas Higher Education Coordinating Board on the
13 end-of-course [~~secondary exit-level~~] assessment instruments is
14 exempt from the requirements of Section 51.3062 [~~51.306~~]. The
15 performance level established by the Texas Higher Education
16 Coordinating Board under this subsection represents the level of
17 academic achievement indicating a student is prepared for college
18 course work. The performance level may be used as an indicator to
19 measure progress toward college preparedness of public school
20 students in this state.

21 SECTION 2D.16. Section 39.024, Education Code, is amended
22 by amending Subsection (a) and adding Subsections (b) and (b-1) to
23 read as follows:

24 (a) Except as otherwise provided by this subsection, the
25 State Board of Education shall determine the level of performance
26 considered to be satisfactory on the assessment instruments. The
27 board may require a level of performance on assessment instruments

1 for determining district or campus performance under Subchapter D
2 that is higher than the level of performance considered to be
3 satisfactory for a student to be promoted from one grade level to
4 the next. The admission, review, and dismissal committee of a
5 student being assessed under Section 39.023(b) shall determine the
6 level of performance considered to be satisfactory on the
7 assessment instruments administered to that student in accordance
8 with criteria established by agency rule.

9 (b) In determining a level of performance under Subsection
10 (a), a level of performance is satisfactory only if at least 60
11 percent of all students perform satisfactorily on each section of
12 the assessment instrument required under this subchapter.

13 (b-1) Subsection (b) applies beginning with the 2006-2007
14 school year. This subsection expires September 1, 2007.

15 SECTION 2D.17. Subchapter B, Chapter 39, Education Code, is
16 amended by adding Section 39.0241 to read as follows:

17 Sec. 39.0241. TRANSITION PLAN FOR USE OF ASSESSMENT
18 INSTRUMENTS. (a) The commissioner shall by rule adopt a transition
19 plan to implement the amendments made by __.B. No. __, Acts of the
20 79th Legislature, 1st Called Session, 2005, to Sections 39.023(a)
21 and (c) and 39.051(b)(5). The rules must provide for the
22 administration of end-of-course assessment instruments adopted
23 under Section 39.023(c) to begin as soon as practicable but not
24 later than the 2008-2009 school year. During the period under which
25 the transition to end-of-course assessment instruments is made:

26 (1) the commissioner may retain, administer, and use
27 for campus and district ratings under Subchapter D any assessment

1 instrument required by Section 39.023(a) or (c), as that section
2 existed before amendment by __.B. No. __, Acts of the 79th
3 Legislature, 1st Called Session, 2005; and

4 (2) the agency may defer releasing assessment
5 instrument questions and answer keys as required by Section
6 39.023(e) to the extent necessary to develop additional assessment
7 instruments.

8 (b) Rules adopted under Subsection (a) must require that
9 each student who will be subject to the requirements implemented
10 under the amendments made by __.B. No. __, Acts of the 79th
11 Legislature, 1st Called Session, 2005, to Section 39.023(c) is
12 entitled to notice of the specific requirements applicable to the
13 student. Notice under this subsection must be provided not later
14 than the date the student enters the ninth grade.

15 (c) A reference in this code to an end-of-course assessment
16 instrument administered under Section 39.023(c) includes a
17 secondary exit-level assessment instrument administered as
18 provided by Subsection (a).

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

20 SECTION 2D.18. Section 39.025, Education Code, is amended
21 by adding Subsection (f) to read as follows:

22 (f) This section ceases to apply on the date the
23 commissioner certifies that the implementation of the amendments
24 made by __.B. No. __, Acts of the 79th Legislature, 1st Called
25 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is
26 complete under the transition plan adopted under Section 39.0241.
27 This section expires September 1, 2011.

1 SECTION 2D.19. Subchapter B, Chapter 39, Education Code, is
2 amended by adding Section 39.0261 to read as follows:

3 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In
4 addition to the assessment instruments otherwise authorized or
5 required by this subchapter, a school district shall provide to
6 high school students at grade levels determined by the commissioner
7 the opportunity to take a valid, reliable, and nationally
8 norm-referenced assessment instrument that:

9 (1) assesses skills measured by generally recognized
10 tests or assessments used in college and university undergraduate
11 admissions, including the Scholastic Assessment Test (SAT) and the
12 American College Test (ACT); and

13 (2) provides a scaled score in the assessed areas of
14 reading, mathematics, and writing.

15 (b) The agency shall:

16 (1) select and approve vendors of one or more
17 assessment instruments administered under this section; and

18 (2) pay all costs associated with administration of
19 the assessment instruments using funds set aside under Subsection
20 (d).

21 (c) The agency shall compile the results of any assessment
22 instrument administered under this section and make the results
23 available through the Public Education Information Management
24 System (PEIMS).

25 (d) The commissioner shall set aside an appropriate amount
26 from the Foundation School Program to pay the costs associated with
27 administering assessment instruments under this section. After

1 setting aside the appropriate amount, the commissioner shall reduce
2 each district's tier one allotments proportionately. A reduction
3 in tier one allotments under this subsection does not affect the
4 computation of the guaranteed amount of revenue per student per
5 cent of tax effort under Section 42.252. Any amount set aside under
6 this subsection must be approved by the Legislative Budget Board
7 and the governor's office of budget, planning, and policy.

8 SECTION 2D.20. Section 39.031, Education Code, is amended
9 to read as follows:

10 Sec. 39.031. COST. (a) The commissioner shall set aside an
11 appropriate amount from the Foundation School Program to pay the
12 cost of preparing, administering, or grading the assessment
13 instruments and the ~~[shall be paid from the funds allotted under~~
14 ~~Section 42.152, and each district shall bear the cost in the same~~
15 ~~manner described for a reduction in allotments under Section~~
16 ~~42.253. If a district does not receive an allotment under Section~~
17 ~~42.152, the commissioner shall subtract the cost from the~~
18 ~~district's other foundation school fund allotments.~~

19 ~~[(b) The]~~ cost of releasing the question and answer keys
20 under Section 39.023(e) ~~[shall be paid from amounts appropriated to~~
21 ~~the agency].~~

22 (b) After setting aside an appropriate amount in accordance
23 with this section, the commissioner shall proportionately reduce
24 each district's tier one allotment or, for a district that does not
25 receive a tier one allotment, increase the district's payments
26 under Chapter 41.

27 (c) Any amount set aside under this section must be approved

1 by the Legislative Budget Board and the governor's office of
2 budget, planning, and policy.

3 SECTION 2D.21. Section 39.051(b), Education Code, as
4 amended by Chapters 433 and 805, Acts of the 78th Legislature,
5 Regular Session, 2003, is reenacted and amended to read as follows:

6 (b) Performance on the indicators adopted under this
7 section shall be compared to state-established standards. The
8 degree of change from one school year to the next in performance on
9 each indicator adopted under this section shall also be considered.
10 The indicators must be based on information that is disaggregated
11 by race, ethnicity, gender, and socioeconomic status and must
12 include:

13 (1) the results of assessment instruments required
14 under Sections 39.023(a), (c), and (l), aggregated by grade level
15 and subject area;

16 (2) dropout rates, including dropout rates and
17 district completion rates for grade levels seven [9] through 12,
18 computed:

19 (A) as a longitudinal rate and an annual
20 completion rate by grade; and

21 (B) in accordance with standards and definitions
22 adopted by the National Center for Education Statistics of the
23 United States Department of Education;

24 (3) high school graduation rates, computed in
25 accordance with standards and definitions adopted in compliance
26 with the [~~Federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
27 107-110);

1 (4) student attendance rates;

2 (5) the percentage of graduating students who attain
3 scores on the end-of-course [~~secondary exit-level~~] assessment
4 instruments required under Subchapter B that are equivalent to a
5 passing score on the assessment [~~test~~] instrument required under
6 Section 51.3062 [~~51.306~~];

7 (6) the percentage of graduating students who meet the
8 course requirements established for the recommended high school
9 program by State Board of Education rule;

10 (7) the measure of progress toward English language
11 proficiency under Section 29.065, for students of limited English
12 proficiency, as defined by Section 29.052;

13 (8) the results of the Scholastic Assessment Test
14 (SAT), the American College Test (ACT), articulated postsecondary
15 degree programs described by Section 61.852, and certified
16 workforce training programs described by Chapter 311, Labor Code;

17 (9) [~~(8)~~] the percentage of students, aggregated by
18 grade level, provided accelerated instruction under Section
19 28.0211(c), the results of assessments administered under that
20 section, the percentage of students promoted through the grade
21 placement committee process under Section 28.0211, the subject of
22 the assessment instrument on which each student failed to perform
23 satisfactorily, and the performance of those students in the school
24 year following that promotion on the assessment instruments
25 required under Section 39.023;

26 (10) [~~(9)~~] for students who have failed to perform
27 satisfactorily on an assessment instrument required under Section

1 39.023(a) or (c), the numerical progress of those students on
2 subsequent assessment instruments required under those sections,
3 aggregated by grade level and subject area;

4 (11) [~~(10)~~] the percentage of students exempted, by
5 exemption category, from the assessment program generally
6 applicable under this chapter; [~~and~~]

7 (12) [~~(11)~~] the percentage of students of limited
8 English proficiency exempted from the administration of an
9 assessment instrument under Sections 39.027(a)(3) and (4);

10 (13) the percentage of students in a special education
11 program under Subchapter A, Chapter 29, assessed through assessment
12 instruments developed or adopted under Section 39.023(b); and

13 (14) the measure of reduction or increase in any
14 disparity between students at risk of dropping out of school, as
15 defined by Section 29.081, and all other students in:

16 (A) performance on assessment instruments
17 administered under Subchapter B; and

18 (B) high school graduation rates computed as
19 described by Subdivision (3).

20 SECTION 2D.22. Section 39.051(d), Education Code, is
21 amended to read as follows:

22 (d) Annually, the commissioner shall define exemplary,
23 recognized, and unacceptable performance for each academic
24 excellence indicator included under Subsections (b)(1) through (8)
25 [~~(6)~~] and shall project the standards for each of those levels of
26 performance for succeeding years. For the indicator under
27 Subsection (b)(9) [~~(b)(7)~~], the commissioner shall define

1 exemplary, recognized, and unacceptable performance based on
2 student performance for the period covering both the current and
3 preceding academic years. In defining exemplary, recognized, and
4 unacceptable performance for the indicators under Subsections
5 (b)(2) and (4) [~~(3)~~], the commissioner may not consider as a dropout
6 or as a student who has failed to attend school a student whose
7 failure to attend school results from:

8 (1) the student's expulsion under Section 37.007; and

9 (2) as applicable:

10 (A) adjudication as having engaged in delinquent
11 conduct or conduct indicating a need for supervision, as defined by
12 Section 51.03, Family Code; or

13 (B) conviction of and sentencing for an offense
14 under the Penal Code.

15 SECTION 2D.23. Section 39.052, Education Code, is amended
16 by amending Subsection (b) and adding Subsection (d) to read as
17 follows:

18 (b) The report card shall include the following
19 information:

20 (1) where applicable, the academic excellence
21 indicators adopted under Sections 39.051(b)(1) through (11) [~~(9)~~];

22 (2) average class size by grade level and subject;

23 (3) the administrative and instructional costs per
24 student, computed in a manner consistent with Section 44.0071;

25 (4) a summary of the district's significant
26 noninstructional expenditures, as determined under Section
27 44.0072; and

1 (5) [~~4~~] the district's instructional expenditures
2 ratio and instructional employees ratio computed under Section
3 44.0071, and the statewide average of those ratios, as determined
4 by the commissioner.

5 (d) The commissioner shall develop a methodology for
6 categorizing campuses that have similar demographic
7 characteristics into peer groups for comparison purposes. In
8 establishing criteria to categorize campuses under this section,
9 the commissioner shall consider:

10 (1) the percentage of low income or educationally
11 disadvantaged students;

12 (2) the percentage of underrepresented minority
13 populations; and

14 (3) any other factor the commissioner determines
15 appropriate.

16 SECTION 2D.24. Section 39.072, Education Code, is amended
17 by amending Subsection (a) and adding Subsection (c-1) to read as
18 follows:

19 (a) The commissioner [~~State Board of Education~~] shall adopt
20 rules to evaluate the performance of school districts and to assign
21 to each district a performance rating as follows:

22 (1) exemplary (meets or exceeds state exemplary
23 standards);

24 (2) recognized (meets or exceeds required improvement
25 and within 10 percent of state exemplary standards);

26 (3) academically acceptable (below the exemplary and
27 recognized standards but exceeds the academically unacceptable

1 standards); or

2 (4) academically unacceptable (below the state
3 clearly unacceptable performance standard and does not meet
4 required improvement).

5 (c-1) A public school campus is subject to Section 39.1321
6 if the campus:

7 (1) is rated in the bottom 10 percent in the agency's
8 evaluation under Subsection (c); and

9 (2) does not meet the adequate yearly progress
10 standard determined by the commissioner and approved by the United
11 States Department of Education as provided by the No Child Left
12 Behind Act of 2001 (Pub. L. No. 107-110).

13 SECTION 2D.25. Section 39.131, Education Code, is amended
14 by amending Subsection (a) and adding Subsection (c) to read as
15 follows:

16 (a) If a district does not satisfy the accreditation
17 criteria, the commissioner shall take any of the following actions,
18 listed in order of severity, to the extent the commissioner
19 determines necessary:

20 (1) issue public notice of the deficiency to the board
21 of trustees;

22 (2) order a hearing conducted by the board of trustees
23 of the district for the purpose of notifying the public of the
24 unacceptable performance, the improvements in performance expected
25 by the agency, and the sanctions that may be imposed under this
26 section if the performance does not improve;

27 (3) order the preparation of a student achievement

1 improvement plan that addresses each academic excellence indicator
2 for which the district's performance is unacceptable, the
3 submission of the plan to the commissioner for approval, and
4 implementation of the plan;

5 (4) order a hearing to be held before the commissioner
6 or the commissioner's designee at which the president of the board
7 of trustees of the district and the superintendent shall appear and
8 explain the district's low performance, lack of improvement, and
9 plans for improvement;

10 (5) arrange an on-site investigation of the district;

11 (6) appoint an agency monitor to participate in and
12 report to the agency on the activities of the board of trustees or
13 the superintendent;

14 (7) appoint a conservator to oversee the operations of
15 the district;

16 (8) appoint a management team to direct the operations
17 of the district in areas of unacceptable performance or require the
18 district to obtain certain services under a contract with another
19 person;

20 (9) if a district has been rated as academically
21 unacceptable for a period of one year or more, appoint a board of
22 managers to exercise the powers and duties of the board of trustees;

23 (10) if a district has been rated as academically
24 unacceptable for a period of two years or more:

25 (A) annex the district to one or more adjoining
26 districts under Section 13.054; or

27 (B) in the case of a home-rule school district

1 ~~[or open-enrollment charter school]~~, order closure of all programs
2 operated under the district's ~~[or school's]~~ charter; or

3 (11) if a district has been rated as academically
4 unacceptable for a period of two years or more due to the district's
5 dropout rates, impose sanctions designed to improve high school
6 completion rates, including:

7 (A) ordering the development of a dropout
8 prevention plan for approval by the commissioner;

9 (B) restructuring the district or appropriate
10 school campuses to improve identification of and service to
11 students who are at risk of dropping out of school, as defined by
12 Section 29.081;

13 (C) ordering lower student-to-counselor ratios
14 on school campuses with high dropout rates; and

15 (D) ordering the use of any other intervention
16 strategy effective in reducing dropout rates, including mentor
17 programs and flexible class scheduling.

18 (c) The commissioner shall order the closure of all programs
19 operated under the charter of an open-enrollment charter school if
20 a majority of the campuses operated by the charter holder have
21 received an unsatisfactory rating as determined by the commissioner
22 for a period of two years or more.

23 SECTION 2D.26. Subchapter G, Chapter 39, Education Code, is
24 amended by adding Section 39.1321 to read as follows:

25 Sec. 39.1321. SANCTIONS FOR LOWEST-PERFORMING CAMPUSES.

26 (a) This section applies only to a campus if the campus:

27 (1) is rated in the bottom 10 percent in the agency's

1 evaluation under Section 39.072(c); and

2 (2) does not meet the adequate yearly progress
3 standard determined by the commissioner and approved by the United
4 States Department of Education as provided by the No Child Left
5 Behind Act of 2001 (Pub. L. No. 107-110).

6 (b) Notwithstanding Sections 39.131 and 39.132, the
7 commissioner:

8 (1) shall take the actions described by this section
9 for a campus described by Subsection (a) that is rated in the bottom
10 five percent in the agency's evaluation under Section 39.072(c);
11 and

12 (2) may take the actions described by this section for
13 any other campus described by Subsection (a).

14 (c) The commissioner shall identify campuses subject to
15 this section under Subsection (b) not later than August 1 following
16 the school year in which the campus was rated. If a campus is rated
17 as described by Subsection (a) for one school year, the
18 commissioner, not later than October 1 after identifying the
19 campus, shall select and assign a technical assistance team to
20 assist the campus in executing a school improvement plan and any
21 other school improvement strategies the commissioner determines
22 appropriate, including providing supplemental services to students
23 as described by the No Child Left Behind Act of 2001 (Pub. L. No.
24 107-110).

25 SECTION 2D.27. Sections 39.182(a) and (b), Education Code,
26 are amended to read as follows:

27 (a) Not later than December 1 of each year, the agency shall

1 prepare and deliver to the governor, the lieutenant governor, the
2 speaker of the house of representatives, each member of the
3 legislature, the Legislative Budget Board, and the clerks of the
4 standing committees of the senate and house of representatives with
5 primary jurisdiction over the public school system a comprehensive
6 report covering the preceding school year and containing:

7 (1) an evaluation of the achievements of the state
8 educational program in relation to the statutory goals for the
9 public education system under Section 4.002;

10 (2) an evaluation of the status of education in the
11 state as reflected by the academic excellence indicators adopted
12 under Section 39.051;

13 (3) a summary compilation of the percentage of
14 graduating students who attain scores on the end-of-course
15 assessment instruments required under Section 39.023(c) that are
16 equivalent to a passing score on the assessment instrument required
17 under Section 51.3062;

18 (4) a summary compilation of overall student
19 performance on academic skills assessment instruments required by
20 Section 39.023 with the number and percentage of students exempted
21 from the administration of those instruments and the basis of the
22 exemptions, aggregated by grade level, subject area, campus, and
23 district, with appropriate interpretations and analysis, and
24 disaggregated by race, ethnicity, gender, and socioeconomic
25 status;

26 (5) [~~(4)~~] a summary compilation of overall
27 performance of students placed in a disciplinary [~~an~~] alternative

1 education program established under Section 37.008 on academic
2 skills assessment instruments required by Section 39.023 with the
3 number of those students exempted from the administration of those
4 instruments and the basis of the exemptions, aggregated by
5 district, grade level, and subject area, with appropriate
6 interpretations and analysis, and disaggregated by race,
7 ethnicity, gender, and socioeconomic status;

8 (6) [~~(5)~~] a summary compilation of overall performance
9 of students at risk of dropping out of school, as defined by Section
10 29.081(d), on academic skills assessment instruments required by
11 Section 39.023 with the number of those students exempted from the
12 administration of those instruments and the basis of the
13 exemptions, aggregated by district, grade level, and subject area,
14 with appropriate interpretations and analysis, and disaggregated
15 by race, ethnicity, gender, and socioeconomic status;

16 (7) [~~(6)~~] an evaluation of the correlation between
17 student grades and student performance on academic skills
18 assessment instruments required by Section 39.023;

19 (8) [~~(7)~~] a statement of the dropout rate of students
20 in grade levels 7 through 12, expressed in the aggregate and by
21 grade level, and a statement of the completion rates of students for
22 grade levels 9 through 12;

23 (9) [~~(8)~~] a statement of:

24 (A) the completion rate of students who enter
25 grade level 9 and graduate not more than four years later;

26 (B) the completion rate of students who enter
27 grade level 9 and graduate, including students who require more

1 than four years to graduate;

2 (C) the completion rate of students who enter
3 grade level 9 and not more than four years later receive a high
4 school equivalency certificate;

5 (D) the completion rate of students who enter
6 grade level 9 and receive a high school equivalency certificate,
7 including students who require more than four years to receive a
8 certificate; and

9 (E) the number and percentage of all students who
10 have not been accounted for under Paragraph (A), (B), (C), or (D);

11 (10) [~~(9)~~] a statement of the projected
12 cross-sectional and longitudinal dropout rates for grade levels 9
13 through 12 for the next five years, assuming no state action is
14 taken to reduce the dropout rate;

15 (11) [~~(10)~~] a description of a systematic, measurable
16 plan for reducing the projected cross-sectional and longitudinal
17 dropout rates to five percent or less for the 1997-1998 school year;

18 (12) [~~(11)~~] a summary of the information required by
19 Section 29.083 regarding grade level retention of students and
20 information concerning:

21 (A) the number and percentage of students
22 retained; and

23 (B) the performance of retained students on
24 assessment instruments required under Section 39.023(a);

25 (13) [~~(12)~~] information, aggregated by district type
26 and disaggregated by race, ethnicity, gender, and socioeconomic
27 status, on:

1 (A) the number of students placed in a
2 disciplinary [~~an~~] alternative education program established under
3 Section 37.008;

4 (B) the average length of a student's placement
5 in a disciplinary [~~an~~] alternative education program established
6 under Section 37.008;

7 (C) the academic performance of students on
8 assessment instruments required under Section 39.023(a) during the
9 year preceding and during the year following placement in a
10 disciplinary [~~an~~] alternative education program; and

11 (D) the dropout rates of students who have been
12 placed in a disciplinary [~~an~~] alternative education program
13 established under Section 37.008;

14 (14) [~~(13)~~] a list of each school district or campus
15 that does not satisfy performance standards, with an explanation of
16 the actions taken by the commissioner to improve student
17 performance in the district or campus and an evaluation of the
18 results of those actions;

19 (15) [~~(14)~~] an evaluation of the status of the
20 curriculum taught in public schools, with recommendations for
21 legislative changes necessary to improve or modify the curriculum
22 required by Section 28.002;

23 (16) [~~(15)~~] a description of all funds received by and
24 each activity and expenditure of the agency;

25 (17) [~~(16)~~] a summary and analysis of the
26 instructional expenditures ratios and instructional employees
27 ratios of school districts computed under Section 44.0071;

1 (18) [~~(17)~~] a summary of the effect of deregulation,
2 including exemptions and waivers granted under Section 7.056 [~~or~~
3 ~~39.112~~];

4 (19) [~~(18)~~] a statement of the total number and length
5 of reports that school districts and school district employees must
6 submit to the agency, identifying which reports are required by
7 federal statute or rule, state statute, or agency rule, and a
8 summary of the agency's efforts to reduce overall reporting
9 requirements;

10 (20) [~~(19)~~] a list of each school district that is not
11 in compliance with state special education requirements,
12 including:

13 (A) the period for which the district has not
14 been in compliance;

15 (B) the manner in which the agency considered the
16 district's failure to comply in determining the district's
17 accreditation status; and

18 (C) an explanation of the actions taken by the
19 commissioner to ensure compliance and an evaluation of the results
20 of those actions;

21 (21) [~~(20)~~] a comparison of the performance of
22 open-enrollment charter schools and school districts on the
23 academic excellence indicators specified in Section 39.051(b) and
24 accountability measures adopted under Section 39.051(g), with a
25 separately aggregated comparison of the performance of
26 open-enrollment charter schools predominantly serving students at
27 risk of dropping out of school, as defined by Section 29.081(d),

1 with the performance of school districts; ~~and~~

2 (22) a statement of the percentage of students scoring
3 at the proficient and advanced levels on the National Assessment of
4 Educational Progress; and

5 (23) ~~(21)~~ any additional information considered
6 important by the commissioner or the State Board of Education.

7 (b) In reporting the information required by Subsection
8 (a)(4) or (5) ~~(a)(3) or (4)~~, the agency may separately aggregate
9 the performance data of students enrolled in a special education
10 program under Subchapter A, Chapter 29, or a bilingual education or
11 special language program under Subchapter B, Chapter 29.

12 SECTION 2D.28. Section 39.202, Education Code, is amended
13 to read as follows:

14 Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) The
15 commissioner shall, in consultation with the comptroller, develop
16 and implement a financial accountability rating system for school
17 districts in this state that will:

18 (1) provide additional transparency to public
19 education finance;

20 (2) establish financial accountability standards
21 commensurate with academic standards reaching to the campus level;
22 and

23 (3) enable the commissioner and district
24 administrators to provide meaningful financial oversight and
25 improvement.

26 (b) The system must include standards ~~[uniform indicators]~~
27 adopted by the commissioner by which to measure a district's

1 financial management performance. The commissioner shall develop a
2 uniform system for reporting district and campus financial
3 information. The commissioner by rule shall require each district
4 to use standard accepted cost accounting practices for reporting
5 district and campus level expenditures.

6 (c) The uniform system adopted under Subsection (b) must
7 include standards to determine a district's actual financial
8 expenditures for each campus. A district must identify and report
9 each expenditure separately and may not report district-wide
10 averages or use other allocation formulas other than district level
11 expenditures for overhead or administrative costs, which may be
12 allocated to campuses. Required reporting standards include:

13 (1) reporting actual expenditures for personnel
14 employed at the campus, identified separately by administrative,
15 instructional, and support assignments;

16 (2) reporting actual operations and maintenance
17 expenses incurred on the campus;

18 (3) reporting costs allocated to each campus for
19 shared services and district support;

20 (4) identifying expenditures by administrative,
21 instructional, or support services; and

22 (5) any additional information required by the
23 commissioner to ensure reporting of actual educational costs for
24 specific campuses.

25 (d) The commissioner shall develop and implement:

26 (1) procedures based on standards developed under
27 Subsection (c) for reporting campus financial information; and

1 (2) a format for campus financial statements.

2 (e) A district and campus shall report information at least
3 quarterly each year.

4 (f) The essential purposes to be accomplished by the
5 financial accountability system are to:

6 (1) collect, store, and maintain appropriate data that
7 is timely and accurate for administering the public education
8 system;

9 (2) use a software application that provides a
10 comprehensive measurement and control system capable of providing
11 relevant and timely financial performance information as described
12 by Subsection (g);

13 (3) use the measurement and control systems described
14 by Subdivision (2) to evaluate and set appropriate financial
15 performance standards;

16 (4) provide access to financial analysis and reporting
17 to a broad range of interested parties, including agency staff,
18 district administrators and staff, the board of trustees of school
19 districts, state officials, parents, and other public interest
20 groups;

21 (5) allocate appropriate resources to implement and
22 maintain the financial accountability system; and

23 (6) provide longitudinal trend and comparison data at
24 the district and campus levels.

25 (g) The software application used for the financial
26 accountability system under this section must be designed to
27 systematically evaluate school districts, component campuses, and

1 open-enrollment charter schools. The system must:

2 (1) identify a district or campus that achieves a high
3 level of academic performance and operates in a cost-effective
4 manner as a basis for financial best practices analysis and
5 financial performance standards development;

6 (2) provide a timely summary and detailed financial
7 analysis of information for school districts and open-enrollment
8 charter schools;

9 (3) provide information and analysis on student
10 demographics, teacher demographics, and academic performance to
11 correlate with resource allocation;

12 (4) report financial analysis information for all
13 state, regional, district, and campus levels;

14 (5) provide information to develop financial and
15 staffing models that accommodate differences in student
16 demographics and regional cost variation, including an analysis of
17 variances to actual costs;

18 (6) collect, store, and maintain at least five years
19 of historical data and perform longitudinal analysis on that data;

20 (7) use individual districts, campuses, and peer
21 groups to compare and rank financial performance results, identify
22 performance gaps, and measure annual progress in closing
23 performance gaps; and

24 (8) provide performance indices and performance
25 levels compatible with the agency's Performance-Based Monitoring
26 Analysis System.

27 SECTION 2D.29. Section 39.203(b), Education Code, is

1 amended to read as follows:

2 (b) The annual financial management report must include:

3 (1) a description of the district's financial
4 management performance based on a comparison, provided by the
5 agency, of the district's performance on the standards [~~indicators~~]
6 adopted under Section 39.202 [~~39.202(b)~~] to:

7 (A) state-established standards; and

8 (B) the district's previous performance on the
9 standards adopted under Section 39.202 [~~indicators~~]; [~~and~~]

10 (2) a description of the district's actual
11 expenditures for each campus for the standards described by Section
12 39.202(c) and any difference between those campus expenditures and
13 the foundation school program allotments received for the campus;

14 (3) the individual campus financial statements
15 required by Section 39.202; and

16 (4) any descriptive information required by the
17 commissioner.

18 SECTION 2D.30. Subchapter A, Chapter 44, Education Code, is
19 amended by adding Section 44.0072 to read as follows:

20 Sec. 44.0072. NONINSTRUCTIONAL EXPENDITURES. (a) Each
21 fiscal year, a school district shall compute and report through the
22 Public Education Information Management System (PEIMS) to the
23 commissioner:

24 (1) the district's significant noninstructional
25 expenditures for the preceding fiscal year, as determined by the
26 commissioner; and

27 (2) any money spent by the district during the

1 preceding fiscal year:

2 (A) on dues or contributions to a
3 noninstructional group, club, committee, organization, or
4 association, including dues or contributions used for the purpose
5 of lobbying; and

6 (B) on expenditures directly to a lobbyist for
7 the sole purpose of lobbying.

8 (b) The commissioner may determine, in a manner consistent
9 with Section 44.0071, whether an expenditure is noninstructional.

10 SECTION 2D.31. Section 51.3062(q), Education Code, is
11 amended to read as follows:

12 (q) A student who has achieved scores [~~a score~~] set by the
13 board on end-of-course assessment instruments [~~an exit-level~~
14 ~~assessment instrument~~] required under Section 39.023 is exempt from
15 the requirements of this section. The exemption is effective for
16 the three-year period following the date a student takes the last
17 assessment instrument required for purposes of this section and
18 achieves the standard set by the board. This subsection does not
19 apply during any period for which the board designates the
20 end-of-course assessment instrument [~~exit-level assessment~~
21 ~~instrument~~] required under Section 39.023 as the primary assessment
22 instrument under this section, except that the three-year period
23 described by this subsection remains in effect for students who
24 qualify for an exemption under this subsection [~~section~~] before
25 that period.

26 SECTION 2D.32. (a) Not later than the 2006-2007 school
27 year, the Texas Education Agency shall collect information

1 concerning the measure of progress toward English language
2 proficiency for purposes of Section 39.051(b)(7), Education Code,
3 as amended by this Act.

4 (b) Not later than the 2007-2008 school year, the Texas
5 Education Agency shall include, in evaluating the performance of
6 school districts, campuses, and open-enrollment charter schools
7 under Subchapter D, Chapter 39, Education Code, the measure of
8 progress toward English language proficiency under Section
9 39.051(b)(7), Education Code, as amended by this Act.

10 SECTION 2D.33. The commissioner of education shall:

11 (1) develop a methodology for categorizing campuses
12 for comparison purposes under Section 39.052(d), Education Code, as
13 added by this Act, not later than January 1, 2006; and

14 (2) develop and implement the reporting procedures
15 for:

16 (A) districts to prepare and distribute annual
17 financial management reports under Section 39.203, Education Code,
18 as amended by this Act, beginning with the 2006-2007 school year;
19 and

20 (B) campuses to provide financial information
21 under Section 39.202, Education Code, as amended by this Act,
22 beginning with the 2007-2008 school year.

23 PART E. BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAMS

24 SECTION 2E.01. Section 28.006(j), Education Code, is
25 amended to read as follows:

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

1 The commissioner shall evaluate the programs that fail to meet the
2 standard of performance under Section 39.051(b)(9) [~~39.051(b)(7)~~]
3 and may implement sanctions under Subchapter G, Chapter 39. The
4 commissioner may audit the expenditures of funds appropriated for
5 purposes of this section. The use of the funds appropriated for
6 purposes of this section shall be verified as part of the district
7 audit under Section 44.008.

8 SECTION 2E.02. Section 29.056(g), Education Code, is
9 amended to read as follows:

10 (g) A district may transfer a student of limited English
11 proficiency out of a bilingual education or special language
12 program for the first time or a subsequent time if the student is
13 able to participate equally in a regular all-English instructional
14 program as determined by:

15 (1) tests administered at the end of each school year
16 to determine the extent to which the student has developed oral and
17 written language proficiency and specific language skills in both
18 the student's primary language and English;

19 (2) satisfactory performance on the reading
20 assessment instrument under Section 39.023(a) or the English I or
21 II assessment instrument under Section 39.023(c), as applicable,
22 with the assessment instrument administered in English, or, if the
23 student is enrolled in the first or second grade, an achievement
24 score at or above the 40th percentile in the reading and language
25 arts sections of an English standardized test approved by the
26 agency; and

27 (3) other indications of a student's overall progress,

1 including criterion-referenced test scores, subjective teacher
2 evaluation, and parental evaluation.

3 SECTION 2E.03. Subchapter B, Chapter 29, Education Code, is
4 amended by adding Section 29.065 to read as follows:

5 Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE
6 PROFICIENCY. The commissioner by rule shall develop a longitudinal
7 measure of progress toward English language proficiency under which
8 a student of limited English proficiency is evaluated from the time
9 the student enters public school until, for two consecutive school
10 years, the student scores at a specific level determined by the
11 commissioner on the reading assessment instrument under Section
12 39.023(a) or the English I or II assessment instrument under
13 Section 39.023(c), as applicable. The commissioner shall:

14 (1) as part of the measure of progress, include
15 student advancement from one proficiency level to a higher level
16 under the reading proficiency in English assessment system
17 developed under Section 39.027(e) and from the highest level under
18 that assessment system to the level determined by the commissioner
19 under this section on the reading assessment instrument under
20 Section 39.023(a) or the English I or II assessment instrument
21 under Section 39.023(c), as applicable; and

22 (2) to the extent practicable in developing the
23 measure of progress, use applicable research and analysis done in
24 developing an annual measurable achievement objective as required
25 by Section 3122, No Child Left Behind Act of 2001 (20 U.S.C. Section
26 6842).

27 SECTION 2E.04. Sections 39.072(b) and (c), Education Code,

1 are amended to read as follows:

2 (b) The academic excellence indicators adopted under
3 Sections 39.051(b)(1) through (9) [~~(7)~~] and the district's current
4 special education compliance status with the agency shall be the
5 main considerations of the agency in the rating of the district
6 under this section. Additional criteria in the rules may include
7 consideration of:

8 (1) compliance with statutory requirements and
9 requirements imposed by rule of the State Board of Education under
10 specific statutory authority that relate to:

11 (A) reporting data through the Public Education
12 Information Management System (PEIMS);

13 (B) the high school graduation requirements
14 under Section 28.025; or

15 (C) an item listed in Sections
16 7.056(e)(3)(C)-(I) that applies to the district;

17 (2) the effectiveness of the district's programs for
18 special populations; and

19 (3) the effectiveness of the district's career and
20 technology programs.

21 (c) The agency shall evaluate against state standards and
22 shall, not later than August 1 of each year, report the performance
23 of each campus in a district and each open-enrollment charter
24 school on the basis of the campus's performance on the indicators
25 adopted under Sections 39.051(b)(1) through (9) [~~(7)~~].
26 Consideration of the effectiveness of district programs under
27 Subsection (b)(2) or (3) must be based on data collected through the

1 Public Education Information Management System for purposes of
2 accountability under this chapter and include the results of
3 assessments required under Section 39.023.

4 SECTION 2E.05. Sections 39.073(a) and (b), Education Code,
5 are amended to read as follows:

6 (a) The agency shall annually review the performance of each
7 district and campus on the indicators adopted under Sections
8 39.051(b)(1) through (9) [~~(7)~~] and determine if a change in the
9 accreditation status of the district is warranted. The
10 commissioner may determine how all indicators adopted under Section
11 39.051(b) may be used to determine accountability ratings and to
12 select districts and campuses for acknowledgment.

13 (b) Each annual review shall include an analysis of the
14 indicators under Sections 39.051(b)(1) through (9) [~~(6)~~] to
15 determine district and campus performance in relation to:

- 16 (1) standards established for each indicator;
17 (2) required improvement as defined under Section
18 39.051(c); and
19 (3) comparable improvement as defined by Section
20 39.051(c).

21 SECTION 2E.06. Section 39.074(e), Education Code, is
22 amended to read as follows:

23 (e) If an annual review indicates low performance on one or
24 more of the indicators under Sections 39.051(b)(1) through (9)
25 [~~(7)~~] of one or more campuses in a district, the agency may conduct
26 an on-site evaluation of those campuses only.

PART F. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

SECTION 2F.01. Subchapter D, Chapter 29, Education Code, is amended by adding Section 29.124 to read as follows:

Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) In this section, "public senior college or university" and "private or independent institution of higher education" have the meanings assigned by Section 61.003.

(b) A Texas governor's school is a summer residential program for high-achieving high school students. A Texas governor's school program may include any or all of the following educational curricula:

- (1) mathematics and science;
- (2) humanities; or
- (3) leadership and public policy.

(c) A public senior college or university or private or independent institution of higher education may apply to the commissioner to administer a Texas governor's school program under this section. The commissioner shall give preference to a public senior college or university or private or independent institution of higher education that applies in cooperation with a nonprofit association. The commissioner shall give additional preference if the nonprofit association receives foundation school funds that may be used to finance the program.

(d) The commissioner may approve an application under this section only if the applicant:

- (1) applies within the period and in the manner required by rule adopted by the commissioner;

1 (2) submits a program proposal that includes:

2 (A) a curriculum consistent with Subsection (b);

3 (B) criteria for selecting students to
4 participate in the program;

5 (C) a statement of the length of the program,
6 which must be at least three weeks; and

7 (D) a statement of the location of the program;

8 (3) agrees to use a grant under this section only for
9 the purpose of administering a program; and

10 (4) satisfies any other requirements established by
11 rule adopted by the commissioner.

12 (e) From funds appropriated for the purpose, the
13 commissioner may make a grant to pay the costs of administering a
14 Texas governor's school program to a public senior college or
15 university or private or independent institution of higher
16 education whose application is approved under this section.

17 (f) The commissioner may adopt other rules necessary to
18 implement this section.

19 SECTION 2F.02. Section 39.051, Education Code, is amended
20 by adding Subsection (b-1) to read as follows:

21 (b-1) In addition to the indicators adopted under
22 Subsection (b), the State Board of Education shall adopt the
23 following indicators relating to high academic achievement to be
24 considered in assigning a district an exemplary performance rating
25 under Section 39.072:

26 (1) the percentage of students, disaggregated by race,
27 ethnicity, gender, and socioeconomic status, who are enrolled in an

1 educational program for gifted and talented students;

2 (2) student results on advanced placement and
3 international baccalaureate examinations, including the percentage
4 of students scoring three or higher on the advanced placement
5 examinations and the percentage of students scoring four or higher
6 on the international baccalaureate examinations;

7 (3) student results on the Scholastic Assessment Test
8 (SAT) and the American College Test (ACT);

9 (4) the percentage of students scoring in the top five
10 percent on nationally recognized norm-referenced assessment
11 instruments;

12 (5) the percentage of high school students enrolled in
13 an advanced course;

14 (6) the percentage of students achieving commended
15 performance, as determined by the State Board of Education, on an
16 assessment instrument required under Section 39.023(a), (c), or
17 (1);

18 (7) the percentage of students completing the
19 recommended or advanced high school program established under
20 Section 28.025; and

21 (8) the percentage of the district's graduating
22 students who enroll in an institution of higher education for the
23 academic year following graduation.

24 SECTION 2F.03. Section 39.053(a), Education Code, is
25 amended to read as follows:

26 (a) Each board of trustees shall publish an annual report
27 describing the educational performance of the district and of each

1 campus in the district that includes uniform student performance
2 and descriptive information as determined under rules adopted by
3 the commissioner. The annual report must also include:

4 (1) campus performance objectives established under
5 Section 11.253 and the progress of each campus toward those
6 objectives, which shall be available to the public;

7 (2) the performance rating for the district as
8 provided under Section 39.072(a) and the performance rating of each
9 campus in the district as provided under Section 39.072(c);

10 (3) the district's current special education
11 compliance status with the agency;

12 (4) a statement of the number, rate, and type of
13 violent or criminal incidents that occurred on each district
14 campus, to the extent permitted under the Family Educational Rights
15 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

16 (5) information concerning school violence prevention
17 and violence intervention policies and procedures that the district
18 is using to protect students; ~~and~~

19 (6) the findings that result from evaluations
20 conducted under the Safe and Drug-Free Schools and Communities Act
21 of 1994 (20 U.S.C. Section 7101 et seq.) ~~[and its subsequent~~
22 ~~amendments]~~; ~~and~~

23 (7) information received under Section 51.403(e) for
24 each high school campus in the district, presented in a form
25 determined by the commissioner; and

26 (8) information relating to high academic achievement
27 in the district, as determined by the district's performance on the

1 indicators under Section 39.051(b-1).

2 SECTION 2F.04. Section 39.072, Education Code, is amended
3 by adding Subsection (c-2) to read as follows:

4 (c-2) For purposes of assigning a district, campus, or
5 open-enrollment charter school a performance rating of exemplary
6 under this section, the agency shall consider the district's,
7 campus's, or school's performance on the indicators relating to
8 high academic achievement under Section 39.051(b-1). This
9 information is in addition to any other indicators or factors
10 considered by the agency in assigning a performance rating.

11 SECTION 2F.05. Section 39.0721(c), Education Code, is
12 amended to read as follows:

13 (c) The performance standards on which a gold performance
14 rating is based should include:

15 (1) student proficiency on:

16 (A) assessment instruments administered under
17 Sections 39.023(a), (c), and (1); and

18 (B) other measures of proficiency determined by
19 the commissioner;

20 (2) student performance on one or more nationally
21 recognized norm-referenced assessment instruments;

22 (3) improvement in student performance;

23 (4) performance on indicators relating to high
24 academic achievement under Section 39.051(b-1);

25 (5) [~~4~~] in the case of middle or junior high school
26 campuses, student proficiency in mathematics, including algebra;
27 and

1 (6) [~~(5)~~] in the case of high school campuses:

2 (A) the extent to which graduating students are
3 academically prepared to attend institutions of higher education;

4 (B) the percentage of students who take advanced
5 placement tests and student performance on those tests; and

6 (C) the percentage of students who take and
7 successfully complete advanced academic courses or college-level
8 course work offered through dual credit programs provided under
9 agreements between high schools and institutions of higher
10 education.

11 SECTION 2F.06. (a) Not later than the 2006-2007 school
12 year, the Texas Education Agency shall collect information
13 concerning high academic achievement for purposes of Section
14 39.051(b-1), Education Code, as added by this Act.

15 (b) Not later than the 2007-2008 school year, the Texas
16 Education Agency shall include information concerning high
17 academic achievement for purposes of Section 39.051(b-1),
18 Education Code, as added by this Act, in evaluating the performance
19 of school districts, campuses, and open-enrollment charter schools
20 under Subchapter D, Chapter 39, Education Code.

21 (c) Not later than the 2007-2008 school year, the Texas
22 Education Agency shall include the information required by Section
23 39.182(a)(22), Education Code, as amended by this Act, in the
24 agency's comprehensive annual report under Section 39.182,
25 Education Code.

26 ARTICLE 3. CONFORMING AMENDMENTS

27 SECTION 3.01. Effective September 1, 2006, Section

1 31.025(a), Education Code, is amended to read as follows:

2 (a) The State Board of Education shall set a limit on the
3 cost that may be paid using the allotment provided by Section 42.159
4 [~~from the state textbook fund~~] for a textbook placed on the
5 conforming or nonconforming list for a particular subject and grade
6 level. The board may not reject a textbook for placement on the
7 conforming or nonconforming list because the textbook's price
8 exceeds the limit established under this subsection.

9 SECTION 3.02. Effective September 1, 2006, Section 31.1031,
10 Education Code, is amended to read as follows:

11 Sec. 31.1031. SHORTAGE OF REQUISITIONED TEXTBOOKS. If a
12 school district or open-enrollment charter school does not have a
13 sufficient number of copies of a textbook used by the district or
14 school for use during the following school year, and a sufficient
15 number of additional copies will not be available from the
16 depository or the publisher within the time specified by Section
17 31.151(a)(8), the district or school is entitled to:

18 (1) be reimbursed by the state [~~from the state~~
19 ~~textbook fund~~], at a rate and in the manner provided by State Board
20 of Education or commissioner rule, for the purchase of a sufficient
21 number of used adopted textbooks; or

22 (2) return currently used textbooks to the
23 commissioner in exchange for sufficient copies, if available, of
24 other textbooks on the conforming or nonconforming list to be used
25 during the following school year.

26 SECTION 3.03. Effective September 1, 2006, Section 31.105,
27 Education Code, is amended to read as follows:

1 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a
2 school district or governing body of an open-enrollment charter
3 school may sell textbooks, other than electronic textbooks, to a
4 student or another school at the state contract price. Money [~~The~~
5 ~~district shall send money~~] from the sale of textbooks may be used
6 only to purchase items that may be purchased lawfully using the
7 allotment provided by Section 42.159 [~~to the commissioner as~~
8 ~~required by the commissioner. The commissioner shall deposit the~~
9 ~~money in the state textbook fund~~].

10 SECTION 3.04. Effective September 1, 2006, Section
11 31.151(d), Education Code, is amended to read as follows:

12 (d) A penalty collected under this section shall be
13 deposited to the credit of the foundation school [~~state textbook~~]
14 fund.

15 SECTION 3.05. Effective September 1, 2006, Section
16 31.152(b), Education Code, is amended to read as follows:

17 (b) A school trustee, administrator, or teacher commits an
18 offense if the person accepts a gift, favor, or service that:

19 (1) is given to the person or the person's school;

20 (2) might reasonably tend to influence a trustee,
21 administrator, or teacher in the selection of a textbook; and

22 (3) could not be lawfully purchased with funds from
23 the allotment provided by Section 42.159 [~~state textbook fund~~].

24 SECTION 3.06. Section 32.005, Education Code, is amended by
25 amending Subsection (a) and adding Subsection (d) to read as
26 follows:

27 (a) Each school district is entitled to an allotment of \$70

1 [~~30~~] for each student in average daily attendance or a different
2 amount for any year provided by appropriation.

3 (d) This section expires August 1, 2006.

4 SECTION 3.07. Section 32.161(b), Education Code, is amended
5 to read as follows:

6 (b) To the extent possible considering other statutory
7 requirements, the commissioner and agency shall encourage the use
8 of textbook funds and any other funds provided to school districts
9 for technology [~~and technology allotment funds under Section~~
10 ~~31.021(b)(2)~~] in a manner that facilitates the development and use
11 of the portal.

12 SECTION 3.08. Section 41.099(a), Education Code, is amended
13 to read as follows:

14 (a) Sections [~~41.002(e)~~,] 41.094, 41.097, and 41.098 apply
15 only to a district that:

16 (1) executes an agreement to purchase all attendance
17 credits necessary to reduce the district's wealth per student to
18 the equalized wealth level;

19 (2) executes an agreement to purchase attendance
20 credits and an agreement under Subchapter E to contract for the
21 education of nonresident students who transfer to and are educated
22 in the district but who are not charged tuition; or

23 (3) executes an agreement under Subchapter E to
24 contract for the education of nonresident students:

25 (A) to an extent that does not provide more than
26 10 percent of the reduction in wealth per student required for the
27 district to achieve a wealth per student that is equal to or less

1 than the equalized wealth level; and

2 (B) under which all revenue paid by the district
3 to other districts, in excess of the reduction in state aid that
4 results from counting the weighted average daily attendance of the
5 students served in the contracting district, is required to be used
6 for funding a consortium of at least three districts in a county
7 with a population of less than 40,000 that is formed to support a
8 technology initiative.

9 SECTION 3.09. Effective September 1, 2006, Section
10 41.124(c), Education Code, is amended to read as follows:

11 (c) A school district that receives tuition for a student
12 from a school district with a wealth per student that exceeds the
13 equalized wealth level may not claim attendance for that student
14 for purposes of Chapters 42 and 46 and the instructional materials
15 and technology allotment under Section 42.159 [~~31.021(b)(2)~~].

16 ARTICLE 4. REPEALER; APPLICABILITY; EFFECTIVE DATE

17 SECTION 4.01. (a) Sections 1-3, Chapter 201, Acts of the
18 78th Legislature, Regular Session, 2003, are repealed.

19 (b) Chapter 313, Acts of the 78th Legislature, Regular
20 Session, 2003, is repealed.

21 (c) Sections 21.357, 39.023(j), 41.002(b), (e), (f), and
22 (g), and 42.103(e), Education Code, are repealed.

23 (d) Effective September 1, 2006, Section 31.021, Education
24 Code, is repealed.

25 SECTION 4.02. Except as otherwise provided by this Act,
26 this Act applies beginning with the 2005-2006 school year.

27 SECTION 4.03. (a) Except as otherwise provided by this Act,

1 this Act takes effect September 1, 2005, if it receives a vote of
2 two-thirds of all the members elected to each house, as provided by
3 Section 39, Article III, Texas Constitution. If this Act does not
4 receive the vote necessary for effect on that date:

5 (1) this Act takes effect on the 91st day after the
6 last day of the legislative session; and

7 (2) a provision of this Act that states that the
8 provision takes effect September 1, 2005, takes effect on the
9 effective date as provided by Subdivision (1) of this subsection.

10 (b) This Act takes effect only if __.B. No. __, Acts of the
11 79th Legislature, 1st Called Session, 2005, becomes law. If that
12 bill does not become law, this Act has no effect.