

By: Shapiro

S.B. No. 2

A BILL TO BE ENTITLED

1 AN ACT
2 relating to public education and public school finance matters;
3 making an appropriation; imposing criminal penalties.

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

5 ARTICLE 1. PUBLIC SCHOOL FINANCE

6 PART A. EDUCATION FUNDING AND SCHOOL PROPERTY TAX RELIEF

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

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

11 (e) Notwithstanding Subsection (a), and except as provided
12 by Subsection (g), in accordance with a determination of the
13 commissioner, the wealth per student that a school district may
14 have after exercising an option under Section 41.003(2) or (3) may
15 not be less than the amount needed to maintain state and local
16 revenue in an amount equal to state and local revenue per weighted
17 student for maintenance and operation of the district for the
18 1992-1993 school year less the district's current year distribution
19 per weighted student from the available school fund, other than
20 amounts distributed under Chapter 31, if the district imposes an
21 effective tax rate for maintenance and operation of the district
22 equal to the greater of the district's current tax rate or the
23 maximum maintenance tax rate permitted under Section 45.003 [~~\$1.50~~
24 ~~on the \$100 valuation of taxable property~~].

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

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

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

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

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

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

24 (3) for a district that operates under a flexible
25 school day program under Section 29.0822, the quotient of the sum of
26 attendance for each full-time equivalent day of instruction divided
27 by the minimum number of days of instruction as described under

1 Section 25.081(a).

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

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

8 (1) a description of the amount of all spending on
9 primary and secondary education in this state, disaggregated by
10 federal, state, and local spending and spending by private
11 entities; and

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

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

15 (a-1) In addition to any amounts to which a school district
16 is entitled under Section 42.2541, a school district, including a
17 school district that is otherwise ineligible for state aid under
18 this chapter, is entitled to state aid in an amount, as determined
19 by the commissioner, equal to the product of the following amount,
20 as applicable, multiplied by the number of classroom teachers,
21 full-time librarians, full-time counselors certified under
22 Subchapter B, Chapter 21, and full-time school nurses employed by
23 the district and entitled to a minimum salary under Section 21.402:

24 (1) \$1,500; or

25 (2) \$2,000, if H.B. No. 3, Acts of the 79th
26 Legislature, Regular Session, 2005, takes effect immediately.

27 SECTION 1A.06. Section 42.252(a), Education Code, is

1 amended to read as follows:

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

4
$$\text{LFA} = \text{TR} \times \text{DPV}$$

5 where:

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

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

9 "DPV" is the taxable value of property in the school district
10 for the preceding tax year determined under Subchapter M, Chapter
11 403, Government Code.

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

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

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

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

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

25 (1) the amount of state and local revenue per student
26 in weighted average daily attendance for maintenance and operation
27 of the district that would have been available to the district if

1 the funding elements under Chapters 41 and 42, including any
2 amounts the district would have received under Rider 82, page
3 III-23, Chapter 1330, Acts of the 78th Legislature, Regular
4 Session, 2003 (the General Appropriations Act), in effect during
5 the 2004-2005 school year, were in effect for the current school
6 year; and

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

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

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

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

26 (b) The commissioner shall determine the amount of state
27 funds required to be withheld under this section. The

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

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

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

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

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

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

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

23
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

24 where:

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

27 "GL" is the dollar amount guaranteed level of state and local

1 funds per weighted student per cent of tax effort, which is the
2 amount of district tax revenue per weighted student, per cent of tax
3 effort available to a school district at the 90th percentile in
4 wealth per student, as determined by the commissioner [~~\$27.14~~] or a
5 greater amount for any year provided by appropriation;

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

12 "DTR" is the district [~~enrichment~~] tax rate of the school
13 district, which is determined by subtracting the amounts specified
14 by Subsection (b) from the total amount of maintenance and
15 operations taxes collected by the school district for the
16 applicable school year and dividing the difference by the quotient
17 of the district's taxable value of property as determined under
18 Subchapter M, Chapter 403, Government Code, or, if applicable,
19 under Section 42.2521, divided by 100; and

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

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

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

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

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

10 (d) A proposition submitted to authorize the levy of
11 maintenance taxes must include the question of whether the
12 governing board or commissioners court may levy, assess, and
13 collect annual ad valorem taxes for the further maintenance of
14 public schools, at a rate not to exceed the rate, which may be not
15 more than \$1.15 [~~\$1.50~~] on the \$100 valuation of taxable property in
16 the district, stated in the proposition.

17 (e) An election held before January 1, 2005, authorizing a
18 maintenance tax at a rate of at least \$1.15 on the \$100 valuation of
19 taxable property in the district is sufficient to authorize a rate
20 of \$1.15 or less for the 2005 tax year. An election held before
21 January 1, 2006, authorizing a maintenance tax at a rate of at least
22 \$1.10 on the \$100 valuation of taxable property in the district is
23 sufficient to authorize a rate of \$1.10 or less for the 2006 tax
24 year or a subsequent tax year.

25 (f) Notwithstanding Subsections (d) and (e) if a school
26 district's maintenance and operations tax rate for the 2004 tax
27 year exceeded a rate of \$1.50 for each \$100 of taxable value of

1 property, the district is entitled to impose an ad valorem tax under
2 this section:

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

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

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

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

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

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

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

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

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

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

24 (D) requires the district to refund to the
25 property owner the difference between the amount of taxes paid by
26 the property owner and the amount of taxes for which the property
27 owner is liable; and

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

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

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

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

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

21 (1) for each category of property sampled and tested
22 by the comptroller in the school district, the comptroller shall
23 use the weighted mean appraisal ratio determined by the study,
24 unless the ratio is more than four percentage points lower than the
25 weighted mean appraisal ratio determined by the comptroller for
26 that category of property in the immediately preceding study, in
27 which case the comptroller shall use the weighted mean appraisal

1 ratio determined in the immediately preceding study minus four
2 percentage points;

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

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

12 PART B. EDUCATION FUNDING AND EQUALIZATION

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

15 (b) The Foundation School Program consists of:

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

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

22 (2) an enrichment program, as provided by Subchapter
23 F, that includes a guaranteed yield component to provide [~~(B)~~]
24 substantially equal access to funds to provide an enriched program;
25 and

26 (3) [~~(2)~~] a facilities component as provided by
27 Chapter 46.

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

4 (c) The funding elements must include:

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

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

13 (3) appropriate program cost differentials and other
14 funding elements for the programs authorized under Subchapter C,
15 with the program funding level expressed as dollar amounts and as
16 weights applied to the adjusted accreditation [~~basic~~] allotment for
17 the appropriate year;

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

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

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

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

27 (e) Notwithstanding Subsection (d), the board shall

1 contract for a comprehensive study of the funding elements. The
2 board shall report the results of the study to the commissioner and
3 the legislature not later than December 1, 2006. This subsection
4 expires January 1, 2007.

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

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

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

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

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

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

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

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

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

14 (2) does not exceed 71 percent.

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

22 (b-1) Except as provided by Subsection (c), the cost of
23 education index to be used in determining the cost of education
24 adjustment for the following school years is determined by the
25 following formulas:

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

27 $CEI = (TFE + (7 \times PCEI)) / 8$

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

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

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

4 $CEI = ((2 \times TFE) + (5 \times PCEI) + LBBA)/8$

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

6 $CEI = ((2 \times TFE) + (4 \times PCEI) + (2 \times LBBA))/8$

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

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

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

10 $CEI = ((2 \times TFE) + (2 \times PCEI) + (4 \times LBBA))/8;$

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

12 $CEI = ((2 \times TFE) + PCEI + (5 \times LBBA))/8;$ and

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

14 $CEI = ((2 \times TFE) + (6 \times LBBA))/8$

15 where:

16 "CEI" is the index to be used;

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

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

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

24 "LBBA" is the index adopted by the Legislative Budget Board
25 in accordance with Subsection (d) for the state fiscal biennium
26 beginning September 1, 2009; and

27 "LBBA" is the index adopted by the Legislative Budget Board

1 in accordance with Subsection (d) for the state fiscal biennium
2 beginning September 1, 2011.

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

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

16 (d) The Legislative Budget Board shall:

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

19 (2) adopt adjustments as the board determines are
20 necessary to ensure that the cost of education index reflects
21 current variations in known resource costs and costs of education,
22 including costs related to social security, due to factors beyond
23 the control of a school district.

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

1 (e) A school district may appeal a determination of the
2 Legislative Budget Board under Subsection (d) and request a
3 contested case hearing before an administrative law judge of the
4 State Office of Administrative Hearings. A district must pay the
5 cost of an appeal under this section. An appeal must be limited to
6 the computation and application of data under this section and may
7 not include an appeal of the methodology used to compute the teacher
8 fixed effects index.

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

12 (g) Beginning with the 2007-2008 school year, the amount of
13 .062 (6.2 percent) is added to the adjustment provided for under
14 Subsections (b), (b-1), (c), and (d) for any school district that
15 pays taxes under 26 U.S.C. Section 3111(a), and its subsequent
16 amendments, for employees covered by the social security retirement
17 program, if the district covers all employees and did so prior to
18 January 1, 2005.

19 (h) Beginning with the 2007-2008 school year, the amount of
20 .031 (3.1 percent) is added to the adjustment provided for under
21 Subsections (b), (b-1), and (c) for any school district that pays
22 taxes under 26 U.S.C. Section 3111(a), and its subsequent
23 amendments, for employees covered by the social security retirement
24 program, if the district covers at least 25 percent of its employees
25 and did so prior to January 1, 2005.

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

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

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

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

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

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

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

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

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

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

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

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

(2) for the 2007-2008 school year:

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

(3) for the 2008-2009 school year:

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

(4) for the 2009-2010 school year:

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

(5) for the 2010-2011 school year:

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

(6) for the 2011-2012 school year:

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

(7) for the 2012-2013 school year:

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

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

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

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

(1) the formula in Subsection [~~(b) or~~] (c) [~~for which~~

1 ~~the district is eligible]; or~~

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

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

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

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

11 SA = (1 + ((5,000 - ADA) X .000026)) X AA

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

13 SA = (1 + ((5,000 - ADA) X .000028)) X AA

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

15 SA = (1 + ((5,000 - ADA) X .00003)) X AA

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

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

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

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

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

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

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

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

24 (f) Subsections (c) and (d) apply beginning with the
 25 2013-2014 school year. Subsections (c-1), (c-2), and (d-1) and
 26 this subsection expire September 1, 2014.

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

1 Education Code, are amended to read as follows:

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

8 Sec. 42.105. SPARSITY ADJUSTMENT. Notwithstanding
9 Sections 42.101, 42.102, and 42.103, a school district that has
10 fewer than 130 students in average daily attendance shall be
11 provided an adjusted accreditation [~~basic~~] allotment on the basis
12 of 130 students in average daily attendance if it offers a
13 kindergarten through grade 12 program and has preceding or current
14 year's average daily attendance of at least 90 students or is 30
15 miles or more by bus route from the nearest high school district. A
16 district offering a kindergarten through grade 8 program whose
17 preceding or current year's average daily attendance was at least
18 50 students or which is 30 miles or more by bus route from the
19 nearest high school district shall be provided an adjusted
20 accreditation [~~basic~~] allotment on the basis of 75 students in
21 average daily attendance. An average daily attendance of 60
22 students shall be the basis of providing the adjusted accreditation
23 [~~basic~~] allotment if a district offers a kindergarten through grade
24 6 program and has preceding or current year's average daily
25 attendance of at least 40 students or is 30 miles or more by bus
26 route from the nearest high school district.

27 Sec. 42.106. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT

1 OFFERING ALL GRADE LEVELS. For purposes of this chapter, the
 2 taxable value of property of a school district that contracts for
 3 students residing in the district to be educated in another
 4 district under Section 25.039(a) is adjusted by applying the
 5 formula:

$$6 \quad \text{ADPV} = \text{DPV} - \frac{\text{TN}}{\text{MTR}} \left[\frac{\text{TN}}{\text{MTR}} \right]$$

7 where:

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

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

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

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

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

21 (a) For each student in average daily attendance in a
 22 special education program under Subchapter A, Chapter 29, in a
 23 mainstream instructional arrangement, a school district is
 24 entitled to an annual allotment equal to the adjusted accreditation
 25 ~~[basic]~~ allotment multiplied by 1.1. For each full-time equivalent
 26 student in average daily attendance in a special education program
 27 under Subchapter A, Chapter 29, in an instructional arrangement

1 other than a mainstream instructional arrangement, a district is
2 entitled to an annual allotment equal to the adjusted accreditation
3 [~~basic~~] allotment multiplied by a weight determined according to
4 instructional arrangement as follows:

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

14 (b) A special instructional arrangement for students with
15 disabilities residing in care and treatment facilities, other than
16 state schools, whose parents or guardians do not reside in the
17 district providing education services shall be established under
18 the rules of the commissioner [~~State Board of Education~~]. The
19 funding weight for this arrangement shall be 4.0 for those students
20 who receive their education service on a local school district
21 campus. A special instructional arrangement for students with
22 disabilities residing in state schools shall be established under
23 the rules of the commissioner [~~State Board of Education~~] with a
24 funding weight of 2.8.

25 (e) The commissioner [~~State Board of Education~~] by rule
26 shall prescribe the qualifications an instructional arrangement
27 must meet in order to be funded as a particular instructional

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

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

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

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

27 (a) For each student who is educationally disadvantaged or

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

8 (e) The commissioner may:

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

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

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

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

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

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

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

20	<u>Prekindergarten-Grade 2</u>	<u>0.12</u>
21	<u>Grades 3-5</u>	<u>0.18</u>
22	<u>Grades 6-8</u>	<u>0.24</u>
23	<u>Grades 9-12</u>	<u>0.3</u>

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

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

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

9 (e) Out of the total statewide allotment for career and
10 technology education under this section, the commissioner shall set
11 aside an amount specified in the General Appropriations Act, which
12 may not exceed an amount equal to one percent of the total amount
13 appropriated, to support regional career and technology education
14 planning. After deducting the amount set aside under this
15 subsection from the total amount appropriated for career and
16 technology education under this section, the commissioner shall
17 reduce each district's basic program [~~tier one~~] allotments in the
18 same manner described for a reduction in allotments under Section
19 42.253.

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

23 (c) Each district or county operating a regular
24 transportation system is entitled to an allotment based on the
25 daily cost per regular eligible student of operating and
26 maintaining the regular transportation system and the linear
27 density of that system. In determining the cost, the commissioner

1 shall give consideration to factors affecting the actual cost of
2 providing these transportation services in each district or county.
3 The average actual cost is to be computed by the commissioner and
4 included for consideration by the legislature in the General
5 Appropriations Act.

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

<u>Linear Density Grouping</u>	<u>Allocation Per Mile of Approved Route</u>
2.40 and above	\$ 1.42
1.65 to 2.40	1.28
1.15 to 1.65	1.11
.90 to 1.1597
.65 to .9088

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

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

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

1 (d) If the amount of state funds for which school districts
2 are eligible under this section exceeds the amount of state funds
3 appropriated in any year for the programs, the commissioner shall
4 reduce each district's basic program [~~tier one~~] allotments in the
5 same manner described for a reduction in allotments under Section
6 42.253.

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

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

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

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

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

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

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

14 (g) In this section:

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

18 (A) greater than 10 percent; or

19 (B) more than 3,500 students.

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

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

24 Sec. 42.251. FINANCING; GENERAL RULE. (a) The sum of the
25 accreditation [~~basic~~] allotment under Subchapter B and the special
26 allotments under Subchapter C, computed in accordance with this
27 chapter, constitute the basic program [~~tier one~~] allotments. The

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

5 (b) The program shall be financed by:

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

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

12 (3) state available school funds distributed in
13 accordance with law; and

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

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

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

25 [~~(1) an amount equal to the~~] product of the following
26 amount, as applicable, [\$3,000] multiplied by the number of
27 classroom teachers, full-time librarians, full-time counselors

1 certified under Subchapter B, Chapter 21, and full-time school
2 nurses employed by the district and entitled to a minimum salary
3 under Section 21.402:

4 (1) \$3,000; or

5 (2) \$3,500, if H.B. No. 3, Acts of the 79th
6 Legislature, Regular Session, 2005, takes effect immediately [~~and~~

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

11 ~~[(A) the equalized wealth level under Section~~
12 ~~41.002,~~

13 ~~[(B) the basic allotment under Section 42.101,~~
14 ~~and~~

15 ~~[(C) the guaranteed level of state and local~~
16 ~~funds per weighted student per cent of tax effort under Section~~
17 ~~42.302].~~

18 SECTION 1B.18. Section 42.2515(a), Education Code, is
19 amended to read as follows:

20 (a) For each school year, a school district~~[, including a~~
21 ~~school district that is otherwise ineligible for state aid under~~
22 ~~this chapter,~~] is entitled to state aid in an amount equal to the
23 amount of all tax credits credited against ad valorem taxes of the
24 district in that year under Subchapter D, Chapter 313, Tax Code.

25 SECTION 1B.19. The heading to Section 42.252, Education
26 Code, is amended to read as follows:

27 Sec. 42.252. LOCAL SHARE OF BASIC PROGRAM COST [~~(TIER~~

1 ~~ONE~~).

2 SECTION 1B.20. Section 42.252(a), Education Code, is
3 amended to read as follows:

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

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

8 where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (g) If a school district demonstrates to the satisfaction of
27 the commissioner that the estimate of the district's tax rate,

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

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

25 (i) Not later than March 1 each year, the commissioner shall
26 determine the actual amount of state funds to which each school
27 district is entitled under [~~the allocation formulas in~~] this

1 chapter for the current school year and shall compare that amount
2 with the amount of the warrants issued to each district for that
3 year. If the amount of the warrants differs from the amount to
4 which a district is entitled because of variations in the
5 district's tax rate, student enrollment, or taxable value of
6 property, the commissioner shall adjust the district's entitlement
7 for the next fiscal year accordingly.

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

10 (1) 15 percent of the yearly entitlement of the
11 district shall be paid in an installment to be made on or before the
12 25th day of September of a fiscal year;

13 (2) 80 percent of the yearly entitlement of the
14 district shall be paid in eight equal installments to be made on or
15 before the 25th day of October, November, December, January, March,
16 May, June, and July; and

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

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

24 (a) The commissioner may make adjustments to amounts due to
25 a school district under this chapter or Chapter 46, [~~or to amounts~~
26 ~~necessary for a district to comply with the requirements of Chapter~~
27 ~~41,~~] as provided by this section.

1 (b) A school district that has a major taxpayer, as
2 determined by the commissioner, that because of a protest of the
3 valuation of the taxpayer's property fails to pay all or a portion
4 of the ad valorem taxes due to the district may apply to the
5 commissioner to have the district's taxable value of property or ad
6 valorem tax collections adjusted for purposes of this chapter or
7 Chapter [~~41-01~~] 46. The commissioner may make the adjustment only
8 to the extent the commissioner determines that making the
9 adjustment will not:

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

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

19 (c) The commissioner shall recover the benefit of any
20 adjustment made under this section by making offsetting adjustments
21 in the school district's taxable value of property or ad valorem tax
22 collections for purposes of this chapter or Chapter [~~41-01~~] 46 on a
23 final determination of the taxable value of property that was the
24 basis of the original adjustment, or in the second school year
25 following the year in which the adjustment is made, whichever is
26 earlier.

27 SECTION 1B.24. Subchapter E, Chapter 42, Education Code, is

1 amended by adding Sections 42.2541 and 42.2542 to read as follows:

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

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

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

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

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

17 (d) The commissioner shall:

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

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

25 (e) The commissioner shall determine the amount of state
26 funds to which a school district is entitled under this section,
27 including the amount per student in weighted average daily

1 attendance, and shall make that determination available to the
2 Legislative Budget Board. The commissioner's determination is
3 final and may not be appealed.

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

5 Notwithstanding any other provision of this subtitle, the
6 commissioner shall withhold from a school district the amount of
7 state funds necessary to ensure that the district does not receive
8 an amount of state and local revenue per student in weighted average
9 daily attendance that is greater than the following percentage of
10 the amount to which the district is entitled under Section
11 42.2541(b)(1):

12 (1) 108 percent for the 2006-2007 school year;

13 (2) 116 percent for the 2007-2008 school year; and

14 (3) 124 percent for the 2008-2009 school year.

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

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

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

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

24 SUBCHAPTER F. ENRICHMENT PROGRAM

25 Sec. 42.301. PURPOSE. The purpose of the enrichment
26 program is to provide each school district with the opportunity to
27 supplement the basic program at a level of its own choice. An

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

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

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

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

12 where:

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

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

20 "WADA" is the number of students in weighted average daily
21 attendance, which is computed by dividing the sum of the school
22 district's allotments under Subchapters B and C, less any allotment
23 to the district for transportation, any allotment to the district
24 under Section 42.158, and 50 percent of the adjustment under
25 Section 42.102, by the accreditation allotment for the applicable
26 year;

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

7 "LR" is the local revenue, which is determined by multiplying
8 "DETR" by the quotient of the district's taxable value of property
9 for the preceding year as determined under Subchapter M, Chapter
10 403, Government Code.

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

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

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

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

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

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

27 (6) for the 2011-2012 school year, EGL is determined

1 using the 95th percentile in wealth per student;

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

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

6 (d) This subsection and Subsection (c) expire September 1,
7 2013.

8 Sec. 42.303. ENRICHMENT TAX. (a) Subject to Section
9 42.304, the board of trustees of a school district may impose an
10 annual ad valorem tax for the further maintenance of the public
11 schools in the district.

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

15 (c) Notwithstanding Subsection (b) but subject to Sections
16 42.252(a-1) and 42.306:

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

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

23 (d) This subsection and Subsection (c) expire January 1,
24 2009.

25 Sec. 42.304. ENRICHMENT TAX ELECTION. (a) Except as
26 provided by Section 42.306, a school district may not impose an
27 enrichment tax under Section 42.303 unless authorized by a majority

1 of the qualified voters of the district voting at an election held
2 for that purpose.

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

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

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

19 Sec. 42.306. ENRICHMENT TAX AVAILABLE TO CERTAIN DISTRICTS
20 WITHOUT ELECTION. (a) To the extent consistent with Subsection
21 (b), if a school district's maintenance and operations tax rate for
22 the 2004 tax year exceeded a rate of \$1.50 for each \$100 of taxable
23 value of property, the district is entitled to impose an ad valorem
24 tax under Section 42.303 without holding an election under Section
25 42.304.

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

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

2 or

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

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

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

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

15 SUBCHAPTER I. ADDITIONAL EQUALIZATION

16 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

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

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

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

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

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

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

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

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

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

18 (b) If, before the dates provided by this subsection, a
19 district notified under Subsection (a)(1) has not purchased average
20 daily attendance credit as provided by Subchapter D [~~successfully~~
21 ~~exercised one or more options under Section 41.003 that reduce the~~
22 ~~district's wealth per student to a level equal to or less than the~~
23 ~~equalized wealth level~~], the commissioner [~~shall order the~~
24 ~~detachment of property from that district as provided by Subchapter~~
25 ~~C. If that detachment will not reduce the district's wealth per~~
26 ~~student to a level equal to or less than the equalized wealth level,~~
27 ~~the commissioner may not detach property under Subchapter C but~~

1 shall order the consolidation of the district with one or more other
 2 districts as provided by Subchapter H. [~~An agreement under Section~~
 3 ~~41.003(1) or (2) must be executed not later than September 1~~
 4 ~~immediately following the notice under Subsection (a).~~] An
 5 election to authorize the purchase of average daily attendance
 6 credit as provided by Subchapter D [~~for an option under Section~~
 7 ~~41.003(3), (4), or (5)] must be ordered before September 1
 8 immediately following the notice under Subsection (a).~~

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

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

16 (1) is effective for Foundation School Program funding
 17 purposes for the school year that begins in the calendar year in
 18 which the [~~detachment and annexation or~~] consolidation is [~~agreed~~
 19 ~~to or~~] ordered; and

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

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

25 (a) The commissioner may adopt rules necessary for the
 26 implementation of this chapter. The rules may provide for the
 27 commissioner to make necessary adjustments to the provisions of

1 Chapter 42, including providing for the commissioner to make an
2 adjustment in the funding element established by Section 42.302, at
3 the earliest date practicable, to the amount the commissioner
4 believes, taking into consideration options exercised by school
5 districts under Section 42.401 [~~this chapter~~] and estimates of
6 student enrollments, will match appropriation levels.

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

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

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

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

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

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

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

12 (a) A [~~Except as provided by Subchapter G, a~~] decision of
13 the commissioner under this chapter is appealable under Section
14 7.057.

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

17 Sec. 41.091. AGREEMENT. A school district subject to
18 Section 42.401 [~~with a wealth per student that exceeds the~~
19 ~~equalized wealth level~~] may execute an agreement with the
20 commissioner to purchase attendance credits in an amount equal to
21 the difference between the district's local share under Section
22 42.252 and the district's basic program allotments under Section
23 42.251 [~~sufficient, in combination with any other actions taken~~
24 ~~under this chapter, to reduce the district's wealth per student to a~~
25 ~~level that is equal to or less than the equalized wealth level~~].

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

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

3 (1) the amount of the district's maintenance and
4 operations tax revenue per student in ~~[weighted]~~ average daily
5 attendance for the school year for which the contract is executed;
6 or

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

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

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

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

22 (a) In selecting the districts to be consolidated with a
23 district subject to Section 42.401 ~~[that has a property wealth~~
24 ~~greater than the equalized wealth level]~~, the commissioner shall
25 select one or more districts with a local share under Section 42.252
26 ~~[wealth per student]~~ that, when consolidated, will result in a
27 consolidated district that is not subject to Section 42.401 ~~[with a~~

1 ~~wealth per student equal to or less than the equalized wealth~~
2 ~~level~~]. In achieving that result, the commissioner shall give
3 priority to school districts in the following order:

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

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

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

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

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

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

24 (c) In applying the selection criteria specified by
25 Subsection (a), if more than two districts are to be consolidated,
26 the commissioner shall select the third and each subsequent
27 district to be consolidated by treating the district subject to

1 Section 42.401 [~~that has a property wealth greater than the~~
2 ~~equalized wealth level~~] and the district or districts previously
3 selected for consolidation as one district.

4 (d) In this section, "local share percentage" means a
5 percentage determined by dividing a school district's local share
6 under Section 42.252 by the district's tier one allotment under
7 Section 42.251.

8 SECTION 1B.38. This part applies beginning with the
9 2006-2007 school year, except that Section 42.253(h), Education
10 Code, as amended in this part, applies beginning with the 2005-2006
11 school year.

12 PART C. SCHOOL FACILITIES

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

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

20 (b) The commissioner may adopt rules to administer this
21 section.

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

25 (c-1) A district's wealth per student is reduced by 25
26 percent for purposes of this section if the district has had
27 significant student enrollment growth that, as determined by the

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

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

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

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

20 (b) To be eligible to be financed with state or local tax
21 funds, any portable, modular building capable of being relocated
22 that is purchased or leased after September 1, 2005, for use as a
23 school facility, regardless of whether the building is an
24 industrialized building as defined by Section 1202.003,
25 Occupations Code, must be inspected as provided by Subchapter E,
26 Chapter 1202, Occupations Code, to ensure compliance with the
27 mandatory building codes or approved designs, plans, and

1 specifications.

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

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

5 The comptroller in cooperation with the agency shall study:

6 (1) existing instructional facilities in this state;

7 and

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

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

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

16 (A) the need for new instructional facilities;

17 (B) the need for repairs to existing
18 instructional facilities;

19 (C) the need for renovations of existing
20 instructional facilities; and

21 (D) other needs relating to instructional
22 facilities;

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

26 (3) a determination of the number of school districts
27 and campuses that have student populations that exceed the maximum

1 capacity of the districts' or campuses' classrooms, cafeterias, or
2 gymnasiums, including if appropriate a determination of:

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

5 (B) the square footage of instructional facility
6 space per student; and

7 (C) the number of instructional facilities that
8 are serving a number of students that exceeds the maximum capacity
9 of the facility; and

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

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

17 (1) projections as to the date new instructional
18 facilities will be needed or the date existing instructional
19 facilities will need to be repaired or renovated;

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

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

24 (d) The comptroller and the agency shall determine the
25 appropriate methodology for use in conducting the study required by
26 this section.

27 (e) Not later than December 1, 2006, the comptroller and the

1 agency shall submit to the legislature a report based on the study
2 required by this section. This section expires January 15, 2007.

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

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

8 (1) the district made payments on the bonds during the
9 2004-2005 [~~2002-2003~~] school year or taxes levied to pay the
10 principal of and interest on the bonds were included in the
11 district's audited debt service collections for that school year;
12 and

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

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

18 (c) If the amount required to pay the principal of and
19 interest on eligible bonds in a school year is less than the amount
20 of payments made by the district on the bonds during the 2004-2005
21 [~~2002-2003~~] school year or the district's audited debt service
22 collections for that school year, the district may not receive aid
23 in excess of the amount that, when added to the district's local
24 revenue for the school year, equals the amount required to pay the
25 principal of and interest on the bonds.

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

1 SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

2 Sec. 46.091. DEFINITIONS. In this subchapter:

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

7 (2) "Authority" means the Texas Public Finance
8 Authority.

9 (3) "Authority obligation" means any type of revenue
10 obligation, including a bond, note, certificate, or other
11 instrument issued under this subchapter. The term includes an
12 obligation issued to refund an obligation issued under this
13 subchapter.

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

16 (5) "Obligation administrative expenses" means
17 expenses incurred in administering authority obligations,
18 including:

19 (A) administrative expenses incurred by the
20 commissioner or the authority relating to the administration of
21 this subchapter; and

22 (B) fees for:

23 (i) paying agents, trustees, and attorneys;
24 (ii) other professional services necessary
25 to ensure compliance with applicable state or federal law; and

26 (iii) a school district with eligible bonds
27 refunded under this subchapter, professional service expenses in an

1 amount approved by the commissioner.

2 Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the
3 commissioner determines that it is feasible to refund eligible
4 school district bonds as provided by this subchapter, the
5 commissioner may request that the authority issue authority
6 obligations necessary to accomplish the refunding. On request of
7 the commissioner, the authority shall issue authority obligations,
8 in accordance with Title 9, Government Code, in an amount
9 sufficient to:

- 10 (1) refund eligible bonds;
- 11 (2) pay all obligation administrative expenses;
- 12 (3) pay the costs of issuing the authority
13 obligations;
- 14 (4) pay the costs of any credit agreement; and
- 15 (5) provide any reserve funds.

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

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

- 20 (1) the maximum principal amount of bonds to be
21 refunded under this subchapter;
- 22 (2) the maximum term of bonds to be refunded; and
- 23 (3) the amount of state assistance under Subchapter A
24 or B to support the payment of the bonds to be refunded.

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

- 1 (1) the method of sale of authority obligations;
2 (2) the type and form of obligation;
3 (3) the maximum interest rates and other terms of
4 authority obligations; and
5 (4) the need for related credit agreements.

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

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

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

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

15 (2) the principal and interest of the bonds are
16 guaranteed by the permanent school fund under Subchapter C, Chapter
17 45.

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

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

27 (2) a school district whose bonds are refunded under

1 this subchapter is entitled to priority in the allocation of
2 resulting increases in the capacity of the permanent school fund to
3 guarantee school district bonds under Subchapter C, Chapter 45, as
4 provided by Section 45.0561.

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

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

12 (1) identify the bonds the commissioner proposes to
13 refund under this subchapter;

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

17 (3) advise the district of:

18 (A) the effect of electing to have the bonds
19 considered for refunding; and

20 (B) the effect of not electing to have the bonds
21 considered for refunding.

22 Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY.

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

26 (1) the commissioner, acting on behalf of each school
27 district whose bonds are being refunded under this subchapter, may

1 pledge the allocated revenue to secure the payment of the principal
2 of and interest and premium on authority obligations; and

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

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

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

22 (1) the commissioner, on behalf of the school
23 districts issuing the bonds, may:

24 (A) exercise any reserved right of optional
25 redemption; and

26 (B) issue any required notice of redemption and
27 defeasance; and

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

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

9 Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE
10 EXPENSES. After paying the current debt service on authority
11 obligations, the authority may use allocated revenue to pay
12 obligation administrative expenses.

13 Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF
14 DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the
15 commissioner allocates and distributes to the authority allocated
16 revenue for a school district's bonds refunded under this
17 subchapter in an amount in excess of the state assistance to which
18 the district is entitled in connection with all of the district's
19 bonds, the district shall reimburse the commissioner in the amount
20 of the excess.

21 (b) If a school district elects not to reimburse the
22 commissioner in the amount of excess state assistance as required
23 under Subsection (a), the commissioner shall direct the comptroller
24 to withhold the amount of the excess from the succeeding payment of
25 state assistance payable to the school district and credit the
26 amount to the account or accounts from which the excess payment was
27 made.

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

3 Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The
4 authority may issue authority obligations to refund any previously
5 issued authority obligations if the authority by resolution
6 determines that the issuance of refunding obligations will result
7 in the lowest practicable borrowing cost to the state and school
8 districts with outstanding eligible bonds.

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

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

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

16 (b) Authority obligations and any related credit agreements
17 are payable solely from allocated revenue pledged to the payment of
18 those obligations.

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

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

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

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

27 (1) consistent with the original authorization,

1 allocation, and application of state assistance under Subchapter A
2 or B;

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

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

9 ARTICLE 2. EDUCATION EXCELLENCE

10 PART A. EDUCATION EMPLOYEES

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

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

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

22 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR
23 PRINCIPALS. (a) The agency shall develop and operate a school
24 leadership pilot program for principals in accordance with this
25 section.

26 (b) The agency shall operate the program in cooperation with
27 a nonprofit corporation that has substantial experience in

1 developing best practices to improve leadership skills, student
2 achievement, student graduation rates, and teacher retention.

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

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

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

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

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

24 (h) The commissioner may adopt rules necessary to
25 administer this section.

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

27 SECTION 2A.03. Section 21.003(a), Education Code, is

1 amended to read as follows:

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

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

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

14 (1) results of the certification examinations
15 prescribed under Section 21.048(a); ~~and~~

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

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

22 (4) retention rates of beginning teachers in the
23 profession.

24 (b) Each educator preparation program shall submit data
25 elements as required by the board for an annual performance report
26 to ensure access and equity. At a minimum, the annual report must
27 contain the performance data from Subsection (a), other than the

1 data required for purposes of Subsection (a)(3), and the following
2 information, disaggregated by sex and ethnicity:

- 3 (1) the number of candidates who apply;
4 (2) the number of candidates admitted;
5 (3) the number of candidates retained;
6 (4) the number of candidates completing the program;
7 (5) the number of candidates employed in the
8 profession after completing the program; and
9 (6) the number of candidates retained in the
10 profession.

11 (e) The agency shall annually submit student performance
12 data to the board for purposes of Subsection (a)(3). The agency
13 shall provide the data to the board in a manner that protects the
14 names of individual students and otherwise complies with the
15 confidentiality requirements prescribed by Section 39.030.

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

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

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

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

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

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

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

15 (1) be represented by a representative of the
16 teacher's choice;

17 (2) hear the evidence supporting the reason for the
18 discharge;

19 (3) cross-examine adverse witnesses; and

20 (4) present evidence.

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

23 (1) take the appropriate action to discharge the
24 teacher or allow the teacher to complete the probationary contract
25 term; and

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

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

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

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

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

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

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

27 (3) cross-examine adverse witnesses; and

1 (4) present evidence.

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

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

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

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

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

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

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

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

24 (3) suspend the teacher without pay.

25 (b) This subchapter does not apply to:

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

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

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

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

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

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

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

27 SECTION 2A.11. Section 21.402, Education Code, is amended

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

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

9
$$MS = SF \times \underline{AA} \text{ [FS]}$$

10 where:

11 "MS" is the minimum monthly salary;

12 "SF" is the applicable salary factor specified by Subsection
13 (c); and

14 "AA" is the accreditation allotment under Section 42.101
15 ~~["FS" is the amount, as determined by the commissioner under~~
16 ~~Subsection (b), of state and local funds per weighted student~~
17 ~~available to a district eligible to receive state assistance under~~
18 ~~Section 42.302 with an enrichment tax rate, as defined by Section~~
19 ~~42.302, equal to the maximum rate authorized under Section 42.303,~~
20 ~~except that the amount of state and local funds per weighted student~~
21 ~~does not include the amount attributable to the increase in the~~
22 ~~guaranteed level made by H.B. No. 3343, Acts of the 77th~~
23 ~~Legislature, Regular Session, 2001].~~

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

27 (a-2) A school district is not required to pay the minimum

1 salary determined under Subsection (a) to an educator who does not
 2 hold a lifetime or standard certificate and who holds a
 3 probationary, temporary, or emergency educator certificate.

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

5	Years Experience	0	1	2
6	Salary Factor	<u>.6451</u> [-.5656]	<u>.6584</u> [-.5790]	<u>.6719</u> [-.5924]
7	Years Experience	3	4	5
8	Salary Factor	<u>.6851</u> [-.6058]	<u>.7133</u> [-.6340]	<u>.7414</u> [-.6623]
9	Years Experience	6	7	8
10	Salary Factor	<u>.7695</u> [-.6906]	<u>.7958</u> [-.7168]	<u>.8205</u> [-.7416]
11	Years Experience	9	10	11
12	Salary Factor	<u>.8440</u> [-.7651]	<u>.8658</u> [-.7872]	<u>.8870</u> [-.8082]
13	Years Experience	12	13	14
14	Salary Factor	<u>.9067</u> [-.8281]	<u>.9251</u> [-.8467]	<u>.9430</u> [-.8645]
15	Years Experience	15	16	17
16	Salary Factor	<u>.9595</u> [-.8811]	<u>.9753</u> [-.8970]	<u>.9902</u> [-.9119]
17	Years Experience	18	19	20 and over
18	Salary Factor	<u>1.004</u> [-.9260]	<u>1.018</u> [-.9394]	<u>1.030</u> [-.9520]

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

23 (1) the monthly salary the employee received for the
 24 2004-2005 school year, including any local supplement and any money
 25 representing a career ladder supplement the employee would have
 26 received in the 2005-2006 school year; and

27 (2) \$350.

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

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

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

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

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

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

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

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

27 Sec. 21.458. MENTORS. (a) Each school district may assign

1 a mentor teacher to each classroom teacher who has less than two
2 years of teaching experience if the mentor:

- 3 (1) teaches in the same school;
4 (2) to the extent practicable, teaches the same
5 subject or grade level, as applicable; and
6 (3) meets the qualifications prescribed by
7 commissioner rules adopted under Subsection (b).

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

- 13 (1) complete a research-based mentor and induction
14 training program approved by the commissioner;
15 (2) complete a mentor training program provided by the
16 district; and
17 (3) have at least three complete years of teaching
18 experience with a proven record of assisting students, as a whole,
19 in achieving growth in performance.

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

23 (d) From the funds appropriated to the agency for purposes
24 of this section, the commissioner shall adopt rules and provide
25 funding to school districts that assign mentor teachers under this
26 section. Funding provided to districts under this subsection may
27 be used only for providing:

- 1 (1) mentor teacher stipends;
2 (2) scheduled time for mentor teachers to provide
3 mentoring to assigned classroom teachers; and
4 (3) mentoring support through providers of mentor
5 training.

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

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

- 12 (1) that has an unsatisfactory teacher retention rate;
13 (2) that has an unsatisfactory high school graduation
14 rate;
15 (3) that has an unsatisfactory dropout rate; or
16 (4) in which a high percentage of district students
17 perform unsatisfactorily on assessment instruments administered
18 under Section 39.023.

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

- 22 (1) the performance of students in districts that
23 assign mentor teachers under this section on assessment instruments
24 administered under Section 39.023;
25 (2) the districts' high school graduation rates; and
26 (3) the districts' teacher attrition rates.

27 SECTION 2A.13. Chapter 21, Education Code, is amended by

1 adding Subchapter N to read as follows:

2 SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

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

4 The commissioner shall establish an educator excellence incentive
5 program under which school districts, in accordance with locally
6 developed plans approved by the commissioner, provide incentive
7 payments to employees whose students demonstrate successful annual
8 individual student growth in achievement.

9 (b) From funds appropriated for the purpose of this
10 subchapter, the commissioner shall award incentive payments to each
11 school district with a local incentive plan approved by the
12 commissioner. The commissioner shall distribute the incentive
13 payments each year to a qualifying school district on the basis of
14 the district's actual average daily attendance for the preceding
15 school year. The total amount of incentive payments made to school
16 districts from funds appropriated for the incentive program under
17 this subchapter may not exceed \$100 million each fiscal year.

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

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

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

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

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

7 (2) teachers who serve as mentors in accordance with
8 Section 21.458;

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

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

17 (f) The commissioner shall adopt rules necessary to
18 implement this subchapter. In adopting rules, the commissioner
19 shall:

20 (1) include criteria and guidelines for evaluating
21 local incentive plans; and

22 (2) encourage local flexibility in designing local
23 incentive plans that promote student achievement.

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

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

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

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

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

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

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

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

24 (d) A local incentive plan must:

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

27 (2) be approved by the district-level planning and

1 decision-making committee.

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

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

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

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

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

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

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

25 (c) A school district employee entitled to a wage increase
26 under this section may elect to receive a portion of the person's
27 annual wages as health care supplementation as provided by Chapter

1 1580, Insurance Code.

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

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

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

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

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

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

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

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

25 (2) if the purpose of the committee meeting is to
26 consider the student's dismissal, unless the supervising
27 speech-language pathologist has submitted the pathologist's

1 recommendation in writing on or before the date of the meeting.

2 (d) This section:

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

6 (2) is not a waiver of a school district's sovereign
7 immunity.

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

11 Sec. 54.220. CHILDREN OF CLASSROOM TEACHERS. (a) In this
12 section:

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

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

17 (b) For purposes of this section, a person is another
18 person's child if the other person is the person's natural or
19 adoptive parent, managing or possessory conservator, or legal
20 guardian.

21 (c) The governing board of an institution of higher
22 education shall exempt from the payment of tuition or from the
23 payment of required fees for an academic year an eligible
24 undergraduate student who is a child of an eligible classroom
25 teacher and is designated by the classroom teacher to receive the
26 exemption.

27 (d) A classroom teacher is eligible to designate the

1 teacher's child to receive an exemption under this section for an
2 academic year if, at the beginning of the academic year, the teacher
3 is employed full-time as a classroom teacher by a school district in
4 this state and maintains that employment throughout the school year
5 that corresponds to the academic year.

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

16 (f) On the completion of a classroom teacher's 15th year of
17 service, the teacher earns either an exemption from the payment of
18 tuition or an exemption from the payment of required fees for one
19 academic year for the benefit of one child. For each year of
20 service that exceeds 15 years, the classroom teacher earns an
21 additional tuition exemption or an additional fee exemption for one
22 academic year for the benefit of one child. The classroom teacher
23 may elect the type of exemption the child may receive under this
24 section at the time the teacher designates the child to receive the
25 exemption. The exemption earned by a classroom teacher for one year
26 of service may be used for the benefit of only one child. Years of
27 service as a classroom teacher are not required to be consecutive.

1 A classroom teacher may not designate a child to receive an
2 exemption under this section for an academic year unless the
3 teacher's most recent five years of service were in this state.

4 (g) A classroom teacher with at least 19 years of service
5 may elect to use any earned but unused exemptions toward the payment
6 of both the tuition and the required fees of one child during an
7 academic year or to use the unused exemptions toward the payment of
8 the tuition or the required fees, or both tuition and fees as
9 permitted by the number of unclaimed exemptions, of more than one
10 child during an academic year. Two classroom teachers may
11 aggregate years of service to earn one or more exemptions for the
12 benefit of one or more of their children in common, but each
13 classroom teacher must maintain eligibility under Subsection (d)
14 during the academic period for which the exemption is used.

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

22 (i) If a classroom teacher whose child receives an exemption
23 earned by the teacher under this section does not remain employed as
24 required by Subsection (d), the student may not receive an
25 exemption for a subsequent academic period of the same academic
26 year under this section until the next academic period that begins
27 after the classroom teacher reestablishes eligibility under

1 Subsection (d).

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

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

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

12 (2) has received a baccalaureate degree.

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

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

25 (1) rules prescribing procedures by which a classroom
26 teacher may designate a child to receive an exemption under this
27 section, including rules relating to the determination of a

1 student's eligibility for an exemption or a classroom teacher's
2 eligibility to designate a child to receive an exemption;

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

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

9 (n) The legislature shall account in the General
10 Appropriations Act for the exemptions authorized by this section in
11 a manner that provides a corresponding increase in the general
12 revenue funds appropriated to the institution granting an
13 exemption.

14 (o) Notwithstanding any other provision of this section,
15 only the following undergraduate students who meet the eligibility
16 requirements of Subsection (e) are eligible to receive an exemption
17 under this section:

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

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

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

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

1 2009.

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

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

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

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

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

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

1 SECTION 2A.19. Sections 21.104, 21.251, 21.301, and
2 21.303, Education Code, as amended by this Act, and Sections
3 21.1041 and 21.2111, Education Code, as added by this Act, apply
4 only to a discharge under a probationary or term contract for which
5 written notice of the proposed discharge is given to a teacher on or
6 after September 1, 2005. A discharge under a probationary or term
7 contract for which written notice of the proposed discharge is
8 given to a teacher before September 1, 2005, is governed by the law
9 in effect when the notice is given, and the former law is continued
10 in effect for that purpose.

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

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

19 SECTION 2A.22. The Texas Higher Education Coordinating
20 Board shall adopt rules and forms for the administration of Section
21 54.220, Education Code, as added by this Act, not later than January
22 1, 2006.

23 PART B. ADMINISTRATIVE EFFICIENCY

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

26 Sec. 7.008. ELECTRONIC STUDENT RECORDS SYSTEM. (a) In this
27 section, "institution of higher education" has the meaning assigned

1 by Section 61.003.

2 (b) Each school district, open-enrollment charter school,
3 and institution of higher education shall participate in an
4 electronic student records system that satisfies standards
5 approved by the commissioner of education and the commissioner of
6 higher education.

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

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

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

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

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

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

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

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

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

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

25 (1) the amount of an award;

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

1 (3) expenditures related to an award; and

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

5 (d) The commissioner shall adopt rules as necessary to
6 administer this section. The rules adopted under this subsection
7 must ensure that:

8 (1) the funds management information system includes:

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

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

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

21 (3) aggregate funding information is readily
22 available to agency personnel and policy makers, including
23 aggregate funding information relating to a compensatory,
24 intensive, or accelerated instruction program under Section
25 29.081, a disciplinary alternative education program established
26 under Section 37.008, or a program eligible under Title I of the
27 Elementary and Secondary Education Act of 1965, as provided by Pub.

1 L. No. 103-382.

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

4 Sec. 7.033. QUALITY MANAGEMENT CERTIFICATION PROGRAM. (a)
5 The commissioner by rule shall adopt a quality management
6 certification program to encourage school districts and
7 open-enrollment charter schools to obtain International
8 Organization for Standardization ISO 9000 quality management
9 certification.

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

- 13 (1) compliance with federal law and regulations;
14 (2) financial accountability, including compliance
15 with grant requirements; and

- 16 (3) data integrity for purposes of:
17 (A) the Public Education Information Management
18 System (PEIMS); and

- 19 (B) accountability under Chapter 39.

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

- 25 (1) student performance;
26 (2) administrative efficiency;
27 (3) business processes; and

1 (4) integration and use of educational technology.

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

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

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

23 (b) Each regional education service center shall:

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

1 (2) evaluate the need for cooperative shared service
2 arrangements within the center's service area and consider
3 expanding center-sponsored cooperative shared service
4 arrangements.

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

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

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

19 Sec. 11.168. CERTIFICATION FOR QUALITY MANAGEMENT
20 STANDARDS. Each school district may apply for International
21 Organization for Standardization ISO 9000 certification for
22 quality management standards and apply for renewal of that
23 certification, as applicable.

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

26 Sec. 28.0022. CURRICULUM MANAGEMENT ASSISTANCE. (a) The
27 commissioner shall identify available curriculum management

1 materials recommended by school districts that may be used to
2 assist school districts in:

3 (1) understanding the depth and complexity of the
4 essential knowledge and skills identified under Section 28.002(c)
5 for each subject in the foundation curriculum under Section
6 28.002(a)(1); and

7 (2) based on learning standards:

8 (A) developing model instructional plans and
9 diagnostic tools;

10 (B) aligning curriculum objectives to district
11 instructional resources; and

12 (C) differentiating instruction in recognition
13 of the needs of individual students.

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

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

19 (1) the curriculum management materials identified
20 under Subsection (a);

21 (2) the costs associated with making the materials
22 available to school districts; and

23 (3) the manner in which technological applications may
24 be used to make the materials available and allow school districts
25 to use the materials.

26 (d) Subsection (c) and this subsection expire January 31,
27 2007.

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

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

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

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

22 (1) an optional extended year program under Section
23 29.082;

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

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

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

3 (d) The commissioner may redistribute the funding of
4 programs described under Subsection (c) as necessary to accomplish
5 the purpose of improving the achievement of students at risk of
6 dropping out of school.

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

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

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

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

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

19 (5) any academic or support services for pregnant or
20 parenting students, including basic instruction and health and life
21 skills training and support for pregnant or parenting students;

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

24 (7) programs or services designed to promote the
25 involvement of parents of students at risk of dropping out of
26 school; and

27 (8) services or programs promoting school and

1 community collaboration to restructure schools for the successful
2 achievement of all students, especially students at risk of
3 dropping out of school.

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

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

20 Sec. 29.093. COST-OUTCOME ANALYSIS. (a) The agency and the
21 Legislative Budget Board shall jointly develop a request for
22 proposals for a qualified third party to conduct a comprehensive
23 cost-outcome analysis of federal and state funding for programs
24 targeting students at risk of dropping out of school, as described
25 by Section 29.081, and the impact of those programs on student
26 achievement outcomes. In order to be qualified under this section,
27 a party must at a minimum have experience in educational program

1 evaluation and statistical analysis of public education data.

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

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

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

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

18 (4) a statistical methodology for:

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

23 (B) disaggregating data by peer groups;

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

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

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

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

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

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

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

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

21 (d) During the state fiscal biennium beginning September 1,
22 2005, the commissioner shall retain an amount not to exceed
23 \$500,000 from the total amount of funds allotted under the
24 Foundation School Program to finance the comprehensive
25 cost-outcome analysis and shall reduce the total amount of state
26 funds allocated to each district from any source in the same manner
27 described for a reduction in allotments under Section 42.253.

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

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

12 (b) The methodology adopted by the commissioner must
13 include the following components:

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

17 (2) a format for reporting all state, federal, local,
18 and private sources of funding and total expenditures for
19 supplemental services for students at risk of dropping out of
20 school, reported by school district, by open-enrollment charter
21 school, and statewide; and

22 (3) a system for scoring and ranking school districts
23 and open-enrollment charter schools, including criteria for
24 establishing school district and open-enrollment charter school
25 peer groups for comparison purposes.

26 (c) Based on the cost-outcome analysis methodology, the
27 commissioner shall use the ranking system under Subsection (b)(3)

1 to determine annually the level at which school districts and
2 open-enrollment charter schools are cost-effective in serving
3 students at risk of dropping out of school.

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

6 (1) report the methodology and the results of the
7 cost-outcome analysis to the lieutenant governor, the speaker of
8 the house of representatives, and the presiding officer of the
9 standing committee of each house of the legislature with primary
10 jurisdiction over public education; and

11 (2) make the report under Subdivision (1) available to
12 the public.

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

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

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

22 (a-1) Subsection (a) applies beginning with the 2009-2010
23 school year. For the 2006-2007, 2007-2008, and 2008-2009 school
24 years, a school district shall allocate the following percentages
25 of the district's total revenue to fund direct instructional
26 activities in the district:

27 (1) for the 2006-2007 school year, at least 50

1 percent;

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

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

6 (a-2) Subsection (a-1) and this subsection expire August 1,
7 2009.

8 (b) For purposes of this section, expenditures for direct
9 instructional activities:

10 (1) include expenditures directly related to
11 classroom instruction for courses in the foundation curriculum
12 described by Section 28.002(a)(1) and subject to assessment under
13 Subchapter B, Chapter 39; and

14 (2) do not include expenditures directly related to
15 programs and services that are provided at the district's
16 discretion.

17 (c) The commissioner may adopt rules for purposes of this
18 section in a manner consistent with Subsection (b) and Section
19 44.0071.

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

26 PART C. ACCOUNTABILITY

27 SECTION 2C.01. Subchapter A, Chapter 7, Education Code, is

1 amended by adding Section 7.007 to read as follows:

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

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

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

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

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

25 Sec. 28.027. FUNDING FOR COLLEGE ENTRANCE ASSESSMENTS. (a)
26 The agency shall pay for any student who chooses to take, on one
27 occasion, an assessment instrument that is currently accepted by

1 colleges and universities for use in determining admissions. The
2 agency shall reduce the amount the agency pays for a student to take
3 the assessment instrument by the amount of any discount or fee
4 waiver offered by the vendor of the assessment instrument to which
5 the student is entitled. The agency shall pay the fee for the
6 administration of the assessment instrument directly to the vendor
7 of the assessment instrument:

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

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

14 (b) The agency shall ensure that vendors are not paid under
15 Subsection (a) for the administration of an assessment instrument
16 to a student to whom the assessment instrument is not actually
17 administered. The agency may comply with this subsection by any
18 reasonable means, including by creating a refund system under which
19 a vendor returns any payment made for a student who registered for
20 the administration of an assessment instrument but did not appear
21 for the administration.

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

25 (d) The agency shall compile the results of any assessment
26 instrument for which funding is provided under this section and
27 make the results available to the public in a manner that does not

1 identify individual students.

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

4 (b) Within the first five [~~four~~] weeks following the first
5 day of school, the language proficiency assessment committee
6 established under Section 29.063 shall determine and report to the
7 board of trustees of the district the number of students of limited
8 English proficiency on each campus and shall classify each student
9 according to the language in which the student possesses primary
10 proficiency. The board shall report that information to the agency
11 before November 1 each year.

12 (d) Each district that is required to offer bilingual
13 education and special language programs under this section shall
14 offer the following for students of limited English proficiency:

15 (1) bilingual education in prekindergarten at
16 campuses that offer prekindergarten classes;

17 (2) bilingual education in kindergarten through the
18 elementary grades;

19 (3) [~~(2)~~] bilingual education, instruction in English
20 as a second language, or other transitional language instruction
21 approved by the agency in post-elementary grades through grade 8;
22 and

23 (4) [~~(3)~~] instruction in English as a second language
24 in grades 9 through 12.

25 SECTION 2C.05. Section 29.056, Education Code, is amended
26 by amending Subsections (a), (d), and (g) and adding Subsections
27 (g-1) and (i) to read as follows:

1 (a) The agency shall establish standardized criteria for
2 the identification, assessment, and classification of students of
3 limited English proficiency eligible for entry into the program or
4 exit from the program. The student's parent must approve a
5 student's entry into the program[~~, exit from the program,~~] or
6 placement in the program. A school district must inform a student's
7 parent of a student's exit from the program. The school district or
8 parent may appeal the decision under Section 29.064. The criteria
9 for identification, assessment, and classification may include:

10 (1) results of a home language survey conducted within
11 four weeks of each student's enrollment to determine the language
12 normally used in the home and the language normally used by the
13 student, conducted in English and the home language, signed by the
14 student's parents if the student is in kindergarten through grade 8
15 or by the student if the student is in grades 9 through 12, and kept
16 in the student's permanent folder by the language proficiency
17 assessment committee;

18 (2) the results of an agency-approved English language
19 proficiency test administered to all students identified through
20 the home survey as normally speaking a language other than English
21 to determine the level of English language proficiency, with
22 students in kindergarten or grade 1 being administered an oral
23 English proficiency test and students in grades 2 through 12 being
24 administered an oral English proficiency test and, if the oral
25 English proficiency test demonstrates proficiency, a written
26 English proficiency test; and

27 (3) the results of an agency-approved proficiency test

1 in the primary language administered to all students identified
2 under Subdivision (2) as being of limited English proficiency to
3 determine the level of primary language proficiency, with students
4 in kindergarten or grade 1 being administered an oral primary
5 language proficiency test and students in grades 2 through 12 being
6 administered an oral and written primary language proficiency test.

7 (d) Not later than the 20th [~~10th~~] day after the date of the
8 student's classification as a student of limited English
9 proficiency, the language proficiency assessment committee shall
10 give written notice of the classification to the student's parent.
11 The notice must be in English and the parent's primary language.
12 The parents of students eligible to participate in the required
13 bilingual education program shall be informed of the benefits of
14 the bilingual education or special language program and that it is
15 an integral part of the school program.

16 (g) A district may transfer a student of limited English
17 proficiency out of a bilingual education or special language
18 program if the student is able to participate equally in a regular
19 all-English instructional program as determined by:

20 (1) agency-approved tests administered at the end of
21 each school year to determine the extent to which the student has
22 developed oral and written language proficiency and specific
23 language skills in [~~both the student's primary language and~~]
24 English;

25 (2) an achievement score at or above the 40th
26 percentile in the reading and language arts sections of an English
27 standardized test approved by the agency; or [~~and~~]

1 (3) agency-approved [~~other indications of a student's~~
2 ~~overall progress, including~~] criterion-referenced tests and the
3 results of a [~~test scores,~~] subjective teacher evaluation[~~, and~~
4 ~~parental evaluation~~].

5 (g-1) A school district may transfer a student of limited
6 English proficiency who is eligible for special education services
7 under Subchapter A out of a bilingual education or special language
8 program and into a special education program if the language
9 proficiency assessment committee and the student's admission,
10 review, and dismissal committee agree that the student has a
11 learning disability and would be better served in a special
12 education program. The student's admission, review, and dismissal
13 committee must document that the student has a learning disability
14 that cannot be addressed effectively in a bilingual education or
15 special language program and that the student's learning disability
16 is not due to the student's limited English proficiency. The
17 commissioner by rule shall adopt criteria for a school district to
18 use in transferring a student under this subsection.

19 (i) On approval of the student's parent, a school district
20 may allow a student of limited English proficiency who meets the
21 criteria for being transferred out of a bilingual education or
22 special language program to continue participating in the program.

23 SECTION 2C.06. Subchapter B, Chapter 29, Education Code, is
24 amended by adding Section 29.0561 to read as follows:

25 Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS;
26 REENROLLMENT. (a) The language proficiency assessment committee
27 shall reevaluate a student who is transferred out of a bilingual

1 education or special language program under Section 29.056(g) if
2 the student earns a failing grade in a subject in the foundation
3 curriculum under Section 28.002(a)(1) during any grading period in
4 the first two school years after the student is transferred to
5 determine whether the student should be reenrolled in a bilingual
6 education or special language program.

7 (b) During the first two school years after a student is
8 transferred out of a bilingual education or special language
9 program under Section 29.056(g), the language proficiency
10 assessment committee shall review the student's performance and
11 consider:

12 (1) the total amount of time the student was enrolled
13 in a bilingual education or special language program;

14 (2) the student's grades each grading period in each
15 subject in the foundation curriculum under Section 28.002(a)(1);

16 (3) the student's performance on each assessment
17 instrument administered under Section 39.023(a) or (c);

18 (4) the number of credits the student has earned
19 toward high school graduation, if applicable; and

20 (5) any disciplinary actions taken against the student
21 under Subchapter A, Chapter 37.

22 (c) After an evaluation under this section, the language
23 proficiency assessment committee may require intensive instruction
24 for the student or reenroll the student in a bilingual education or
25 special language program.

26 SECTION 2C.07. Subchapter C, Chapter 29, Education Code, is
27 amended by adding Section 29.0822 to read as follows:

Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)

Notwithstanding Section 25.081 or 25.082, a school district may provide a flexible school day program for students in grades 9 through 12 who have dropped out of school or who are at risk of dropping out of school.

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

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

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

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

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

(d) The commissioner shall compute average daily attendance for students served under this section for purposes of determining state funding. In computing average daily attendance for purposes of this section, a student may accumulate hours of instruction. Funding under this subsection is determined based on the number of instructional days provided in the district calendar and a seven-hour school day. Hours of attendance under this subsection may be accumulated over the school year, including any summer or

1 vacation sessions, to determine average daily attendance. The
2 attendance of a student who accumulates less than the number of
3 attendance hours required under this subsection shall be
4 proportionately reduced for funding purposes. The commissioner may
5 set a maximum funding amount for an individual course under this
6 section.

7 (e) The commissioner may adopt rules for the administration
8 of this section.

9 SECTION 2C.08. Effective September 1, 2006, Subchapter D,
10 Chapter 29, Education Code, is amended by adding Section 29.124 to
11 read as follows:

12 Sec. 29.124. PERFORMANCE STANDARDS; STATE FUNDING. (a)
13 The commissioner shall adopt the performance standards developed by
14 the agency under the pilot project required by Rider 52, page
15 III-17, Chapter 1330, Acts of the 78th Legislature, Regular
16 Session, 2003 (the General Appropriations Act), for assessing the
17 performance in English language arts, mathematics, science, and
18 social studies of students in a program for gifted and talented
19 students. The commissioner may adopt performance standards for
20 assessing the performance in other subjects or at other grade
21 levels of students in a program for gifted and talented students.
22 The commissioner shall establish the minimum level of student
23 performance necessary to comply with the performance standards and
24 may periodically raise the minimum level as the commissioner
25 determines necessary.

26 (b) A school district is not required to use the performance
27 standards adopted under Subsection (a).

1 (c) From funds appropriated for that purpose, for each
2 student who meets the minimum level of performance on the
3 performance standards adopted under Subsection (a), a school
4 district is entitled to \$100. A school district must use funds
5 received under this subsection in providing a program for gifted
6 and talented students under this subchapter. The amount
7 appropriated for any fiscal year for purposes of this subsection
8 may not exceed \$6 million.

9 (d) The commissioner may adopt rules necessary to
10 administer this section.

11 (e) From the funds appropriated under this section, the
12 commissioner may designate an amount necessary to fund the agency's
13 administrative costs of implementing this section.

14 SECTION 2C.09. Subchapter Z, Chapter 29, Education Code, is
15 amended by adding Section 29.913 to read as follows:

16 Sec. 29.913. "EDUCATION. GO GET IT" WEEK. (a) To educate
17 middle school, junior high school, and high school students about
18 the importance of higher education, each school district and each
19 open-enrollment charter school offering those grades shall
20 designate one week during the school year as "Education. Go Get It"
21 Week.

22 (b) During the designated week, each middle school, junior
23 high school, and high school shall provide students with
24 comprehensive grade-appropriate information regarding the pursuit
25 of higher education. The information provided must include
26 information regarding:

27 (1) higher education options available to students;

1 (2) standard admission requirements for institutions
2 of higher education, including:

3 (A) overall high school grade point average;

4 (B) required curriculum; and

5 (C) scores necessary on generally recognized
6 tests or assessments used in admissions determinations, including
7 the Scholastic Assessment Test and the American College Test;

8 (3) automatic admission of certain students to general
9 academic teaching institutions as provided by Section 51.803; and

10 (4) financial aid availability and requirements,
11 including the financial aid information provided by counselors
12 under Section 33.007(b).

13 (c) In addition to the information provided under
14 Subsection (b), each middle school, junior high school, and high
15 school shall provide to the students during the designated week at
16 least one public speaker to promote the importance of higher
17 education.

18 SECTION 2C.10. Section 37.008, Education Code, is amended
19 by adding Subsection (n) to read as follows:

20 (n) For purposes of accountability under Chapter 39, a
21 student placed in a disciplinary alternative education program is
22 reported as if the student were enrolled at the student's assigned
23 campus in the student's regularly assigned education program,
24 including a special education program.

25 SECTION 2C.11. Section 39.022, Education Code, is amended
26 to read as follows:

27 Sec. 39.022. ASSESSMENT PROGRAM. (a) The State Board of

1 Education by rule shall create and implement a statewide assessment
2 program that is knowledge- and skills-based to ensure school
3 accountability for student achievement that achieves the goals
4 provided under Section 4.002. After adopting rules under this
5 section, the State Board of Education shall consider the importance
6 of maintaining stability in the statewide assessment program when
7 adopting any subsequent modification of the rules.

8 (b) The commissioner by rule shall provide for the
9 administration of assessment instruments under this subchapter.

10 SECTION 2C.12. Section 39.023, Education Code, is amended
11 by amending Subsections (a)-(e), (i), (j), and (l)-(n) and adding
12 Subsections (a-1) and (b-1) to read as follows:

13 (a) The agency shall adopt or develop appropriate
14 criterion-referenced assessment instruments designed to assess
15 essential knowledge and skills in reading, writing, mathematics,
16 social studies, and science. Except as otherwise provided by this
17 subchapter, all [All] students[, except students assessed under
18 Subsection (b) or (l) or exempted under Section 39.027,] shall be
19 assessed in:

20 (1) mathematics, annually in grades three through
21 seven without the aid of technology and in grades eight through 11
22 with the aid of technology on any assessment instruments that
23 include algebra;

24 (2) reading, annually in grades three through nine;

25 (3) writing, including spelling and grammar, in grades
26 four and seven;

27 (4) English language arts, in grades [~~grade~~] 10 and

1 11;

2 (5) social studies, in grades eight, ~~[and]~~ 10, and 11;

3 (6) science, in grades five, eight, ~~[and]~~ 10, and 11;

4 and

5 (7) any other subject and grade required by federal
6 law.

7 (a-1) An assessment instrument under this section may
8 include questions that test a broader range of knowledge and skills
9 or that are at a higher difficulty level for the purpose of
10 differentiating student achievement. A student may not be required
11 to answer a question described by this subsection correctly to
12 perform satisfactorily on the assessment instrument or to be
13 promoted to the next grade level. To ensure a valid bank of
14 questions for use each year, the agency is not required to release a
15 question that is developed for purposes of this subsection until
16 after the fifth school year the question is used on an assessment
17 instrument administered under this section.

18 (b) The agency shall develop or adopt appropriate
19 criterion-referenced assessment instruments to be administered to
20 each student in a special education program under Subchapter A,
21 Chapter 29, who receives modified instruction in the essential
22 knowledge and skills identified under Section 28.002 for the
23 assessed subject but for whom an assessment instrument adopted
24 under Subsection (a), even with allowable accommodations
25 ~~[modifications]~~, would not provide an appropriate measure of
26 student achievement, as determined by the student's admission,
27 review, and dismissal committee. The assessment instruments

1 required under this subsection must assess essential knowledge and
2 skills [~~and growth~~] in the subjects of reading, mathematics, and
3 writing and any other subject required by federal law. A student's
4 admission, review, and dismissal committee shall determine whether
5 any allowable accommodation [~~modification~~] is necessary in
6 administering to the student an assessment instrument required
7 under this subsection or whether an alternate assessment instrument
8 must be used to measure alternate academic achievement standards.
9 A student's admission, review, and dismissal committee shall
10 determine the high school graduation assessment requirements for a
11 student in a special education program under Subchapter A, Chapter
12 29, and may use local alternative assessment instruments if
13 multiple testing opportunities are not available for a student. To
14 the extent practicable, the [~~The~~] assessment instruments required
15 under this subsection shall be administered on the same schedule as
16 the assessment instruments administered under Subsection (a). The
17 commissioner shall adopt rules to implement this subsection.

18 (b-1) The agency shall adopt or develop appropriate
19 criterion-referenced instruments as required by federal law
20 designed to measure alternate academic achievement standards for
21 students in a special education program under Subchapter A, Chapter
22 29, with the most significant cognitive disabilities.

23 (c) The [~~agency shall also adopt~~] secondary exit-level
24 assessment instruments designed to be administered to students in
25 grade 11 under Subsection (a) must [~~to~~] assess essential knowledge
26 and skills in mathematics, English language arts, social studies,
27 and science. The mathematics section must include at least Algebra

1 I and geometry with the aid of technology. The English language
2 arts section must include at least English III and must include the
3 assessment of essential knowledge and skills in writing. The social
4 studies section must include early American and United States
5 history. The science section must include at least biology and
6 integrated chemistry and physics. The assessment instruments must
7 be designed to assess a student's mastery of minimum skills
8 necessary for high school graduation and readiness to enroll in an
9 institution of higher education. ~~[If a student is in a special
10 education program under Subchapter A, Chapter 29, the student's
11 admission, review, and dismissal committee shall determine whether
12 any allowable modification is necessary in administering to the
13 student an assessment instrument required under this subsection or
14 whether the student should be exempted under Section 39.027(a)(2).
15 The State Board of Education shall administer the assessment
16 instruments. The State Board of Education shall adopt a schedule
17 for the administration of secondary exit-level assessment
18 instruments.]~~ Each student who did not perform satisfactorily on
19 any secondary exit-level assessment instrument when initially
20 tested shall be given multiple opportunities to retake that
21 assessment instrument. A student who performs at or above a level
22 established by the Texas Higher Education Coordinating Board on the
23 secondary exit-level assessment instruments is exempt from the
24 requirements of Section 51.306.

25 (d) The commissioner may participate in multistate efforts
26 to develop voluntary standardized end-of-course assessment
27 instruments. The commissioner by rule may require a school

1 district to administer an end-of-course assessment instrument
2 developed through the multistate efforts. The admission, review,
3 and dismissal committee of a student in a special education program
4 under Subchapter A, Chapter 29, shall determine whether any
5 allowable accommodation [~~modification~~] is necessary in
6 administering to the student an end-of-course assessment
7 instrument or whether the student should be exempted [~~under Section~~
8 ~~39.027(a)(2)~~].

9 (e) Under rules adopted by the State Board of Education,
10 [~~every other year,~~] the agency shall release the questions and
11 answer keys to each assessment instrument administered under
12 Subsection (a), (b), (c), (d), or (l) or Section 39.027 on or after
13 August 1 after the second anniversary of the date [~~after the last~~
14 ~~time~~] the instrument was [~~is~~] administered [~~for that school year~~].
15 To ensure a valid bank of questions for use each year, the agency is
16 not required to release a question that is being field-tested and
17 was not used to compute the student's score on the instrument. The
18 agency shall also release, under board rule, each question that is
19 no longer being field-tested and that was not used to compute a
20 student's score.

21 (i) The provisions of this section, except Subsection (d),
22 are subject to modification by rules adopted under Section 39.022.
23 Each assessment instrument adopted or developed under this section
24 [~~these rules and each assessment instrument required under~~
25 ~~Subsection (d)~~] must be reliable and valid and must meet any
26 applicable federal requirements for measurement of student
27 progress.

1 (j) The commissioner shall develop a standardized
2 end-of-course assessment instrument for Algebra I. The
3 commissioner by rule may require a school district to administer an
4 end-of-course assessment instrument in Algebra I. The admission,
5 review, and dismissal committee of a student in a special education
6 program under Subchapter A, Chapter 29, shall determine whether any
7 allowable accommodation [~~modification~~] is necessary in
8 administering to the student an end-of-course assessment
9 instrument or whether the student should be exempted [~~under Section~~
10 ~~39.027(a)(2)~~].

11 (l) The agency [~~State Board of Education~~] shall adopt or
12 develop a Spanish version [~~rules for the administration~~] of the
13 assessment instruments adopted under Subsection (a) for [~~in Spanish~~
14 ~~to~~] students in grades three through six who are of limited English
15 proficiency, as defined by Section 29.052, whose primary language
16 is Spanish, and who are not otherwise exempt from the
17 administration of an assessment instrument under Section 39.027
18 [~~39.027(a)(3) or (4)~~]. Each student of limited English proficiency
19 whose primary language is Spanish, other than a student to whom
20 Subsection (b) or (b-1) applies, may be assessed using assessment
21 instruments in Spanish under this subsection for up to three years
22 or assessment instruments in English under Subsection (a). The
23 language proficiency assessment committee established under
24 Section 29.063 shall determine which students are administered
25 assessment instruments in Spanish under this subsection.

26 (m) The commissioner by rule shall develop procedures under
27 which the language proficiency assessment committee established

1 under Section 29.063 shall determine which students in grades three
2 through 10 are exempt from the administration of the assessment
3 instruments under Section 39.027 [~~39.027(a)(3) and (4)~~]. The rules
4 adopted under this subsection shall ensure that the language
5 proficiency assessment committee provides that the exempted
6 students are administered the assessment instruments under
7 Subsections (a) and (c) at the earliest practical date. As
8 necessary to comply with federal requirements, the commissioner by
9 rule shall develop procedures under which a student who is exempt
10 from the administration of an assessment instrument under Section
11 39.027 is administered a linguistically accommodated assessment
12 instrument.

13 (n) This subsection applies only to a student who is
14 determined to have dyslexia or a related disorder and who is an
15 individual with a disability under 29 U.S.C. Section 705(20) [~~and~~
16 ~~its subsequent amendments~~]. The agency shall adopt or develop
17 appropriate [~~criterion-referenced~~] assessment administration
18 procedures, including accommodations for a [~~instruments designed~~
19 ~~to assess the ability of and to be administered to each~~] student to
20 whom this subsection applies. The [~~for whom the assessment~~
21 ~~instruments adopted under Subsection (a), even with allowable~~
22 ~~modifications, would not provide an appropriate measure of student~~
23 ~~achievement, as determined by the~~] committee established by the
24 board of trustees of the district to determine the placement of
25 students with dyslexia or related disorders [~~The committee~~] shall
26 determine whether the [~~any~~] allowable accommodations are
27 [~~modification is~~] necessary in administering to a student an

1 assessment instrument required under this section [~~subsection. The~~
2 ~~assessment instruments required under this subsection shall be~~
3 ~~administered on the same schedule as the assessment instruments~~
4 ~~administered under Subsection (a)] .~~

5 SECTION 2C.13. Sections 39.024(a) and (c), Education Code,
6 are amended to read as follows:

7 (a) Except as otherwise provided by this subsection, the
8 State Board of Education shall determine the level of performance
9 considered to be satisfactory on the assessment instruments
10 administered under Section 39.023. The commissioner by rule
11 [~~admission, review, and dismissal committee of a student being~~
12 ~~assessed under Section 39.023(b)] shall determine the level of
13 performance considered to be satisfactory on the assessment
14 instruments administered under Section 39.023(b) or (b-1) [~~to that~~
15 ~~student]~~ in accordance with applicable federal requirements
16 [~~criteria established by agency rule]~~.~~

17 (c) The agency shall develop study guides for the assessment
18 instruments administered under Sections 39.023(a) and (1) [~~(c)~~].
19 To assist parents in providing assistance during the period that
20 school is recessed for summer, each school district shall
21 distribute the study guides to parents of students who do not
22 perform satisfactorily on one or more parts of the [~~an~~] assessment
23 instrument [~~administered under this subchapter]~~.

24 SECTION 2C.14. Section 39.025(a), Education Code, is
25 amended to read as follows:

26 (a) A student may not receive a high school diploma until
27 the student has performed satisfactorily on the secondary

1 exit-level assessment instruments for English language arts,
2 mathematics, social studies, and science administered under
3 Section 39.023(a) [~~39.023(c)~~]. This subsection does not require a
4 student to demonstrate readiness to enroll in an institution of
5 higher education.

6 SECTION 2C.15. Effective September 1, 2006, Subchapter B,
7 Chapter 39, Education Code, is amended by adding Section 39.0261 to
8 read as follows:

9 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In
10 addition to the assessment instruments otherwise authorized or
11 required by this subchapter, a school district may administer to
12 students in any grade an established, valid, reliable, and
13 nationally normed college preparation assessment instrument.

14 (b) The agency shall:

15 (1) select and approve vendors of the specific
16 assessment instruments administered under this section; and

17 (2) subject to the restrictions of Subsection (c), pay
18 all fees associated with the administration of the assessment
19 instrument:

20 (A) from funds appropriated for the purpose; or

21 (B) if funds are not appropriated for the
22 purpose, from funds allotted under the Foundation School Program,
23 and the commissioner shall reduce the total amount of state funds
24 allocated to each district from any source in the same manner
25 described for a reduction in allotments under Section 42.253.

26 (c) The agency may pay only for the administration of the
27 assessment instrument at two different grade levels in each

1 district each year.

2 (d) A vendor that administers an assessment instrument for a
3 district under this section shall report the results of the
4 assessment instrument to the agency.

5 SECTION 2C.16. Sections 39.027(a), (e), and (g), Education
6 Code, are amended to read as follows:

7 (a) A student in grades three through 10 may be exempted
8 from the administration of an assessment instrument under:

9 (1) ~~[Section 39.023(a) or (b) if the student is~~
10 ~~eligible for a special education program under Section 29.003 and~~
11 ~~the student's individualized education program does not include~~
12 ~~instruction in the essential knowledge and skills under Section~~
13 ~~28.002 at any grade level;~~

14 ~~[(2) Section 39.023(c) or (d) if the student is~~
15 ~~eligible for a special education program under Section 29.003 and:~~

16 ~~[(A) the student's individualized education~~
17 ~~program does not include instruction in the essential knowledge and~~
18 ~~skills under Section 28.002 at any grade level; or~~

19 ~~[(B) the assessment instrument, even with~~
20 ~~allowable modifications, would not provide an appropriate measure~~
21 ~~of the student's achievement as determined by the student's~~
22 ~~admission, review, and dismissal committee;~~

23 ~~[(3)]~~ Section 39.023(a), (b), (b-1), or (l) for a
24 period of up to one year after initial enrollment in a school in the
25 United States if the student is of limited English proficiency, as
26 defined by Section 29.052, and has not demonstrated proficiency in
27 English as determined by the assessment system under Subsection

1 (e); or

2 (2) [~~(4)~~] Section 39.023(a), (b), (b-1), or (1) for a
3 period of up to two years in addition to the exemption period
4 authorized by Subdivision (1) [~~(3)~~] if the student has received an
5 exemption under Subdivision (1) [~~(3)~~] and:

6 (A) is a recent unschooled immigrant; or

7 (B) is in a grade for which no assessment
8 instrument in the primary language of the student is available.

9 (e) As provided by applicable federal requirements, the
10 ~~[The]~~ commissioner shall develop an assessment system that shall be
11 used for evaluating the academic progress toward attaining academic
12 language proficiency in English, including reading proficiency in
13 English, of all students of limited English proficiency, as defined
14 by Section 29.052. A student who has demonstrated the designated
15 level of [~~is exempt from the administration of an assessment~~
16 ~~instrument under Subsection (a)(3) or (4) who achieves]~~ reading
17 proficiency in English as determined by the assessment system
18 developed under this subsection is not eligible for an exemption
19 under Subsection (a)(1) or (2). [~~shall be administered the~~
20 ~~assessment instruments described by Sections 39.023(a) and (c).~~
21 ~~The performance under the assessment system developed under this~~
22 ~~subsection of students to whom Subsection (a)(3) or (4) applies~~
23 ~~shall be included in the academic excellence indicator system under~~
24 ~~Section 39.051, the performance report under Section 39.053, and~~
25 ~~the comprehensive annual report under Section 39.182.~~]

26 (g) For purposes of this section, "recent unschooled
27 immigrant" means an immigrant who initially enrolled in a school in

1 the United States not more than 12 months before the date of the
2 administration of an assessment instrument under Section 39.023
3 [~~39.023(a) or (1)~~] and who, as a result of inadequate schooling
4 outside of the United States, lacks the necessary foundation in the
5 essential knowledge and skills of the curriculum prescribed under
6 Section 28.002 as determined by the language proficiency assessment
7 committee established under Section 29.063. For purposes of this
8 subsection and to the extent authorized by federal law, a child's
9 prior enrollment in a school in the United States shall be
10 determined on the basis of documents and records required under
11 Section 25.002(a).

12 SECTION 2C.17. Subchapter B, Chapter 39, Education Code, is
13 amended by adding Sections 39.034 and 39.035 to read as follows:

14 Sec. 39.034. MEASURE OF INDIVIDUAL STUDENT GROWTH ON
15 ASSESSMENT INSTRUMENTS. (a) The commissioner shall determine a
16 method by which the agency may measure individual student growth in
17 achievement from one school year to the next on an assessment
18 instrument required under this subchapter.

19 (b) The agency shall report to each school district the
20 comparisons made under Subsection (a). Each school district shall
21 provide the comparisons to each teacher for all students who were:

22 (1) assessed on an assessment instrument; and

23 (2) taught by that teacher in the subject for which the
24 assessment instrument was administered.

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

1 (d) To the extent practicable, the agency shall combine the
2 report of the comparisons required under this section with the
3 report of the student's performance on assessment instruments
4 administered under Section 39.023.

5 (e) The commissioner shall implement this section not later
6 than September 1, 2006. This subsection expires January 1, 2008.

7 Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF
8 ASSESSMENT INSTRUMENT. (a) An administrator, teacher, other
9 employee, contractor, or volunteer of a school district or public
10 charter district commits an offense if, for the primary purpose of
11 influencing the results of an assessment instrument administered
12 under this subchapter, the person intentionally:

13 (1) discriminates in school admissions based on a
14 student's academic ability in a manner that is not otherwise
15 permitted by law;

16 (2) refers a student to a special education program
17 under Subchapter A, Chapter 29, or a bilingual or special language
18 program under Subchapter B, Chapter 29, for the purpose of gaining
19 an exemption for the student from the administration of the
20 assessment instrument;

21 (3) requires or encourages a student to be absent from
22 a school campus during the day on which the assessment instrument is
23 administered at the campus;

24 (4) tampers with the assessment instrument or related
25 materials to alter the results of the assessment instrument; or

26 (5) engages in any other action designed to alter the
27 accuracy of the results of the assessment instrument.

1 (b) An offense under this section is a Class A misdemeanor.

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

5 SECTION 2C.18. Section 39.051(b), Education Code, as
6 amended by Chapters 433 and 805, Acts of the 78th Legislature,
7 Regular Session, 2003, is reenacted and amended to read as follows:

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

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

18 (2) dropout rates, including dropout rates and
19 district completion rates for grade levels 9 through 12, computed
20 in accordance with standards and definitions adopted by the
21 National Center for Education Statistics of the United States
22 Department of Education;

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

27 (4) student attendance rates;

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

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

9 (7) the results of the Scholastic Assessment Test
10 (SAT), the American College Test (ACT), articulated postsecondary
11 degree programs described by Section 61.852, and certified
12 workforce training programs described by Chapter 311, Labor Code;

13 (8) student growth in achievement, as measured under
14 Section 39.034, aggregated by grade level and subject area;

15 (9) the number and percentage of students at risk of
16 dropping out of school, the number and percentage of those students
17 who are administered each assessment instrument required under
18 Section 39.023, the number and percentage of those students who
19 perform satisfactorily on the assessment instruments, and the
20 results of those students, grouped by number and percentage, on the
21 assessment instruments, disaggregated by subject area and grade
22 level;

23 (10) the number and percentage of students, aggregated
24 by grade level, provided accelerated instruction under Section
25 28.0211(c), the results of assessments administered under that
26 section, the percentage of students promoted through the grade
27 placement committee process under Section 28.0211, the subject of

1 the assessment instrument on which each student failed to perform
2 satisfactorily, and the performance of those students in the school
3 year following that promotion on the assessment instruments
4 required under Section 39.023;

5 (11) [~~(9)~~] for students who have failed to perform
6 satisfactorily on an assessment instrument required under Section
7 39.023(a) or (c), the numerical progress of those students grouped
8 by number and percentage on subsequent assessment instruments
9 required under those sections, aggregated by grade level and
10 subject area;

11 (12) [~~(10)~~] the percentage of students exempted, by
12 exemption category, from the assessment program generally
13 applicable under this chapter; [~~and~~]

14 (13) [~~(11)~~] the percentage of students of limited
15 English proficiency exempted from the administration of an
16 assessment instrument under Sections 39.027(a)(3) and (4);

17 (14) the percentage of students in a special education
18 program under Subchapter A, Chapter 29, assessed through assessment
19 instruments developed or adopted under Section 39.023(b);

20 (15) for students of limited English proficiency, as
21 defined by Section 29.052, a measure of progress toward English
22 language proficiency, as determined by the commissioner, including
23 the student's performance after transferring out of a bilingual
24 education program or instruction in English as a second language;
25 and

26 (16) the performance of non-educationally
27 disadvantaged students on an assessment instrument required under

1 Sections 39.023(a), (b), (c), and (1) and high school dropout and
2 completion rates.

3 SECTION 2C.19. Section 39.052(b), Education Code, is
4 amended to read as follows:

5 (b) The report card shall include the following
6 information:

7 (1) where applicable, the academic excellence
8 indicators adopted under Sections 39.051(b)(1) through (15) and
9 specifically including the indicators adopted under Sections
10 39.051(b)(9) and (10) [~~9~~];

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

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

14 (4) the district's instructional expenditures ratio
15 and instructional employees ratio computed under Section 44.0071,
16 and the statewide average of those ratios, as determined by the
17 commissioner.

18 SECTION 2C.20. Section 39.053(a), Education Code, is
19 amended to read as follows:

20 (a) Each board of trustees shall publish an annual report
21 describing the educational performance of the district and of each
22 campus in the district that includes uniform student performance
23 and descriptive information as determined under rules adopted by
24 the commissioner. The annual report must also include:

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

1 (2) the academic performance rating for the district
2 and each campus in the district as provided under Section 39.072
3 [~~39.072(a) and the performance rating of each campus in the~~
4 ~~district as provided under Section 39.072(c)~~];

5 (3) the district's current special education
6 compliance status with the agency;

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

11 (5) information concerning school violence prevention
12 and violence intervention policies and procedures that the district
13 is using to protect students; [~~and~~]

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

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

21 (8) evidence that the district currently holds
22 International Organization for Standardization ISO 9000
23 certification for quality management standards or a statement that
24 the district does not hold that certification.

25 SECTION 2C.21. Section 39.055, Education Code, is amended
26 to read as follows:

27 Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT.

1 (a) The commissioner shall develop a process for auditing school
2 district dropout records electronically. The commissioner shall
3 also develop a system and standards for review of the audit or use
4 systems already available at the agency. The system must be
5 designed to identify districts that are at high risk of having
6 inaccurate dropout records and that, as a result, may be subject to
7 a special accreditation investigation under Section 39.075
8 ~~[require on-site monitoring of dropout records. If the electronic~~
9 ~~audit of a district's dropout records indicates that a district is~~
10 ~~not at high risk of having inaccurate dropout records, the district~~
11 ~~may not be subject to on-site monitoring under this subsection. If~~
12 ~~the risk-based system indicates that a district is at high risk of~~
13 ~~having inaccurate dropout records, the district is entitled to an~~
14 ~~opportunity to respond to the commissioner's determination before~~
15 ~~on-site monitoring may be conducted. The district must respond not~~
16 ~~later than the 30th day after the date the commissioner notifies the~~
17 ~~district of the commissioner's determination. If the district's~~
18 ~~response does not change the commissioner's determination that the~~
19 ~~district is at high risk of having inaccurate dropout records or if~~
20 ~~the district does not respond in a timely manner, the commissioner~~
21 ~~shall order agency staff to conduct on-site monitoring of the~~
22 ~~district's dropout records].~~

23 (b) ~~[(e)]~~ The commissioner shall notify the superintendent
24 ~~[board of trustees]~~ of a school district of any objection the
25 commissioner has to the district's dropout data, any violation of
26 sound accounting practices or of a law or rule revealed by the data,
27 or any recommendation by the commissioner concerning the data. If

1 the data reflect that a penal law has been violated, the
2 commissioner shall notify the county attorney, district attorney,
3 or criminal district attorney, as appropriate, and the attorney
4 general. The commissioner is entitled to access to all district
5 records the commissioner considers necessary or appropriate for the
6 review, analysis, or approval of district dropout data.

7 SECTION 2C.22. Sections 39.071 and 39.072, Education Code,
8 are amended to read as follows:

9 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
10 district is determined in accordance with this section
11 ~~[subchapter]~~.

12 (b) Each year, the commissioner shall determine the
13 accreditation status of each school district. In determining
14 accreditation status, the commissioner:

15 (1) shall evaluate and consider the performance of the
16 district under:

17 (A) the academic accountability system under
18 Section 39.072; and

19 (B) the financial accountability system under
20 Subchapter I;

21 (2) shall evaluate and consider:

22 (A) the results of any special accreditation
23 investigation under Section 39.075; and

24 (B) the district's current special education
25 monitoring or compliance status with the agency; and

26 (3) may consider:

27 (A) the district's compliance with statutory

1 requirements and requirements imposed by rule of the commissioner
2 or State Board of Education under specific statutory authority that
3 relate to:

4 (i) reporting data through the Public
5 Education Information Management System (PEIMS) or other reports
6 required by state or federal law or court order;

7 (ii) the high school graduation
8 requirements under Section 28.025; or

9 (iii) an item listed under Sections
10 7.056(e)(3)(C)-(I) that applies to the district;

11 (B) the effectiveness of the district's programs
12 for special populations; and

13 (C) the effectiveness of the district's career
14 and technology program.

15 (c) Based on a school district's performance under
16 Subsection (b), the commissioner shall:

17 (1) assign a district an accreditation status of:

18 (A) accredited;

19 (B) accredited-warned; or

20 (C) accredited-probation; or

21 (2) revoke the accreditation of the district and order
22 closure of the district under Section 39.1332.

23 (d) The commissioner shall notify a school district that
24 receives an accreditation status of accredited-warned or
25 accredited-probation that the performance of the district is below
26 a standard required under this section. The commissioner shall
27 require the district to notify the parents of students enrolled in

1 the district and property owners in the district of the district's
2 accreditation status and the implications of that accreditation
3 status.

4 (e) A school district that is not accredited may not
5 receive funds from the agency or hold itself out as operating a
6 public school of this state.

7 (f) This chapter may not be construed to invalidate a
8 diploma awarded, course credit earned, or grade promotion granted
9 by a school district before the commissioner revoked the district's
10 accreditation.

11 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION~~
12 ~~STANDARDS~~]. (a) The commissioner [~~State Board of Education~~] shall
13 adopt rules for assigning [~~to evaluate the performance of school~~
14 ~~districts and to assign~~] to each school district and campus a
15 performance rating as follows:

16 (1) exemplary (meets or exceeds state exemplary
17 standards);

18 (2) recognized (meets or exceeds required improvement
19 or [~~and~~] within 10 percent of state exemplary standards);

20 (3) academically acceptable (below the exemplary and
21 recognized standards but exceeds the academically unacceptable
22 standards); or

23 (4) academically unacceptable (below the state
24 clearly unacceptable performance standard and does not meet
25 required improvement).

26 (b) The academic excellence indicators adopted under
27 Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the~~

1 ~~district's current special education compliance status with the~~
2 ~~agency]~~ shall be the main considerations of the agency in the rating
3 of a school ~~[the]~~ district or campus under this section.

4 ~~[Additional criteria in the rules may include consideration of:~~

5 ~~(1) compliance with statutory requirements and~~
6 ~~requirements imposed by rule of the State Board of Education under~~
7 ~~specific statutory authority that relate to:~~

8 ~~(A) reporting data through the Public Education~~
9 ~~Information Management System (PEIMS);~~

10 ~~(B) the high school graduation requirements~~
11 ~~under Section 28.025; or~~

12 ~~(C) an item listed in Sections~~
13 ~~7.056(e)(3)(C)-(I) that applies to the district;~~

14 ~~(2) the effectiveness of the district's programs for~~
15 ~~special populations; and~~

16 ~~(3) the effectiveness of the district's career and~~
17 ~~technology programs.]~~

18 (c) The agency shall evaluate ~~[against state standards]~~ and
19 ~~[shall]~~, not later than August 1 of each year, report the
20 performance of each school ~~[campus in a]~~ district and campus. ~~[each~~
21 ~~open-enrollment charter school on the basis of the campus's~~
22 ~~performance on the indicators adopted under Sections 39.051(b)(1)~~
23 ~~through (7). Consideration of the effectiveness of district~~
24 ~~programs under Subsection (b)(2) or (3) must be based on data~~
25 ~~collected through the Public Education Information Management~~
26 ~~System for purposes of accountability under this chapter and~~
27 ~~include the results of assessments required under Section 39.023.]~~

1 (d) The agency shall annually review the performance of each
2 school district and campus and determine if a change in the academic
3 performance rating of the district or campus is warranted.
4 Notwithstanding any other provision of this code, the commissioner
5 shall determine how the indicators adopted under Section 39.051(b)
6 may be used to determine academic performance ratings and to select
7 districts and campuses for acknowledgment.

8 (e) Each annual review shall include an analysis of the
9 indicators under Section 39.051(b) to determine district and campus
10 performance in relation to:

- 11 (1) state standards established for each indicator;
12 (2) required improvement as defined under Section
13 39.051(c); and
14 (3) comparable improvement as determined under
15 Section 39.051(c).

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

23 (g) The commissioner shall notify a school district if the
24 performance of the district or a campus in the district is below a
25 standard required under this section. The commissioner shall
26 require the school district to notify the parents of students who
27 are enrolled in the district and property owners in the district of

1 the academic performance rating and the implications of that
 2 rating.

3 (h) Notwithstanding any other provision of this code, for
 4 purposes of determining the performance of a school district or
 5 open-enrollment charter school under this chapter, including the
 6 academic performance rating [accreditation status] of the district
 7 or school, a student attending a campus that is a [confined by court
 8 order in a residential program or] facility operated by or under
 9 contract with the Texas Youth Commission, a pre-adjudication secure
 10 detention facility or a post-adjudication secure correctional
 11 facility that is registered with the Texas Juvenile Probation
 12 Commission, or a residential facility is not considered to be a
 13 student of the school district or open-enrollment charter school
 14 serving the student [in which the program or facility is physically
 15 located]. The performance of a student who attends such a campus
 16 [student] on an assessment instrument or other academic excellence
 17 indicator adopted under Section 39.051 shall be determined and [7]
 18 reported, but may not be used to determine the rating of the school
 19 district or open-enrollment charter school unless the campus is the
 20 only campus operated by the district or school. [and considered
 21 separately from the performance of students attending a school of
 22 the district in which the program or facility is physically
 23 located.]

24 SECTION 2C.23. Subchapter D, Chapter 39, Education Code, is
 25 amended by adding Section 39.0722 to read as follows:

26 Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION. (a)
 27 In addition to school district performance ratings under Section

1 39.072, the commissioner shall annually rate districts according to
2 the degree to which the districts prepare students for
3 postsecondary success, including student performance on the
4 applicable indicators under Sections 39.051(b) and 39.0721. The
5 commissioner shall consult with the P-16 Council established under
6 Section 61.077 when adopting criteria under this section.

7 (b) The commissioner may adopt rules as necessary to
8 administer this section.

9 SECTION 2C.24. Section 39.073(e), Education Code, is
10 amended to read as follows:

11 (e) In determining a district's accreditation rating, the
12 agency shall consider:

13 (1) the district's current special education
14 compliance status with the agency; ~~and~~

15 (2) the progress of students who have failed to
16 perform satisfactorily in the preceding school year on an
17 assessment instrument required under Section 39.023(a) ~~[39.023(a),~~
18 ~~(c),]~~ or (1); and

19 (3) the district's current certification status under
20 the International Organization for Standardization ISO 9000 series
21 quality management program certification as described by Section
22 7.033.

23 SECTION 2C.25. Section 39.075(a), Education Code, is
24 amended to read as follows:

25 (a) The commissioner may ~~[shall]~~ authorize special
26 accreditation investigations to be conducted:

27 (1) when excessive numbers of absences of students

1 eligible to be tested on state assessment instruments are
2 determined;

3 (2) when excessive numbers of allowable exemptions
4 from the required state assessment instrument are determined;

5 (3) in response to complaints submitted to the agency
6 with respect to alleged violations of civil rights or other
7 requirements imposed on the state by federal law or court order;

8 (4) in response to established monitoring or
9 compliance reviews of the district's financial accounting
10 practices and state and federal program requirements;

11 (5) when extraordinary numbers of student placements
12 in alternative education programs, other than placements under
13 Sections 37.006 and 37.007, are determined;

14 (6) in response to an allegation involving a conflict
15 between members of the board of trustees or between the board and
16 the district administration if it appears that the conflict
17 involves a violation of a role or duty of the board members or the
18 administration clearly defined by this code;

19 (7) when excessive numbers of students in special
20 education programs under Subchapter A, Chapter 29, are assessed
21 through assessment instruments developed or adopted under Section
22 39.023(b); [~~or~~]

23 (8) in response to questions concerning a program,
24 including special education, required by federal law or for which
25 the district receives federal funds;

26 (9) when an annual review indicates the academically
27 unacceptable performance under Section 39.072 of one or more

1 campuses in a district, except that the resulting investigation is
2 limited to those campuses;

3 (10) in response to concerns regarding the integrity
4 of data submitted to the agency;

5 (11) in response to allegations of a violation of
6 student assessment procedures for assessment instruments adopted
7 under Section 39.023; or

8 (12) as the commissioner otherwise determines
9 necessary.

10 SECTION 2C.26. Section 39.075(c), Education Code, as
11 amended by Chapters 396 and 931, Acts of the 77th Legislature,
12 Regular Session, 1999, is reenacted and amended to read as follows:

13 (c) Based on the results of a special accreditation
14 investigation, the commissioner may:

15 (1) take appropriate action under Subchapter G;

16 (2) raise or lower the district's accreditation status
17 [~~rating~~]; or

18 (3) take action under both Subdivisions (1) and (2).

19 SECTION 2C.27. Section 39.076, Education Code, is amended
20 by amending Subsection (a) and adding Subsections (a-1), (a-2),
21 (a-3), and (c) to read as follows:

22 (a) The agency shall adopt written procedures for
23 conducting [~~on-site~~] investigations under this subchapter. The
24 agency shall make the procedures available to the complainant, the
25 alleged violator, and the public. Agency staff must be trained in
26 the procedures and must follow the procedures in conducting the
27 investigation.

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

4 (a-2) If conducting an on-site investigation, the
5 investigators may obtain information from administrators,
6 teachers, or parents of students enrolled in the school district.
7 The commissioner shall adopt rules for:

8 (1) obtaining information from parents and using that
9 information in the investigator's report; and

10 (2) obtaining information from teachers in a manner
11 that prevents a campus or district from screening the information.

12 (a-3) The agency may give written notice of any impending
13 on-site investigation to the superintendent and the board of
14 trustees of a school district.

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

21 SECTION 2C.28. Subchapter D, Chapter 39, Education Code, is
22 amended by adding Sections 39.077 and 39.078 to read as follows:

23 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A
24 school district or open-enrollment charter school that wishes to
25 challenge a decision to assign or lower an accreditation status, an
26 academic performance rating, or a financial accountability rating
27 must petition for an informal review as provided by Section 7.0571.

1 (b) A final decision by the commissioner to assign or lower
2 an accreditation status, an academic performance rating, or a
3 financial accountability rating following a review under Section
4 7.0571 is final and may not be appealed.

5 Sec. 39.078. RULES. (a) The commissioner may adopt rules
6 as necessary to administer this subchapter.

7 (b) Unless a provision of this code clearly specifies
8 otherwise, any rule adopted under Subsection (a) must apply
9 accreditation requirements and academic performance ratings under
10 this subchapter to:

11 (1) an open-enrollment charter school in the same
12 manner as the requirements and ratings are applied to a school
13 district; and

14 (2) a campus operated by an open-enrollment charter
15 school in the same manner as the requirements and ratings are
16 applied to a campus operated by a school district.

17 SECTION 2C.29. Subchapter F, Chapter 39, Education Code, is
18 amended by adding Section 39.113 to read as follows:

19 Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT
20 PERFORMANCE ON AT-RISK CAMPUSES. (a) The commissioner shall adopt
21 rules to create an incentive award system for annual growth in
22 student achievement. A school that achieves incremental growth in
23 student achievement, as described in Subsection (b), is eligible
24 for an award if the school:

25 (1) has a student population of at least 65 percent
26 educationally disadvantaged students;

27 (2) achieves an accreditation performance rating of

1 academically acceptable or better; and

2 (3) demonstrates superior growth in the academic
3 performance of educationally disadvantaged students.

4 (b) The commissioner by rule shall adopt performance
5 criteria to measure annual growth in student academic performance.
6 The commissioner shall consider the following criteria, as
7 applicable:

8 (1) annual growth in student achievement that
9 contributes to closing performance gaps among various populations
10 of students;

11 (2) improvements in student scores on the assessment
12 instruments required under Section 39.023;

13 (3) growth in high school completion rates;

14 (4) improvement in student scores on college advanced
15 placement tests; and

16 (5) any other factor that contributes to student
17 achievement.

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

24 (c-1) The commissioner shall award grants under this
25 section beginning September 1, 2006. This subsection expires
26 January 1, 2007.

27 (d) At least 75 percent of an award under this section must

1 be used for additional teacher compensation at the campus level.
2 The commissioner by rule shall provide for allocating awards under
3 this subsection, including providing individual awards of at least
4 \$3,000 for each teacher at a campus receiving an award under this
5 subsection.

6 (e) Grants from funds appropriated for the award program may
7 not exceed \$50 million each year except as expressly authorized by
8 the General Appropriations Act or other law.

9 (f) A determination of the commissioner under this section
10 is final and may not be appealed.

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

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

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

20 (3) the districts' teacher attrition rates.

21 SECTION 2C.30. Section 39.131, Education Code, is amended
22 to read as follows:

23 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
24 district does not satisfy the accreditation criteria under Section
25 39.071, the academic performance standards under Section 39.072, or
26 any financial accountability standard as determined by
27 commissioner rule, the commissioner shall take any of the following

1 actions[~~, listed in order of severity,~~] to the extent the
2 commissioner determines necessary:

3 (1) issue public notice of the deficiency to the board
4 of trustees;

5 (2) order a hearing conducted by the board of trustees
6 of the district for the purpose of notifying the public of the
7 unacceptable performance, the improvements in performance expected
8 by the agency, and the sanctions that may be imposed under this
9 section if the performance does not improve;

10 (3) order the preparation of a student achievement
11 improvement plan that addresses each academic excellence indicator
12 for which the district's performance is unacceptable, the
13 submission of the plan to the commissioner for approval, and
14 implementation of the plan;

15 (4) order a hearing to be held before the commissioner
16 or the commissioner's designee at which the president of the board
17 of trustees of the district and the superintendent shall appear and
18 explain the district's low performance, lack of improvement, and
19 plans for improvement;

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

21 (6) appoint an agency monitor to participate in and
22 report to the agency on the activities of the board of trustees or
23 the superintendent;

24 (7) appoint a conservator to oversee the operations of
25 the district;

26 (8) appoint a management team to direct the operations
27 of the district in areas of unacceptable performance or require the

1 district to obtain certain services under a contract with another
2 person;

3 (9) if a district has a current accreditation status
4 of accredited-warned or accredited-probation, is ~~[been]~~ rated ~~[as]~~
5 academically unacceptable, or fails to satisfy financial
6 accountability standards as determined by commissioner rule ~~[for a~~
7 ~~period of one year or more]~~, appoint a board of managers to exercise
8 the powers and duties of the board of trustees;

9 (10) if for two consecutive school years, including
10 the current school year, a district has received an accreditation
11 status of accredited-warned or accredited-probation, has been
12 rated academically unacceptable, or has failed to satisfy financial
13 accountability standards as determined by commissioner rule,
14 revoke the district's accreditation and ~~[been rated as academically~~
15 ~~unacceptable for a period of two years or more]~~:

16 (A) order closure of the district and annex the
17 district to one or more adjoining districts under Section 13.054;
18 or

19 (B) in the case of a home-rule school district or
20 open-enrollment charter school, order closure of all programs
21 operated under the district's or school's charter; or

22 (11) if a district has been rated ~~[as]~~ academically
23 unacceptable for ~~[a period of]~~ two consecutive school years,
24 including the current school year, [or more] due to the district's
25 dropout rates, impose sanctions designed to improve high school
26 completion rates, including:

27 (A) ordering the development of a dropout

1 prevention plan for approval by the commissioner;

2 (B) restructuring the district or appropriate
3 school campuses to improve identification of and service to
4 students who are at risk of dropping out of school, as defined by
5 Section 29.081;

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

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

11 (b) This subsection applies regardless of whether a
12 district has satisfied the accreditation criteria. If for two
13 consecutive school years, including the current school year, [~~a~~
14 ~~period of one year or more~~] a district has had a conservator or
15 management team assigned, the commissioner may appoint a board of
16 managers, a majority of whom must be residents of the district, to
17 exercise the powers and duties of the board of trustees.

18 SECTION 2C.31. Section 39.132, Education Code, is amended
19 to read as follows:

20 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE
21 CAMPUSES. (a) If a campus performance is below any standard under
22 Section 39.072 [~~39.073(b)~~], the campus is considered an
23 academically unacceptable [~~a low-performing~~] campus. The
24 commissioner may permit the campus to participate in an innovative
25 redesign of the campus to improve campus performance or shall [~~may~~]
26 take any of the other following actions[~~, listed in order of~~
27 ~~severity~~], to the extent the commissioner determines necessary:

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

3 (2) order a hearing conducted by the board of trustees
4 at the campus for the purpose of:

5 (A) notifying the public of the unacceptable
6 performance, the improvements in performance expected by the
7 agency, and the sanctions that may be imposed under this section if
8 the performance does not improve within a designated period of
9 time; and

10 (B) soliciting public comment on the initial
11 steps being taken to improve performance;

12 ~~(3) [order the preparation of a report regarding the~~
13 ~~parental involvement program at the campus and a plan describing~~
14 ~~strategies for improving parental involvement at the campus;~~

15 ~~[(4) order the preparation of a report regarding the~~
16 ~~effectiveness of the district- and campus-level planning and~~
17 ~~decision-making committees established under Subchapter F, Chapter~~
18 ~~11, and a plan describing strategies for improving the~~
19 ~~effectiveness of those committees;~~

20 ~~[(5)]~~ order the preparation of a student achievement
21 improvement plan that addresses each academic excellence indicator
22 for which the campus's performance is unacceptable, the submission
23 of the plan to the commissioner for approval, and implementation of
24 the plan;

25 (4) ~~[(6)]~~ order a hearing to be held before the
26 commissioner or the commissioner's designee at which the president
27 of the board of trustees, the superintendent, and the campus

1 principal shall appear and explain the campus's low performance,
2 lack of improvement, and plans for improvement; or

3 (5) [~~(7)~~] appoint a special campus intervention team
4 to:

5 (A) conduct a comprehensive on-site evaluation
6 of the campus to determine the cause for the campus's low
7 performance and lack of progress;

8 (B) recommend actions, including reallocation of
9 resources and technical assistance, changes in school procedures or
10 operations, staff development for instructional and administrative
11 staff, intervention for individual administrators or teachers,
12 waivers from state statute or rule, or other actions the team
13 considers appropriate;

14 (C) assist in the development of a campus plan
15 for student achievement; and

16 (D) assist the commissioner in monitoring the
17 progress of the campus in implementing the campus plan for
18 improvement of student achievement [~~, or~~

19 ~~(8) if a campus has been a low-performing campus for a~~
20 ~~period of one year or more, appoint a board of managers composed of~~
21 ~~residents of the district to exercise the powers and duties of the~~
22 ~~board of trustees of the district in relation to the campus].~~

23 (a-1) Notwithstanding Subsection (a), if a campus has been
24 identified as academically unacceptable under this section or the
25 campus is rated academically acceptable for the current school year
26 but would be rated as academically unacceptable if performance
27 standards to be used for the following school year were applied to

1 the current school year, the commissioner shall select and assign a
2 technical assistance team to assist the campus in executing a
3 school improvement plan and any other school improvement strategies
4 the commissioner determines appropriate. The commissioner shall
5 select and assign the technical assistance team not later than:

6 (1) October 1 after identifying the campus as
7 academically unacceptable or otherwise subject to this subsection;
8 or

9 (2) the 30th day after the date the campus is provided
10 notice that the campus's appeal of its performance rating has been
11 denied.

12 (a-2) A technical intervention team assigned under
13 Subsection (a-1) to a campus that is academically unacceptable
14 shall conduct a comprehensive on-site evaluation of the campus to
15 determine the cause for the campus's low performance and lack of
16 progress. The team shall have wide latitude to determine what
17 factors to assess and how to do the assessment. Some factors to be
18 considered are:

19 (1) an assessment of the staff to determine the
20 percentage of certified teachers who are teaching in their field,
21 the number of teachers with less than three years of experience, and
22 teacher turnover rates;

23 (2) compliance with the appropriate class size rules
24 and number of class size waivers received;

25 (3) an assessment of the quality, quantity, and
26 appropriateness of instructional materials, including the
27 availability of technology-based instructional materials;

1 (4) a report on the parental involvement strategies
2 and the effectiveness of such strategies;

3 (5) an assessment of the extent and quality of the
4 mentoring program provided for new teachers on that campus;

5 (6) an assessment of the type and quality of the
6 professional development provided to the staff;

7 (7) a demographic analysis of the student population,
8 including student demographics, at-risk populations, and special
9 education percentages;

10 (8) a report of disciplinary incidents and school
11 safety information;

12 (9) financial and accounting practices; and

13 (10) an assessment of appropriateness of the
14 curriculum and teaching strategies.

15 (a-3) Upon completion of the evaluation the intervention
16 team will recommend actions, including any necessary reallocation
17 of resources and/or additional funds taken from funds to be set
18 aside by the agency to assist campuses in meeting the standards
19 specified in the intervention plan, technical assistance, changes
20 in school procedures or operations, staff development for
21 instructional and administrative staff, intervention for
22 individual administrators or teachers, waivers from state statute
23 or rule, or other actions the team considers appropriate.

24 (a-4) The commissioner may determine when a technical
25 assistance team's services are no longer needed at a campus under
26 this section. If a campus is considered an academically
27 unacceptable campus under Subsection (a) for the subsequent school

1 year after the campus is reconstituted under this subsection, the
2 commissioner shall pursue alternative management under Section
3 39.1321.

4 (b) Notwithstanding Subsection (a), if [~~If~~] a campus has
5 been identified as academically unacceptable [~~a low-performing~~
6 ~~campus~~] for three [~~a period of two~~] consecutive school years,
7 including the current school year [~~or more~~], the commissioner shall
8 order the reconstitution of [~~closure of the district or charter~~
9 ~~program on the campus or reconstitute~~] the campus and assign a
10 special campus intervention team. In reconstituting the campus, a
11 special campus intervention team shall assist the campus in:

12 (1) developing a school improvement plan;

13 (2) obtaining approval of the plan from the
14 commissioner; and

15 (3) executing the plan on approval by the
16 commissioner.

17 (c) The special campus intervention team shall decide [~~be~~
18 ~~assembled for the purpose of deciding~~] which educators may be
19 retained at that campus. A principal who has been employed by the
20 campus in that capacity during the two-year period described by
21 Subsection (b) may not be retained at that campus. A teacher of a
22 subject assessed by an assessment instrument under Section 39.023
23 may be retained only if the special campus intervention team
24 determines that a pattern exists of significant academic growth by
25 students taught by the teacher. If an educator is not retained, the
26 educator may be assigned to another position in the district.

27 (d) In developing and executing a school improvement plan

1 under Subsection (b), the special campus intervention team shall:

2 (1) assist the campus in implementing research-based
3 practices for curriculum development and classroom instruction,
4 including bilingual education and special education programs, if
5 appropriate, and financial management; and

6 (2) provide technical assistance based on
7 scientifically based research, including data analysis, academic
8 deficiency identification, intervention implementation, and budget
9 analysis, to strengthen and improve the instructional program at
10 the campus.

11 (e) A special campus intervention team assembled under
12 Subsection (b):

13 (1) shall continue to work with a campus until:

14 (A) the campus is rated academically acceptable
15 for a two-year period; or

16 (B) the campus is rated academically acceptable
17 for a one-year period and the commissioner determines that the
18 campus is operating and will continue to operate in a manner that
19 improves student achievement; and

20 (2) may continually update the school improvement
21 plan, with approval from the commissioner, to meet the needs of the
22 campus.

23 (f) Notwithstanding any other provision of this subchapter,
24 if the commissioner determines that an intervention under
25 Subsection (b) or Section 39.1321 cannot reasonably be expected to
26 achieve timely improvement at a campus that has been identified as
27 academically unacceptable for three consecutive school years,

1 including the current school year, the commissioner may order the
2 closure of the campus.

3 (g) For the 2005-2006 school year, the commissioner shall
4 assign a technical assistance team to a campus under Subsection
5 (a-1) on the basis of academic performance ratings for the
6 2004-2005 school year. The commissioner may impose a sanction on a
7 campus under Subsection (b) or (f) on the basis of academic
8 performance ratings for the 2003-2004 and 2004-2005 school years.
9 This subsection expires September 1, 2007.

10 (h) If a campus is considered an academically unacceptable
11 campus under Subsection (a) for the subsequent school year after
12 the campus is reconstituted under Subsection (b), the commissioner
13 shall pursue alternative management under Section 39.1321.

14 SECTION 2C.32. Subchapter G, Chapter 39, Education Code, is
15 amended by adding Sections 39.1321 and 39.1322 to read as follows:

16 Sec. 39.1321. MANAGEMENT OF CERTAIN ACADEMICALLY
17 UNACCEPTABLE CAMPUSES. (a) Except as provided by Section
18 39.132(f), a campus is subject to this section if the campus has
19 been identified as academically unacceptable under Section
20 39.132(a) for the subsequent school year after the campus is
21 reconstituted under Section 39.132(a-4) or (b).

22 (b) The commissioner shall solicit proposals from qualified
23 entities to assume management of a campus subject to this section.

24 (c) If the commissioner determines that the basis for
25 identifying a campus as academically unacceptable is limited to a
26 specific condition that may be remedied with targeted technical
27 assistance, the commissioner may:

1 (1) provide the campus a one-year waiver under this
2 section; and

3 (2) require the district to contract for the
4 appropriate technical assistance.

5 (d) The commissioner may annually solicit proposals under
6 this section for the management of a campus subject to this section.
7 The commissioner shall notify a qualified entity that has been
8 approved as a provider under this section. The district must
9 execute a contract with an approved provider and relinquish control
10 of the campus before January 1 of the school year.

11 (e) To qualify for consideration as a managing entity under
12 this section, the entity must submit a proposal that provides
13 information relating to the entity's management and leadership team
14 that will participate in management of the campus under
15 consideration, including information relating to individuals that
16 have:

17 (1) documented success in whole school interventions
18 that increased the educational and performance levels of students
19 in academically unacceptable campuses;

20 (2) a proven record of effectiveness with programs
21 assisting low-performing students;

22 (3) a proven ability to apply scientifically based
23 research to school intervention strategies;

24 (4) a proven record of financial ability to perform
25 under the management contract; and

26 (5) any other experience or qualifications the
27 commissioner determines necessary.

1 (e-1) In selecting a managing entity under this section, the
2 commissioner shall give preference to an entity that:

- 3 (1) meets any qualifications under this section; and
4 (2) has documented success in educating students from
5 similar demographic groups and with similar educational needs as
6 the students who attend the campus that is to be operated by a
7 managing entity under this section.

8 (f) The school district may negotiate the term of a
9 management contract for not more than five years with an option to
10 renew the contract. The management contract must include a
11 provision describing the district's responsibilities in supporting
12 the operation of the campus. The commissioner shall approve the
13 contract before the contract is executed and, as appropriate, may
14 require the district, as a term of the contract, to support the
15 campus in the same manner as the district was required to support
16 the campus before the execution of the management contract.

17 (g) A management contract under this section shall include
18 provisions approved by the commissioner that require the managing
19 entity to demonstrate improvement in campus performance, including
20 negotiated performance measures. The performance measures must be
21 consistent with the priorities of this chapter. The commissioner
22 shall evaluate a managing entity's performance on the first and
23 second anniversaries of the date of the management contract. If the
24 evaluation fails to demonstrate improvement as negotiated under the
25 contract by the first anniversary of the date of the management
26 contract, the district may terminate the management contract, with
27 the commissioner's consent, for nonperformance or breach of

1 contract and select another provider from an approved list provided
2 by the commissioner. If the evaluation fails to demonstrate
3 significant improvement, as determined by the commissioner, by the
4 second anniversary of the date of the management contract, the
5 district shall terminate the management contract and select another
6 provider from an approved list provided by the commissioner or
7 resume operation of the campus if approved by the commissioner. If
8 the commissioner approves the district's operation of the campus,
9 the commissioner shall assign a technical assistance team to assist
10 the campus.

11 (h) Notwithstanding any other provision of this code, the
12 funding for a campus operated by a managing entity must be
13 equivalent to the funding of the other campuses in the district on a
14 per student basis so that the managing entity receives the same
15 funding the campus would otherwise have received.

16 (i) Each campus operated by a managing entity under this
17 section is subject to this chapter in the same manner as any other
18 campus in the district.

19 (j) The commissioner may adopt rules necessary to implement
20 this section.

21 (k) With respect to the management of a campus under this
22 section:

23 (1) a managing entity is considered to be a
24 governmental body for purposes of Chapters 551 and 552, Government
25 Code; and

26 (2) any requirement in Chapter 551 or 552, Government
27 Code, that applies to a school district or the board of trustees of

1 a school district applies to a managing entity.

2 Sec. 39.1322. REVIEW OF SANCTIONS FOR CAMPUSES SERVING
3 RESIDENTIAL FACILITIES. (a) A school district or public charter
4 district may petition the commissioner to review an academically
5 unacceptable rating assigned to a campus if the campus
6 predominantly served students residing in a residential facility
7 during the rating period.

8 (b) If the commissioner determines that the basis for
9 identifying the campus as academically unacceptable was limited to
10 a condition that was not related to the educational purpose of the
11 residential facility, the commissioner may take any of the
12 following actions as the commissioner determines appropriate:

13 (1) change, modify, or suspend the academically
14 unacceptable rating; or

15 (2) impose any sanction otherwise authorized under
16 Section 39.131 or 39.132.

17 (c) The commissioner may consider a factor other than a
18 factor used to assign a rating in evaluating a campus under this
19 section. The commissioner may assign a special campus intervention
20 team under Section 39.132(a)(5) at the expense of the school
21 district or public charter district as provided by Section 39.134
22 to develop a long-term intervention plan to improve services for
23 students.

24 (d) On a determination that a campus subject to this section
25 is appropriately meeting the educational needs of its students, the
26 commissioner may waive revocation of a public charter district
27 under Section 11A.107(b) for a period not to exceed two years. A

1 waiver under this subsection may be extended for additional
2 two-year periods based on subsequent evaluations of the campus.

3 (e) This section does not limit the commissioner's ability
4 to sanction a public charter district for the performance of a
5 campus subject to this section under Section 11A.107(a) or any
6 other law.

7 (f) A decision by the commissioner under this section is
8 final and may not be appealed.

9 SECTION 2C.33. Section 39.133, Education Code, is amended
10 to read as follows:

11 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall
12 review annually the performance of a district or campus subject to a
13 sanction under this subchapter to determine the appropriate actions
14 to be implemented under this subchapter. The determination shall
15 take into account the number, severity, and duration of the
16 problems identified. [~~The commissioner must review at least~~
17 ~~annually the performance of a district for which the accreditation~~
18 ~~rating has been lowered due to unacceptable student performance and~~
19 ~~may not raise the rating until the district has demonstrated~~
20 ~~improved student performance.~~] If the review reveals a lack of
21 improvement, the commissioner shall increase the level of state
22 intervention and sanction unless the commissioner finds good cause
23 for maintaining the current status.

24 (b) The commissioner shall review at least annually the
25 performance of a school district for which the academic performance
26 rating has been lowered due to unacceptable student performance and
27 may not raise the rating until the district has demonstrated

1 improved student performance.

2 SECTION 2C.34. Subchapter G, Chapter 39, Education Code, is
3 amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as
4 follows:

5 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In
6 addition to other sanctions authorized under Sections 39.131 and
7 39.132, the commissioner may order a school district or campus to
8 acquire professional services at the expense of the district or
9 campus to address the applicable financial, assessment, data
10 quality, program, or governance deficiency. The commissioner's
11 order may require the district or campus to:

12 (1) select an external auditor, data quality expert,
13 professional authorized to monitor district assessment instrument
14 administration, or curriculum or program expert; or

15 (2) provide for the appropriate training of district
16 staff or board of trustees members in the case of a district, or
17 campus staff, in the case of a campus.

18 Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a)
19 The commissioner may revoke the accreditation of a school district
20 and order the closure of the district or a campus, as appropriate,
21 under the following circumstances:

22 (1) the commissioner is authorized to close the
23 district or campus under Section 39.131(a)(10) or 39.132(f);

24 (2) the commissioner determines that the district is
25 insolvent and unable to complete the school year; or

26 (3) the commissioner determines that the district has
27 ceased operations for 11 or more instructional days during the

1 current or most recent scheduled school year without the
2 commissioner's authorization.

3 (b) The commissioner shall issue an order of closure under
4 this section that includes provisions necessary for the
5 continuation of the education of students enrolled in the district
6 or campus, including annexation to one or more adjoining districts
7 as provided by Section 13.054. An order of closure may:

8 (1) establish an effective date for accreditation
9 revocation and closure that is not later than the first anniversary
10 of the date of the order;

11 (2) provide for an interim board of managers to
12 exercise the duties of the board of trustees of the district as
13 designated by the commissioner;

14 (3) require enrollment or student services to be
15 provided by another district as necessary to allow students
16 enrolled in the closed district to complete a school year, and make
17 adjustments in the state and federal funding to which the district
18 would otherwise be entitled as determined by the commissioner; and

19 (4) require the preservation, transfer, or surrender
20 of all student records and other records required for an audit of
21 any state and federal funding provided to the district.

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

26 (d) A board of managers exercising authority under
27 Subsection (b)(2) may exercise the authority of the board of

1 trustees with regard to financial management of the district and
2 personnel actions. The board of managers is not required to be
3 composed of residents of the district.

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

7 Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A
8 school district or open-enrollment charter school that wishes to
9 challenge a decision to impose a sanction under this subchapter,
10 including a decision to close a district, school, or campus under
11 Section 39.1332, must petition for an informal review as provided
12 by Section 7.0571.

13 (b) A final decision by the commissioner to impose a
14 sanction under this subchapter, including a decision to close a
15 school district or a campus under Section 39.1332, following a
16 review under Section 7.0571 is final and may not be appealed.

17 (c) A school district may not collaterally contest an
18 academic performance rating or other accreditation standard as part
19 of the review of a sanction under this subchapter if a review
20 opportunity has already been provided for the academic performance
21 rating.

22 SECTION 2C.35. Section 39.134, Education Code, is amended
23 to read as follows:

24 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing
25 a monitor, conservator, management team, [~~or~~] special campus
26 intervention team, technical assistance team, managing entity
27 under Section 39.1321, or service provider under Section 39.1331

1 shall be paid by the district. If the district fails or refuses to
2 pay the costs in a timely manner, the commissioner may:

3 (1) pay the costs using amounts withheld from any
4 funds to which the district is otherwise entitled; or

5 (2) recover the amount of the costs in the manner
6 provided for recovery of an overallocation of state funds under
7 Section 42.258.

8 SECTION 2C.36. Subchapter G, Chapter 39, Education Code, is
9 amended by adding Section 39.1371 to read as follows:

10 Sec. 39.1371. INTERVENTION OPERATIONS. (a) The agency is
11 responsible for managing an intervention of a campus subject to
12 sanctions under this subchapter.

13 (b) The agency shall:

14 (1) monitor the progress of technical assistance teams
15 and special campus intervention teams appointed by the commissioner
16 under this subchapter; and

17 (2) supervise the activities of the management
18 entities under Section 39.1321.

19 (c) The agency shall:

20 (1) establish by rule and publish school improvement
21 objectives;

22 (2) advocate for the increased use of research-based
23 effective practices; and

24 (3) coordinate campus improvement activities of the
25 agency and regional education service centers.

26 (d) The commissioner may contract for services under this
27 section.

1 SECTION 2C.37. Section 39.182(a), Education Code, is
2 amended to read as follows:

3 (a) Not later than December 1 of each year, the agency shall
4 prepare and deliver to the governor, the lieutenant governor, the
5 speaker of the house of representatives, each member of the
6 legislature, the Legislative Budget Board, and the clerks of the
7 standing committees of the senate and house of representatives with
8 primary jurisdiction over the public school system a comprehensive
9 report covering the preceding school year and containing:

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

13 (2) an evaluation of the status of education in the
14 state as reflected by the academic excellence indicators adopted
15 under Section 39.051;

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

24 (4) a summary compilation of overall performance of
25 students placed in a disciplinary [~~an~~] alternative education
26 program established under Section 37.008 on academic skills
27 assessment instruments required by Section 39.023 with the number

1 of those students exempted from the administration of those
2 instruments and the basis of the exemptions, aggregated by
3 district, grade level, and subject area, with appropriate
4 interpretations and analysis, and disaggregated by race,
5 ethnicity, gender, and socioeconomic status;

6 (5) a summary compilation of the progress [~~overall~~
7 ~~performance~~] of students at risk of dropping out of school, as
8 defined by Section 29.081(d), including information described by
9 the academic excellence indicators under Sections
10 39.051(b)(8)-(11), provided statewide and aggregated by district,
11 on academic skills assessment instruments required by Section
12 39.023 and any other assessment instrument required by the
13 commissioner [~~with the number of those students exempted from the~~
14 ~~administration of those instruments and the basis of the~~
15 ~~exemptions, aggregated by district, grade level, and subject area],
16 with appropriate interpretations and analysis, and disaggregated
17 by race, ethnicity, gender, and socioeconomic status;~~

18 (6) an evaluation of the correlation between student
19 grades and student performance on academic skills assessment
20 instruments required by Section 39.023;

21 (7) a statement of the dropout rate of students in
22 grade levels 7 through 12, expressed in the aggregate and by grade
23 level, and a statement of the completion rates of students for grade
24 levels 9 through 12;

25 (8) a statement of:

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

1 (B) the completion rate of students who enter
2 grade level 9 and graduate, including students who require more
3 than four years to graduate;

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

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

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

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

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

20 (11) a summary of the information required by Section
21 29.083 regarding grade level retention of students and information
22 concerning:

23 (A) the number and percentage of students
24 retained; and

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

27 (12) information, aggregated by district type and

1 disaggregated by race, ethnicity, gender, and socioeconomic
2 status, on:

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

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

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

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

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

21 (14) an evaluation of the status of the curriculum
22 taught in public schools, with recommendations for legislative
23 changes necessary to improve or modify the curriculum required by
24 Section 28.002;

25 (15) a description of all funds received by and each
26 activity and expenditure of the agency;

27 (16) a summary and analysis of the instructional

1 expenditures ratios and instructional employees ratios of school
2 districts computed under Section 44.0071;

3 (17) a summary of the effect of deregulation,
4 including exemptions and waivers granted under Section 7.056 or
5 39.112;

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

12 (19) a list of each school district that is not in
13 compliance with state special education requirements, including:

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

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

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

22 (20) an evaluation of public charter districts,
23 including:

24 (A) the academic performance of students
25 enrolled in public charter districts, disaggregated by race,
26 ethnicity, gender, and socioeconomic status;

27 (B) the costs of instruction, administration,

1 and transportation incurred by public charter districts; and

2 (C) other issues, as determined by the
3 commissioner [~~a comparison of the performance of open-enrollment~~
4 ~~charter schools and school districts on the academic excellence~~
5 ~~indicators specified in Section 39.051(b) and accountability~~
6 ~~measures adopted under Section 39.051(g), with a separately~~
7 ~~aggregated comparison of the performance of open-enrollment~~
8 ~~charter schools predominantly serving students at risk of dropping~~
9 ~~out of school, as defined by Section 29.081(d), with the~~
10 ~~performance of school districts]~~; and

11 (21) any additional information considered important
12 by the commissioner or the State Board of Education.

13 SECTION 2C.38. Section 39.202(a), Education Code, is
14 amended to read as follows:

15 (a) The commissioner shall, in consultation with the
16 comptroller, develop and implement a financial accountability
17 rating system for school districts in this state that distinguishes
18 among districts' varying levels of financial performance.

19 SECTION 2C.39. Section 39.182, Education Code, is amended
20 by adding Subsections (b-1) and (b-2) to read as follows:

21 (b-1) The report must include an assessment of the impact of
22 the performance-based grant system developed under Subchapter E,
23 Chapter 7, on student academic performance, including:

24 (1) an analysis of performance and spending
25 information relating to grants administered by the agency; and

26 (2) recommendations on any statutory changes needed
27 for the agency to more effectively administer grant programs,

1 including recommendations on whether to eliminate or modify
2 inefficient grant programs, expand effective grant programs, or
3 consolidate similar grant programs to maximize the effectiveness
4 and efficiencies of those programs.

5 (b-2) Subsection (b-1) applies beginning January 1, 2009.
6 This subsection expires February 1, 2009.

7 SECTION 2C.40. Subchapter I, Chapter 39, Education Code, is
8 amended by adding Section 39.205 to read as follows:

9 Sec. 39.205. REPORT TO LEGISLATURE. (a) Not later than
10 September 1, 2006, the agency shall submit a report to the
11 legislature on the status of the financial accountability system
12 that recommends to the legislature methods for linking school
13 district financial management performance and academic
14 performance.

15 (b) This section expires September 2, 2006.

16 SECTION 2C.41. Subchapter A, Chapter 44, Education Code, is
17 amended by adding Section 44.0073 to read as follows:

18 Sec. 44.0073. INSTRUCTIONAL COSTS. (a) For purposes of
19 this section:

20 (1) "Direct instructional costs" includes a school
21 district's expenses related to instruction, instructional
22 resources and media services, curriculum development,
23 instructional staff development, instructional leadership, school
24 leadership, and evaluation and counseling services.

25 (2) "Indirect instructional costs" includes:

26 (A) a school district's expenses related to
27 social work services, health services, student transportation,

1 food services, facility maintenance and operations, security and
2 monitoring services, and data processing services; and

3 (B) payments to another district under the public
4 education grant program under Subchapter G, Chapter 29, payments to
5 another district that is a member of a shared services arrangement,
6 payments to a fiscal agent, and payments under Section 37.012 to a
7 juvenile justice alternative education program.

8 (b) For purposes of school district financial
9 accountability, the agency shall identify each district's direct
10 and indirect instructional costs for the preceding fiscal year and
11 make that information available to the public on the agency's
12 Internet website.

13 PART D. INSTRUCTIONAL MATERIALS

14 SECTION 2D.01. Section 7.055(b)(28), Education Code, is
15 amended to read as follows:

16 (28) The commissioner shall perform duties relating to
17 the funding, adoption, and purchase of instructional materials
18 [~~textbooks~~] under Chapter 31.

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

21 (f) A school district or campus that is required to develop
22 and implement a student achievement improvement plan under Section
23 39.131 or 39.132 may receive an exemption or waiver under this
24 section from any law or rule other than:

25 (1) a prohibition on conduct that constitutes a
26 criminal offense;

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

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

3 (A) public school accountability as provided by
4 Subchapters B, C, D, and G, Chapter 39; or

5 (B) educator rights and benefits under
6 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
7 A, Chapter 22; or

8 (4) [~~textbook~~] selection of instructional materials
9 under Chapter 31.

10 SECTION 2D.03. Section 7.102(c)(23), Education Code, is
11 amended to read as follows:

12 (23) The board shall adopt and purchase or license
13 instructional materials [~~textbooks~~] as provided by Chapter 31 and
14 adopt rules required by that chapter.

15 SECTION 2D.04. Sections 7.108(a) and (c), Education Code,
16 are amended to read as follows:

17 (a) A person interested in selling bonds of any type, [~~or~~] a
18 publisher, or any other person engaged in manufacturing, shipping,
19 selling, or advertising instructional materials [~~textbooks~~] or
20 otherwise connected with the instructional material [~~textbook~~]
21 business commits an offense if the person makes or authorizes a
22 political contribution to or takes part in, directly or indirectly,
23 the campaign of any person seeking election to or serving on the
24 board.

25 (c) In this section:

26 (1) "Instructional material" and "publisher" have the
27 meanings assigned by Section 31.002.

1 (2) "Political contribution" has the meaning assigned
2 by Section 251.001, Election Code.

3 ~~[(2) "Textbook" has the meaning assigned by Section~~
4 ~~31.002.]~~

5 SECTION 2D.05. The heading to Section 7.112, Education
6 Code, is amended to read as follows:

7 Sec. 7.112. REPRESENTATION OF [~~TEXTBOOK~~] PUBLISHER OF
8 INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

9 SECTION 2D.06. Section 7.112(a), Education Code, is amended
10 to read as follows:

11 (a) A former member of the State Board of Education who is
12 employed by or otherwise receives compensation from a [~~textbook~~]
13 publisher of instructional materials may not, before the second
14 anniversary of the date on which the person last served as a member
15 of the State Board of Education:

16 (1) confer with a member of the board of trustees of a
17 school district concerning instructional materials [~~a textbook~~]
18 published by that [~~textbook~~] publisher; or

19 (2) appear at a meeting of the board of trustees on
20 behalf of the [~~textbook~~] publisher.

21 SECTION 2D.07. Section 7.112(c)(2), Education Code, is
22 amended to read as follows:

23 (2) "Instructional material" and "publisher"
24 [~~"Publisher" and "textbook"~~] have the meanings assigned by Section
25 31.002.

26 SECTION 2D.08. Section 11.158(b), Education Code, is
27 amended to read as follows:

1 (b) The board may not charge fees for:

2 (1) instructional materials [~~textbooks~~], workbooks,
3 laboratory supplies, or other supplies necessary for participation
4 in any instructional course except as authorized under this code;

5 (2) field trips required as a part of a basic education
6 program or course;

7 (3) any specific form of dress necessary for any
8 required educational program or diplomas;

9 (4) the payment of instructional costs for necessary
10 school personnel employed in any course or educational program
11 required for graduation;

12 (5) library materials [~~books~~] required to be used for
13 any educational course or program, other than fines for lost,
14 damaged, or overdue materials [~~books~~];

15 (6) admission to any activity the student is required
16 to attend as a prerequisite to graduation;

17 (7) admission to or examination in any required
18 educational course or program; or

19 (8) lockers.

20 SECTION 2D.09. Section 11.164(a), Education Code, is
21 amended to read as follows:

22 (a) The board of trustees of each school district shall
23 limit redundant requests for information and the number and length
24 of written reports that a classroom teacher is required to prepare.
25 A classroom teacher may not be required to prepare any written
26 information other than:

27 (1) any report concerning the health, safety, or

1 welfare of a student;

2 (2) a report of a student's grade on an assignment or
3 examination;

4 (3) a report of a student's academic progress in a
5 class or course;

6 (4) a report of a student's grades at the end of each
7 grade reporting period;

8 (5) a [~~textbook~~] report on instructional materials;

9 (6) a unit or weekly lesson plan that outlines, in a
10 brief and general manner, the information to be presented during
11 each period at the secondary level or in each subject or topic at
12 the elementary level;

13 (7) an attendance report;

14 (8) any report required for accreditation review;

15 (9) any information required by a school district that
16 relates to a complaint, grievance, or actual or potential
17 litigation and that requires the classroom teacher's involvement;
18 or

19 (10) any information specifically required by law,
20 rule, or regulation.

21 SECTION 2D.10. Section 19.007(e), Education Code, is
22 amended to read as follows:

23 (e) The district may participate in the instructional
24 materials [~~textbook~~] program under Chapter 31.

25 SECTION 2D.11. Sections 26.006(a) and (c), Education Code,
26 are amended to read as follows:

27 (a) A parent is entitled to:

1 (1) review all teaching materials, instructional
2 materials [~~textbooks~~], and other teaching aids used in the
3 classroom of the parent's child; and

4 (2) review each test administered to the parent's
5 child after the test is administered.

6 (c) A student's parent is entitled to request that the
7 school district or open-enrollment charter school the student
8 attends allow the student to take home any instructional materials
9 [~~textbook~~] used by the student. Subject to the availability of the
10 instructional materials [~~a textbook~~], the district or school shall
11 honor the request. A student who takes home instructional
12 materials [~~a textbook~~] must return the instructional materials
13 [~~textbook~~] to school at the beginning of the next school day if
14 requested to do so by the student's teacher. In this subsection,
15 "instructional material" [~~"textbook"~~] has the meaning assigned by
16 Section 31.002.

17 SECTION 2D.12. Sections 28.002(c) and (h), Education Code,
18 are amended to read as follows:

19 (c) The State Board of Education, with the direct
20 participation of educators, parents, business and industry
21 representatives, and employers shall by rule identify the essential
22 knowledge and skills of each subject of the required curriculum
23 that all students should be able to demonstrate and that will be
24 used in evaluating instructional materials [~~textbooks~~] under
25 Chapter 31 and addressed on the assessment instruments required
26 under Subchapter B, Chapter 39. As a condition of accreditation,
27 the board shall require each district to provide instruction in the

1 essential knowledge and skills at appropriate grade levels.

2 (h) The State Board of Education and each school district
3 shall foster the continuation of the tradition of teaching United
4 States and Texas history and the free enterprise system in regular
5 subject matter, ~~[and]~~ in social studies, economics, and reading
6 courses, and in the adoption of instructional materials
7 ~~[textbooks]~~. A primary purpose of the public school curriculum is
8 to prepare thoughtful, active citizens who understand the
9 importance of patriotism and can function productively in a free
10 enterprise society with appreciation for the basic democratic
11 values of our state and national heritage.

12 SECTION 2D.13. The heading to Chapter 31, Education Code,
13 is amended to read as follows:

14 CHAPTER 31. INSTRUCTIONAL MATERIALS ~~[TEXTBOOKS]~~

15 SECTION 2D.14. Section 31.001, Education Code, is amended
16 to read as follows:

17 Sec. 31.001. FREE INSTRUCTIONAL MATERIALS ~~[TEXTBOOKS]~~.
18 Instructional materials ~~[Textbooks]~~ selected for use in the public
19 schools shall be furnished without cost to the students attending
20 those schools.

21 SECTION 2D.15. Section 31.002, Education Code, is amended
22 to read as follows:

23 Sec. 31.002. DEFINITIONS. In this chapter:

24 (1) "Instructional material" ~~["Electronic textbook"]~~
25 means a medium or a combination of media for conveying information
26 to a student. The term includes a book, supplementary materials, a
27 combination of a book, workbook, supplementary materials, computer

1 software, [~~interactive videodisc,~~] magnetic media, DVD, CD-ROM,
2 computer courseware, on-line services, or an electronic medium, or
3 other means of conveying information to the student or otherwise
4 contributing to the learning process through electronic means.

5 (2) "Publisher" means a person who prepares,
6 manufactures, or distributes instructional materials for sale or
7 distribution to public schools. The term includes an on-line
8 service or a developer or distributor of [~~an~~] electronic
9 instructional materials [~~textbook~~].

10 (3) "State-adopted" means adopted by the State Board
11 of Education under Section 31.024 [~~"Textbook" means a book, a~~
12 ~~system of instructional materials, or a combination of a book and~~
13 ~~supplementary instructional materials that conveys information to~~
14 ~~the student or otherwise contributes to the learning process, or an~~
15 ~~electronic textbook~~].

16 (4) "Technological equipment" means hardware, a
17 device, or equipment necessary for:

18 (A) instructional use in the classroom,
19 including to gain access to or enhance the use of [~~an~~] electronic
20 instructional materials [~~textbook~~]; or

21 (B) professional use by a classroom teacher.

22 SECTION 2D.16. Section 31.003, Education Code, is amended
23 to read as follows:

24 Sec. 31.003. RULES. The State Board of Education may adopt
25 rules, consistent with this chapter, for the adoption, requisition,
26 distribution, care, use, and disposal of instructional materials
27 [~~textbooks~~].

1 SECTION 2D.17. Subchapter B, Chapter 31, Education Code, is
2 amended by amending Sections 31.021-31.024 and 31.026-31.030 and
3 adding Sections 31.0211, 31.0212, 31.0221, 31.031, and 31.032 to
4 read as follows:

5 Sec. 31.021. STATE INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~]
6 FUND. (a) The state instructional materials [~~textbook~~] fund
7 consists of:

8 (1) an amount set aside by the State Board of Education
9 from the available school fund, computed in accordance with this
10 section; and

11 [~~(2) [all funds accruing from the state's sale of~~
12 ~~disused textbooks; and~~

13 [~~(3)] all amounts lawfully paid into the fund from any~~
14 other source.

15 (b) The State Board of Education shall annually set aside
16 out of the available school fund of the state an amount sufficient
17 for the instructional materials allotment to provide [board,
18 school districts~~]~~ and open-enrollment charter schools with the
19 funds required to purchase and distribute the necessary
20 state-adopted instructional materials [~~textbooks~~] for the use of
21 the students of this state for the following school year. The board
22 shall determine the amount of the available school fund to set aside
23 for the state instructional materials [~~textbook~~] fund based on the
24 amount of the allotment under Section 31.0211 and on reports of
25 maximum attendance and anticipated enrollment growth submitted
26 under Section 31.103. [+

27 [~~(1) a report by the commissioner issued on July 1 or,~~

1 ~~if that date is a Saturday or Sunday, on the following Monday,~~
2 ~~stating the amount of unobligated money in the fund;~~

3 ~~[(2) the commissioner's estimate, based on textbooks~~
4 ~~selected under Section 31.101 and on attendance reports submitted~~
5 ~~under Section 31.103 by school districts and open-enrollment~~
6 ~~charter schools, of the amount of funds, in addition to funds~~
7 ~~reported under Subdivision (1), that will be necessary for purchase~~
8 ~~and distribution of textbooks for the following school year; and~~

9 ~~[(3) any amount the board determines should be set~~
10 ~~aside for emergency purposes caused by unexpected increases in~~
11 ~~attendance.]~~

12 (d) Money transferred to the state instructional materials
13 ~~[textbook]~~ fund remains in the fund until spent and does not lapse
14 to the state at the end of the fiscal year.

15 ~~[(c) All necessary expenses incurred under this chapter~~
16 ~~shall be paid from the state textbook fund on invoices approved by~~
17 ~~the commissioner.]~~

18 Sec. 31.0211. INSTRUCTIONAL MATERIALS ALLOTMENT. (a) For
19 the maximum attendance and anticipated enrollment growth reported
20 under Section 31.103 in a school year, a school district is entitled
21 to an annual allotment of \$70 for each student or a greater amount
22 provided by appropriation, to be paid from the state instructional
23 materials fund. The commissioner may determine for each district
24 the amount of anticipated enrollment growth for which an allotment
25 is provided under this subsection.

26 (b) Funds allotted under this section may be used only to
27 purchase:

1 (1) state-adopted instructional materials; or
2 (2) instructional materials authorized by
3 commissioner waiver.

4 (c) This section applies beginning with the 2007-2008
5 school year. This subsection expires September 1, 2008.

6 Sec. 31.0212. INSTRUCTIONAL MATERIALS ALLOTMENT FOR
7 JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAMS. (a)
8 Notwithstanding any other provision of this chapter, a juvenile
9 justice alternative education program operating under Section
10 37.011 is entitled to receive an instructional materials allotment
11 under Section 31.0211 to be used in purchasing state-adopted
12 instructional materials as if the program were a school district or
13 open-enrollment charter school.

14 (b) The State Board of Education, in coordination with the
15 Texas Juvenile Probation Commission, shall adopt rules as necessary
16 to administer this section.

17 (c) Notwithstanding Section 31.0211(c), a juvenile justice
18 alternative education program operating under Section 37.011 is
19 entitled to the annual allotment described by Section 31.0211(a)
20 beginning with the 2005-2006 school year. This subsection expires
21 September 1, 2008.

22 Sec. 31.022. INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~] REVIEW AND
23 ADOPTION CYCLE. (a) The State Board of Education shall adopt a
24 review and adoption cycle for instructional materials [~~textbooks~~]
25 for elementary grade levels, including prekindergarten, and
26 secondary grade levels, for each subject in the required curriculum
27 under Section 28.002.

1 (b) The board shall organize the cycle for subjects in the
2 foundation curriculum so that not more than one-sixth of the
3 instructional materials [~~textbooks~~] for subjects in the foundation
4 curriculum are reviewed each year. The board shall adopt rules to
5 provide for a full and complete investigation of instructional
6 materials [~~textbooks~~] for each subject in the foundation curriculum
7 at least every six years. The adoption of instructional materials
8 [~~textbooks~~] for a subject in the foundation curriculum may be
9 extended beyond the six-year period only if the content of
10 instructional materials [~~textbooks~~] for a subject is sufficiently
11 current.

12 (c) The board shall adopt rules to provide for a full and
13 complete investigation of instructional materials [~~textbooks~~] for
14 each subject in the enrichment curriculum on a cycle the board
15 considers appropriate, but not less than every eight years.

16 (d) At least 24 months before the beginning of the school
17 year for which instructional materials [~~textbooks~~] for a particular
18 subject and grade level will be purchased under the review and
19 adoption cycle adopted by the board, the board shall publish notice
20 of the review and adoption cycle for those instructional materials
21 [~~textbooks~~].

22 (e) In organizing the cycle for review and adoption of
23 instructional materials, the board shall:

24 (1) generally align the cycle with the schedule for
25 any revision of the essential knowledge and skills under Section
26 28.002 of the subjects and grade levels addressed by the
27 instructional materials;

1 (2) seek advice from the Legislative Budget Board and
2 the governor's office of budget, planning, and policy before
3 approving and publishing any notice or amendment of the cycle;

4 (3) review and consider expected average costs of the
5 instructional materials that will be adopted and the amount of the
6 instructional materials allotment to ensure that the amount of the
7 instructional materials that will be adopted over a two-year period
8 may be purchased within the amount of the instructional material
9 allotment for that same period; and

10 (4) follow any directive provided in the General
11 Appropriations Act regarding the organization of the cycle.

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

20 Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) To promote
21 efficiency in the correction of factual errors during the
22 instructional materials review and adoption process, the State
23 Board of Education shall:

24 (1) to the extent practicable, conduct the review of
25 instructional materials using page proofs or other appropriate
26 draft versions of the instructional materials; and

27 (2) require the publisher to provide instructional

1 materials, including page proofs, draft versions, or sample
2 instructional materials, directly to state instructional materials
3 review panel members in a timely manner before the members meet to
4 conduct a complete and formal review of the materials.

5 (b) During the instructional materials review and adoption
6 process, the publisher of instructional materials proposed for
7 adoption in this state shall promptly correct any factual errors
8 discovered in the instructional materials. For purposes of this
9 section, a factual error includes an objectively verifiable
10 mistake, including an incorrect reference to a date, place, or
11 person, an incorrect computational process or result, or similar
12 incorrect provisions. A factual error does not include a
13 difference in professional opinion, conclusion, emphasis, or
14 perspective expressed in instructional materials.

15 (c) If the State Board of Education determines that an
16 instructional material proposed for adoption may contain a factual
17 error, the State Board of Education may appoint a panel of experts
18 and scholars to evaluate the material for any factual error.

19 (d) The board shall adopt rules authorizing the imposition
20 of an administrative penalty in the manner provided by Section
21 31.151 against a publisher who knowingly violates Subsection (b).
22 In setting the amount of any penalty to be imposed under this
23 subsection, the board shall consider the stage of the instructional
24 materials review and adoption process at which the violation occurs
25 and set progressively higher penalties for violations that occur
26 later in the process.

27 Sec. 31.023. [~~TEXTBOOK~~] LISTS OF STATE-ADOPTED

1 INSTRUCTIONAL MATERIALS. (a) For each subject and grade level,
2 the State Board of Education shall adopt two lists of instructional
3 materials [~~textbooks~~]. The conforming list includes each
4 state-adopted instructional material [~~textbook~~] submitted for the
5 subject and grade level that meets applicable physical
6 specifications adopted by the State Board of Education and contains
7 material covering each element of the essential knowledge and
8 skills of the subject and grade level as determined by the State
9 Board of Education under Section 28.002 and adopted under Section
10 31.024. The nonconforming list includes each state-adopted
11 instructional material [~~textbook~~] submitted for the subject and
12 grade level that:

13 (1) meets applicable physical specifications adopted
14 by the State Board of Education;

15 (2) contains material covering at least half, but not
16 all, of the elements of the essential knowledge and skills of the
17 subject and grade level; and

18 (3) is adopted under Section 31.024.

19 (b) Each state-adopted instructional material [~~textbook~~] on
20 a conforming or nonconforming list must be free from factual
21 errors.

22 Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION. (a) By
23 majority vote, the State Board of Education shall:

24 (1) place each submitted instructional material
25 [~~textbook~~] on a conforming or nonconforming list; or

26 (2) reject an instructional material [~~a textbook~~]
27 submitted for placement on a conforming or nonconforming list.

1 (b) Not later than December 1 of the year preceding the
 2 school year for which the state-adopted instructional materials
 3 [~~textbooks~~] for a particular subject and grade level will be
 4 purchased under the cycle adopted by the board under Section
 5 31.022, the board shall make available [~~provide~~] the lists of
 6 state-adopted instructional materials, including instructional
 7 materials under Section 31.022(f) [~~adopted textbooks~~] to each
 8 school district. Each nonconforming list must include:

9 (1) the reasons an adopted instructional material
 10 [~~textbook~~] is not eligible for the conforming list; and

11 (2) a list of the essential knowledge and skills
 12 contained in an adopted instructional material on the nonconforming
 13 list.

14 Sec. 31.026. CONTRACT; PRICE. (a) The commissioner, with
 15 the assistance of the Department of Information Resources, the
 16 State Board of Education, and the office of the attorney general,
 17 shall develop model contracts that may be used by school districts
 18 and open-enrollment charter schools [~~State Board of Education shall~~
 19 ~~execute a contract:~~

20 [~~(1)~~] for the purchase or licensing of instructional
 21 materials under this chapter [~~each adopted textbook other than an~~
 22 ~~electronic textbook, and~~

23 [~~(2)~~ ~~for the purchase or licensing of each adopted~~
 24 ~~electronic textbook~~].

25 (b) A contract must require the publisher to provide all of
 26 the instructional materials [~~the number of textbooks~~] required by
 27 school districts in this state for the term of the contract [~~which~~

1 ~~must coincide with the board's adoption cycle].~~

2 (c) As applicable, a contract must provide for the purchase
3 or licensing of instructional materials [~~a textbook~~] at a specific
4 price, which may not exceed the lowest price paid by any other state
5 or any school or school district. The price must be fixed for the
6 term of the contract. The price may decrease if the lowest price
7 paid by another state or another school or school district
8 decreases during the term of the contract.

9 Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE
10 COPIES. (a) A publisher shall provide each school district and
11 open-enrollment charter school with information that fully
12 describes each of the publisher's state-adopted instructional
13 materials [~~adopted textbooks~~]. On request of a school district, a
14 publisher shall provide a sample copy of a state-adopted
15 instructional material [~~an adopted textbook~~].

16 (b) A publisher shall provide at least two sample copies of
17 each state-adopted instructional material [~~adopted textbook~~] to be
18 maintained for at least two years at each regional education
19 service center or an alternate location designated by the
20 applicable service center.

21 Sec. 31.028. SPECIAL INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

22 (a) The State Board of Education may make available [~~purchase~~]
23 special instructional materials [~~textbooks~~] for the education of
24 blind and visually impaired students in public schools. In
25 addition, from funds appropriated for the purpose, for a teacher
26 who is blind or visually impaired, the board shall provide a
27 teacher's edition in Braille or large type, as requested by the

1 teacher, for each printed state-adopted instructional material
 2 [~~textbook~~] the teacher uses in the instruction of students. The
 3 teacher edition must be available at the same time the student
 4 instructional materials [~~textbooks~~] become available.

5 (b) The publisher of a printed state-adopted instructional
 6 material [~~an adopted textbook~~] shall provide the agency with
 7 computerized [~~textbook~~] files for the production of Braille
 8 instructional materials [~~textbooks~~] or other versions of
 9 instructional materials [~~textbooks~~] to be used by students with
 10 disabilities, on request of the State Board of Education. A
 11 publisher shall arrange the computerized [~~textbook~~] files in one of
 12 several optional formats specified by the State Board of Education.

13 (c) The board may also enter into agreements providing for
 14 the acceptance, requisition, and distribution of special
 15 instructional materials [~~textbooks and instructional aids~~]
 16 pursuant to 20 U.S.C. Section 101 et seq. for use by students
 17 enrolled in:

- 18 (1) public schools; or
 19 (2) private nonprofit schools, if state funds, other
 20 than for administrative costs, are not involved.

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

- 26 (1) public schools; or
 27 (2) private nonprofit schools, if state funds, other

1 than for administrative costs, are not involved.

2 (d) In this section:

3 (1) "Blind or visually impaired student" includes any
4 student whose visual acuity is impaired to the extent that the
5 student is unable to read the text [~~print~~] in state-adopted
6 instructional materials [~~a regularly adopted textbook~~] used in the
7 student's class.

8 (2) "Special instructional materials" [~~textbook~~]
9 means instructional materials [~~a textbook~~] in Braille, large type,
10 audiotape, accessible web page, accessible DVD/CD-ROM, or any other
11 medium or any apparatus that conveys information to a student or
12 otherwise contributes to the learning process.

13 Sec. 31.029. BILINGUAL INSTRUCTIONAL MATERIALS
14 [~~TEXTBOOKS~~]. The board shall adopt instructional materials
15 [~~purchase or otherwise acquire textbooks~~] for use in bilingual
16 education classes.

17 Sec. 31.030. USED INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]. The
18 State Board of Education shall adopt rules to ensure that used
19 instructional materials [~~textbooks~~] sold to school districts and
20 open-enrollment charter schools are not sample copies that contain
21 factual errors. The rules may provide for the imposition of an
22 administrative penalty in accordance with Section 31.151 against a
23 seller of used instructional materials [~~textbooks~~] who knowingly
24 violates this section.

25 Sec. 31.031. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL
26 MATERIALS. The publisher of a state-adopted electronic
27 instructional material may offer the material to school districts

1 and open-enrollment charter schools on a subscription basis.

2 Sec. 31.032. UPDATES. The publisher of a state-adopted
3 instructional material may update the instructional material, and a
4 school district or open-enrollment charter school may purchase the
5 update. The State Board of Education by rule shall provide for an
6 expedited review process to determine the extent to which updated
7 instructional material aligns with the essential knowledge and
8 skills and does not contain factual errors.

9 SECTION 2D.18. Section 31.101, Education Code, is amended
10 to read as follows:

11 Sec. 31.101. SELECTION AND PURCHASE OF INSTRUCTIONAL
12 MATERIALS [~~TEXTBOOKS~~] BY SCHOOL DISTRICTS. (a) Each year, during
13 any [~~a~~] period established by the State Board of Education, the
14 board of trustees of each school district and the governing body of
15 each open-enrollment charter school shall:

16 (1) [~~for a subject in the foundation curriculum,~~]
17 notify the State Board of Education of the state-adopted
18 instructional materials [~~textbooks~~] selected by the board of
19 trustees or governing body for the following school year from among
20 the instructional materials [~~textbooks~~] on the appropriate
21 conforming or nonconforming list; and [~~or~~]

22 (2) provide an accounting of the expenditure of its
23 instructional materials allotment during that period. [~~for a~~
24 ~~subject in the enrichment curriculum.~~

25 [~~(A) notify the State Board of Education of each~~
26 ~~textbook selected by the board of trustees or governing body for the~~
27 ~~following school year from among the textbooks on the appropriate~~

1 ~~conforming or nonconforming list; or~~

2 ~~[(B) notify the State Board of Education that the~~
3 ~~board of trustees or governing body has selected a textbook that is~~
4 ~~not on the conforming or nonconforming list.]~~

5 (b) The board of trustees of each [If a] school district or
6 the governing body of each open-enrollment charter school shall use
7 the instructional materials allotment to purchase instructional
8 materials selected by the board of trustees or the governing body
9 [selects a textbook] for a [particular] subject in the required
10 [enrichment] curriculum. [and grade level that is not on the
11 conforming or nonconforming list, the state shall pay to the
12 district or school an amount equal to the lesser of:

13 ~~[(1) 70 percent of the cost to the district of the~~
14 ~~textbook, multiplied by the number of textbooks the district or~~
15 ~~school needs for that subject and grade level; or~~

16 ~~[(2) 70 percent of the limitation established under~~
17 ~~Section 31.025 for a textbook for that subject and grade level,~~
18 ~~multiplied by the number of textbooks the district or school needs~~
19 ~~for that subject and grade level.]~~

20 (c) A school district or open-enrollment charter school may
21 purchase an instructional material under Subsection (b) only if the
22 instructional material is purchased not later than the beginning of
23 the second school year that begins after the adoption of the
24 conforming or nonconforming list that includes the instructional
25 material. This subsection does not apply to:

26 (1) instructional materials under Section 31.022(f);

27 (2) the purchase of replacement instructional

1 materials due to loss or damage; or

2 (3) the purchase of additional instructional
3 materials needed because of enrollment growth [~~that selects a~~
4 ~~textbook that is not on the conforming or nonconforming list.~~

5 [~~(1) is responsible for the portion of the cost of the~~
6 ~~textbook that is not paid by the state under Subsection (b); and~~

7 [~~(2) may use funds received from the state under~~
8 ~~Subsection (b) only for purchasing the textbook for which the funds~~
9 ~~were received].~~

10 [~~(d) For a textbook that is not on the conforming or~~
11 ~~nonconforming list, a school district or open-enrollment charter~~
12 ~~school must use the textbook for the period of the review and~~
13 ~~adoption cycle the State Board of Education has established for the~~
14 ~~subject and grade level for which the textbook is used.]~~

15 SECTION 2D.19. Section 31.102, Education Code, is amended
16 to read as follows:

17 Sec. 31.102. TITLE AND CUSTODY. (a) Except as provided by
18 this subsection, each instructional material [~~Each textbook~~
19 purchased by the state as provided by this chapter is the property
20 of this state. Beginning with the 2007-2008 school year, each
21 instructional material purchased through the instructional
22 materials allotment by a school district or open-enrollment charter
23 school is the property of the district or charter school.

24 (b) Subsection (a) applies to an electronic instructional
25 material [~~textbook~~] only to the extent of any applicable licensing
26 agreement.

27 (c) The board of trustees of a school district or the

1 governing body of an open-enrollment charter school is the legal
 2 custodian of instructional materials [~~textbooks~~] purchased as
 3 provided by this chapter for or by the district or school. The
 4 board of trustees or governing body shall distribute instructional
 5 materials [~~textbooks~~] to students in the manner that the board or
 6 governing body determines is most effective and economical.

7 (d) An open-enrollment charter school may not transfer
 8 instructional materials unless the transfer is approved by the
 9 commissioner. The commissioner may not approve such a transfer
 10 unless the transfer is to another public school of this state.

11 SECTION 2D.20. Section 31.103, Education Code, is amended
 12 to read as follows:

13 Sec. 31.103. INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~]
 14 REQUISITIONS. (a) Not later than the seventh day after the first
 15 school day in April, each principal shall report the maximum
 16 attendance for the school to the superintendent. Not later than
 17 April 25, the superintendent of a school district or the chief
 18 operating officer of an open-enrollment charter school shall report
 19 to the commissioner the district's or school's maximum attendance
 20 and anticipated enrollment growth [~~to the commissioner~~].

21 (b) [~~A requisition for textbooks for the following school~~
 22 ~~year shall be based on the maximum attendance reports under~~
 23 ~~subsection (a), plus an additional 10 percent, except as otherwise~~
 24 ~~provided.~~] A school district or open-enrollment charter school
 25 shall make a requisition for instructional materials [~~a textbook~~]
 26 on the conforming or nonconforming list [~~through the commissioner~~]
 27 to the instructional materials [~~state~~] depository designated by the

1 publisher or as provided by State Board of Education rule, as
2 applicable, not later than June 1 of each year. The designated
3 instructional materials [~~state~~] depository or, if the publisher [~~or~~
4 ~~manufacturer~~] does not have a designated instructional materials
5 [~~textbook~~] depository in this state under Section 31.151(a)(6)(B),
6 the publisher [~~or manufacturer~~] shall fill a requisition approved
7 by the agency at any other time in the case of an emergency. [~~As~~
8 ~~made necessary by available funds, the commissioner shall reduce~~
9 ~~the additional percentage of attendance for which a district or~~
10 ~~school may requisition textbooks. The commissioner may, on~~
11 ~~application of a district or school that is experiencing high~~
12 ~~enrollment growth, increase the additional percentage of~~
13 ~~attendance for which the district or school may requisition~~
14 ~~textbooks.~~]

15 (c) In making a requisition under this section, a school
16 district or open-enrollment charter school may requisition
17 instructional materials [~~textbooks~~] on the conforming or
18 nonconforming list for grades above or below the grade level in
19 which a student is enrolled[, ~~except that the total quantity of~~
20 ~~textbooks requisitioned under this section may not exceed the limit~~
21 ~~prescribed by Subsection (b)].~~

22 SECTION 2D.21. Sections 31.104-31.106, Education Code, are
23 amended to read as follows:

24 Sec. 31.104. DISTRIBUTION AND HANDLING. (a) The board of
25 trustees of a school district or the governing body of an
26 open-enrollment charter school may delegate to an employee the
27 authority to requisition, purchase, distribute, and manage the

1 inventory of instructional materials [~~textbooks~~] in a manner
2 consistent with this chapter and rules adopted under this chapter.

3 (b) A school district or open-enrollment charter school may
4 order replacements for instructional materials [~~textbooks~~] that
5 have been lost or damaged directly from:

6 (1) the instructional materials [~~textbook~~]
7 depository; or

8 (2) the [~~textbook~~] publisher of the instructional
9 materials [~~or manufacturer~~] if the [~~textbook~~] publisher [~~or~~
10 ~~manufacturer~~] does not have a designated instructional materials
11 [~~textbook~~] depository in this state under Section 31.151(a)(6)(B).

12 (c) Each instructional material [~~textbook~~] must state that
13 the instructional material [~~textbook~~] is the property of or is
14 licensed to this state, school district, or charter school, as
15 appropriate. Each instructional material [~~textbook~~], other than an
16 electronic instructional material [~~textbook~~], must be covered by
17 the student under the direction of the teacher. A student must
18 return all instructional materials [~~textbooks~~] to the teacher at
19 the end of the school year or when the student withdraws from
20 school.

21 (d) Each student, or the student's parent or guardian, is
22 responsible for each instructional material [~~textbook~~] not
23 returned by the student. A student who fails to return all
24 instructional materials [~~textbooks~~] forfeits the right to free
25 instructional materials [~~textbooks~~] until each instructional
26 material [~~textbook~~] previously issued but not returned is paid for
27 by the student, parent, or guardian. As provided by policy of the

1 board of trustees or governing body, a school district or
 2 open-enrollment charter school may waive or reduce the payment
 3 requirement if the student is from a low-income family. The
 4 district or school shall allow the student to use instructional
 5 materials [~~textbooks~~] at school during each school day. If an
 6 instructional material [~~a textbook~~] is not returned or paid for,
 7 the district or school may withhold the student's records. A
 8 district or school may not, under this subsection, prevent a
 9 student from graduating, participating in a graduation ceremony, or
 10 receiving a diploma.

11 (e) The board of trustees of a school district may not
 12 require an employee of the district to pay for an instructional
 13 material [~~a textbook~~] or instructional technology that is stolen,
 14 misplaced, or not returned by a student.

15 Sec. 31.105. SALE OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].
 16 The board of trustees of a school district or governing body of an
 17 open-enrollment charter school may sell instructional materials
 18 [~~textbooks~~], other than electronic instructional materials
 19 [~~textbooks~~], to a student or another school [~~at the state contract~~
 20 ~~price~~]. The district shall use [~~send~~] money received from the sale
 21 of instructional materials in accordance with uses prescribed by
 22 Section 31.0211. [~~textbooks to the commissioner as required by the~~
 23 ~~commissioner. The commissioner shall deposit the money in the~~
 24 ~~state textbook fund.~~]

25 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
 26 instructional materials [~~textbook~~] selected under this chapter, a
 27 school district or open-enrollment charter school may use local

1 funds to purchase any instructional materials [~~textbooks~~].

2 SECTION 2D.22. The heading to Section 31.151, Education
3 Code, is amended to read as follows:

4 Sec. 31.151. DUTIES OF PUBLISHERS [~~AND MANUFACTURERS~~].

5 SECTION 2D.23. Sections 31.151(a), (b), and (d), Education
6 Code, are amended to read as follows:

7 (a) A publisher [~~or manufacturer~~] of instructional
8 materials [~~textbooks~~]:

9 (1) shall furnish any instructional material
10 [~~textbook~~] the publisher [~~or manufacturer~~] offers in this state[7]
11 at a price that does not exceed the lowest price at which the
12 publisher offers that instructional material [~~textbook~~] for
13 adoption or sale to any state, public school, or school district in
14 the United States;

15 (2) shall automatically reduce the price of an
16 instructional material [~~a textbook~~] sold for use in a school
17 district or open-enrollment charter school to the extent that the
18 price is reduced elsewhere in the United States;

19 (3) shall provide any instructional material
20 [~~textbook~~] or ancillary item free of charge in this state to the
21 same extent that the publisher [~~or manufacturer~~] provides the
22 instructional material [~~textbook~~] or ancillary item free of charge
23 to any state, public school, or school district in the United
24 States;

25 (4) shall guarantee that each copy of an instructional
26 material [~~a textbook~~] sold in this state is at least equal in
27 quality to copies of that instructional material [~~textbook~~] sold

1 elsewhere in the United States and is free from factual error;

2 (5) may not become associated or connected with,
3 directly or indirectly, any combination in restraint of trade in
4 instructional materials [~~textbooks~~] or enter into any
5 understanding or combination to control prices or restrict
6 competition in the sale of instructional materials [~~textbooks~~] for
7 use in this state;

8 (6) shall:

9 (A) maintain a depository in this state or
10 arrange with a depository in this state to receive and fill orders
11 for instructional materials [~~textbooks~~], other than electronic
12 instructional materials or electronic instructional material
13 [~~on-line textbooks or on-line textbook~~] components, consistent
14 with State Board of Education rules; or

15 (B) deliver instructional materials [~~textbooks~~]
16 to a school district or open-enrollment charter school without a
17 delivery charge to the school district, open-enrollment charter
18 school, or state, if:

19 (i) the publisher [~~or manufacturer~~] does
20 not maintain or arrange with a depository in this state under
21 Paragraph (A) and the publisher's instructional materials [~~or~~
22 ~~manufacturer's textbooks~~] and related products are warehoused or
23 otherwise stored less than 300 miles from a border of this state; or

24 (ii) the instructional materials
25 [~~textbooks~~] are electronic instructional materials or electronic
26 instructional material [~~on-line textbooks or on-line textbook~~]
27 components;

1 (7) shall, at the time an order for instructional
2 materials [~~textbooks~~] is acknowledged, provide to school districts
3 or open-enrollment charter schools an accurate shipping date for
4 instructional materials [~~textbooks~~] that are back-ordered;

5 (8) shall guarantee delivery of instructional
6 materials [~~textbooks~~] at least 10 business days before the opening
7 day of school of the year for which the instructional materials
8 [~~textbooks~~] are ordered if the instructional materials [~~textbooks~~]
9 are ordered by a date specified in the sales contract; and

10 (9) shall submit to the State Board of Education an
11 affidavit certifying any instructional material [~~textbook~~] the
12 publisher [~~or manufacturer~~] offers in this state to be free of
13 factual errors at the time the publisher executes the contract
14 required by Section 31.026.

15 (b) The State Board of Education may impose a reasonable
16 administrative penalty against a publisher [~~or manufacturer~~] who
17 knowingly violates Subsection (a). The board shall provide for a
18 hearing to be held to determine whether a penalty is to be imposed
19 and, if so, the amount of the penalty. The board shall base the
20 amount of the penalty on:

- 21 (1) the seriousness of the violation;
- 22 (2) any history of a previous violation;
- 23 (3) the amount necessary to deter a future violation;
- 24 (4) any effort to correct the violation; and
- 25 (5) any other matter justice requires.

26 (d) A penalty collected under this section shall be
27 deposited to the credit of the state instructional materials

1 [~~textbook~~] fund.

2 SECTION 2D.24. The heading to Section 31.152, Education
3 Code, is amended to read as follows:

4 Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS
5 [~~TEXTBOOKS~~].

6 SECTION 2D.25. Sections 31.152(a), (b), and (d), Education
7 Code, are amended to read as follows:

8 (a) A school trustee, administrator, or teacher commits an
9 offense if that person receives any commission or rebate on any
10 instructional materials [~~textbooks~~] used in the schools with which
11 the person is associated as a trustee, administrator, or teacher.

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

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

15 (2) might reasonably tend to influence a trustee,
16 administrator, or teacher in the selection of instructional
17 materials [~~a textbook~~]; and

18 (3) could not be lawfully purchased with funds from
19 the state instructional materials [~~textbook~~] fund.

20 (d) In this section, "gift, favor, or service" does not
21 include:

22 (1) staff development, in-service, or teacher
23 training; or

24 (2) instructional materials[~~7~~] such as maps or
25 worksheets[~~7 that convey information to the student or otherwise~~
26 ~~contribute to the learning process~~].

27 SECTION 2D.26. The heading to Section 31.153, Education

1 Code, is amended to read as follows:

2 Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS
3 [~~TEXTBOOK~~] LAW.

4 SECTION 2D.27. Section 31.153(a), Education Code, is
5 amended to read as follows:

6 (a) A person commits an offense if the person knowingly
7 violates any law providing for the purchase or distribution of free
8 instructional materials [~~textbooks~~] for the public schools.

9 SECTION 2D.28. Subchapter E, Chapter 31, Education Code, is
10 amended to read as follows:

11 SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

12 Sec. 31.201. DISPOSITION OF INSTRUCTIONAL MATERIALS
13 [~~TEXTBOOKS~~]. (a) The commissioner, with the approval of the State
14 Board of Education, may provide for the disposition of:

15 (1) instructional materials [~~textbooks~~], other than
16 electronic instructional materials [~~textbooks~~], that are no longer
17 in acceptable condition to be used for instructional purposes; or

18 (2) discontinued instructional materials [~~textbooks~~],
19 other than electronic instructional materials [~~textbooks~~].

20 (b) The commissioner, as provided by rules adopted by the
21 State Board of Education, shall make available on request copies of
22 discontinued instructional materials [~~textbooks~~], other than
23 electronic instructional materials [~~textbooks~~], for use in
24 libraries maintained in municipal and county jails and facilities
25 of the institutional division of the Texas Department of Criminal
26 Justice and other state agencies.

27 (c) The State Board of Education shall adopt rules under

1 which a school district or open-enrollment charter school may
2 donate discontinued instructional materials [~~textbooks~~], other
3 than electronic instructional materials [~~textbooks~~], to a student,
4 to an adult education program, or to a nonprofit organization.

5 SECTION 2D.29. The heading to Section 32.005, Education
6 Code, is amended to read as follows:

7 Sec. 32.005. INSTRUCTIONAL MATERIALS AND TECHNOLOGY
8 ALLOTMENT.

9 SECTION 2D.30. Sections 32.005(a) and (b), Education Code,
10 are amended to read as follows:

11 (a) For each student in average daily attendance in a school
12 year, a [Each] school district or open-enrollment charter school is
13 entitled to an allotment of \$30 [~~for each student in average daily~~
14 ~~attendance~~] or a greater [different] amount for any year provided
15 by appropriation, to be used as provided by Subsection (b).

16 (b) An allotment under this section may be used [~~only~~] to:

17 (1) provide for the purchase by school districts of
18 systems or components of:

19 (A) wireless electronic mobile computing devices
20 or other technology devices that convey instruction;

21 (B) productivity hardware or software, including
22 writing, computation, presentation, and communication tools;

23 (C) electronic learning software aligned with
24 the essential skills and knowledge adopted by the State Board of
25 Education under Section 28.002;

26 (D) library and other research tools;

27 (E) electronic assessment tools;

1 (F) electronic learning tools to improve
2 communications among students, teachers, school administrators,
3 parents, and the community;

4 (G) classroom and school management systems; and

5 (H) portable electronic instructional material
6 devices capable of supporting instructional material for each
7 subject in the foundation and enrichment curriculum [~~electronic~~
8 ~~textbooks or technological equipment that contributes to student~~
9 ~~learning]; [and]~~

10 (2) provide professional development for educational
11 personnel responsible for direct instruction to integrate the tools
12 and solutions described by Subdivision (1); and

13 (3) acquire additional infrastructure and
14 technologies necessary to support and enhance the tools and
15 solutions described by Subdivision (1) [~~pay for training~~
16 ~~educational personnel directly involved in student learning in the~~
17 ~~appropriate use of electronic textbooks and for providing for~~
18 ~~access to technological equipment for instructional use].~~

19 SECTION 2D.31. Section 32.156, Education Code, as added by
20 Chapter 1216, Acts of the 78th Legislature, Regular Session, 2003,
21 is amended to read as follows:

22 Sec. 32.156. ON-LINE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].

23 (a) The agency may develop and adopt strategies for making
24 instructional materials [~~textbooks~~] available through the portal
25 or through other means in an electronic format as an alternative or
26 supplement to traditional instructional materials [~~textbooks~~].

27 (b) In developing and adopting strategies under this

1 section, the agency shall seek to achieve a system under which a
2 student may, in addition to [~~a~~] traditional instructional materials
3 [~~textbook~~], be provided with secure Internet access to each
4 instructional material [~~textbook~~] used by the student.

5 SECTION 2D.32. Section 32.161(b), Education Code, is
6 amended to read as follows:

7 (b) To the extent possible considering other statutory
8 requirements, the commissioner and agency shall encourage the use
9 of instructional materials [~~textbook~~] funds under Section 31.021
10 and technology allotment funds under Section 32.005 [~~31.021(b)(2)~~]
11 in a manner that facilitates the development and use of the portal.

12 SECTION 2D.33. Section 31.0221, Education Code, as added by
13 this part, applies only to instructional materials submitted for
14 review by the State Board of Education on or after the effective
15 date of this Act. Instructional materials submitted for review
16 before the effective date of this Act are governed by the law in
17 effect when the instructional materials were submitted for review,
18 and the former law is continued in effect for that purpose.

19 SECTION 2D.34. (a) This section applies to an
20 instructional material, as that term is defined by Section 31.002,
21 Education Code, as amended by this part, including an electronic
22 instructional material, adopted by the State Board of Education
23 before January 1, 2005.

24 (b) A contract for the purchase or licensing of an
25 instructional material described by Subsection (a) of this section
26 continues in effect as a state contract for the contract term, and
27 the former law is continued in effect for that purpose.

PART E. DUAL LANGUAGE EDUCATION

SECTION 2E.01. Subchapter B, Chapter 21, Education Code, is amended by adding Sections 21.0485 and 21.0486 to read as follows:

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

(b) The board shall propose rules establishing the training requirements, including the minimum academic qualifications, a person must accomplish to obtain a certificate under this section.

(c) The board shall propose rules establishing the requirements for a teacher who receives training in a foreign country to obtain a certificate under this section.

Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION.

(a) To ensure that there are teachers with special training to work with other teachers and with students in order to improve student performance in English and other languages, the board shall establish:

(1) a master language teacher certificate to teach bilingual education, dual language instruction, or English as a second language at elementary school grade levels;

(2) a master language teacher certificate to teach bilingual education, dual language instruction, or English as a second language at middle school grade levels; and

(3) a master language teacher certificate to teach dual language instruction at high school grade levels.

1 (b) The board shall issue the appropriate master language
2 teacher certificate to each eligible person.

3 (c) To be eligible for a master language teacher
4 certificate, a person must:

5 (1) hold a teaching certificate issued under this
6 subchapter;

7 (2) have at least three years of experience teaching
8 bilingual education, dual language instruction, or English as a
9 second language;

10 (3) satisfactorily complete a knowledge-based course
11 of instruction on second language acquisition and the science of
12 teaching children language that includes training in language
13 instruction and professional peer mentoring techniques that,
14 through scientific testing, have been proven effective;

15 (4) perform satisfactorily on the appropriate master
16 language certification examination prescribed by the board; and

17 (5) satisfy any other requirements prescribed by the
18 board.

19 SECTION 2E.02. Section 21.050(b), Education Code, is
20 amended to read as follows:

21 (b) The board may not require more than 18 semester credit
22 hours of education courses at the baccalaureate level for the
23 granting of a teaching certificate. The board shall provide for a
24 minimum number of semester credit hours of internship to be
25 included in the hours needed for certification. The board may
26 propose rules requiring additional credit hours for certification
27 in bilingual education, dual language instruction, English as a

1 second language, early childhood education, or special education.

2 SECTION 2E.03. Section 21.054, Education Code, is amended
3 by adding Subsection (c) to read as follows:

4 (c) Rules proposed under Subsection (a) must permit an
5 educator to fulfill continuing education requirements by acquiring
6 conversational skills in one or more languages other than English
7 and academic language development in the subject area for which the
8 educator provides instruction. The rules must permit educators to
9 obtain language instruction through a variety of methods, including
10 attendance at workshops offered by qualified entities and
11 enrollment on a noncredit basis in courses offered by public or
12 private colleges and universities.

13 SECTION 2E.04. Subchapter B, Chapter 21, Education Code, is
14 amended by adding Section 21.060 to read as follows:

15 Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION.
16 On issuing an educator certificate to an educational aide or
17 renewing such a certificate, the board shall notify the person to
18 whom the certificate is issued of the existence of the educational
19 aide exemption under Section 54.214.

20 SECTION 2E.05. Section 28.0051, Education Code, is amended
21 by adding Subsection (d) to read as follows:

22 (d) The State Board for Educator Certification shall
23 provide for the issuance of teaching certificates appropriate for
24 dual language instruction to teachers who:

25 (1) possess a speaking, reading, and writing language
26 ability in a language other than English in which a dual language
27 immersion program is offered; and

1 (2) meet the general requirements of Subchapter B,
2 Chapter 21.

3 SECTION 2E.06. Subchapter A, Chapter 28, Education Code, is
4 amended by adding Section 28.0052 to read as follows:

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

10 (b) In selecting school districts under Subsection (a), the
11 commissioner shall:

12 (1) select districts that:

13 (A) will commit to at least a three-year dual
14 language education program; and

15 (B) demonstrate a substantially equal enrollment
16 of students with limited English proficiency and students whose
17 primary language is English or, if a district does not have a
18 sufficient number of limited English proficiency students to meet
19 the equal enrollment standard, include the enrollment of students
20 with limited English proficiency, students whose primary language
21 is English, and bilingual students; and

22 (2) give preference to a district that:

23 (A) demonstrates the potential for expanding the
24 program through middle school; and

25 (B) will implement the program at the
26 kindergarten level.

27 (c) The commissioner by rule shall require a district to

1 limit activities of the dual language education program during the
2 first year of the program to planning activities, including:

3 (1) hiring and training teachers and ensuring teacher
4 certification;

5 (2) establishing parental and community support for
6 the program; and

7 (3) acquiring adequate learning materials in both
8 program languages.

9 (d) From amounts appropriated for the purpose, the
10 commissioner shall award grants to school districts that
11 participate in the program. A grant under this section must be in
12 an amount sufficient to pay the costs to the district of
13 participating in the program, as determined by the commissioner. A
14 determination of the commissioner under this subsection is final
15 and may not be appealed.

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

19 (f) A school district may use a grant awarded under
20 Subsection (d) for:

21 (1) classroom materials;

22 (2) tuition and textbook expenses for students seeking
23 teacher certification under Section 21.0485; and

24 (3) other necessary costs of operating the program, as
25 approved by the commissioner.

26 (g) The agency shall report to the legislature describing
27 the agency's activities under the pilot project, the effect of the

1 project on grade-level completion, and the recommendations arising
2 from the project. The agency shall submit an interim report under
3 this subsection not later than January 1, 2009, and a final report
4 not later than January 1, 2011.

5 (h) This section expires August 1, 2011.

6 SECTION 2E.07. Not later than January 1, 2006, the State
7 Board for Educator Certification shall propose rules:

8 (1) establishing requirements and prescribing an
9 examination for master language teacher certification as required
10 by Section 21.0486, Education Code, as added by this Act;

11 (2) establishing requirements and prescribing an
12 examination for dual language instruction teacher certification as
13 required by Section 21.050(b), Education Code, as amended by this
14 Act, and Section 28.0051(d), Education Code, as added by this Act;
15 and

16 (3) permitting an educator to fulfill continuing
17 education requirements by acquiring conversational skill in a
18 language other than English as required by Section 21.054(c),
19 Education Code, as added by this Act.

20 PART F. STATE AND REGIONAL GOVERNANCE

21 SECTION 2F.01. Section 7.004, Education Code, is amended to
22 read as follows:

23 Sec. 7.004. SUNSET PROVISION. (a) The Texas Education
24 Agency is subject to Chapter 325, Government Code (Texas Sunset
25 Act). Unless continued in existence as provided by that chapter,
26 the agency is abolished September 1, 2017 [~~2005~~].

27 (b) A review conducted under Chapter 325, Government Code

1 (Texas Sunset Act), in accordance with this section must include a
2 review of the regional education service centers under Chapter 8.

3 SECTION 2F.02. Subchapter A, Chapter 7, Education Code, is
4 amended by adding Section 7.010 to read as follows:

5 Sec. 7.010. BEST PRACTICES. (a) Using existing funds and
6 other resources available for the purpose, the agency and the
7 regional education service centers shall solicit and collect from
8 exemplary or recognized school districts and open-enrollment
9 charter schools, as rated under Section 39.072, best practices
10 information and shall disseminate that information. The agency and
11 the regional education service centers shall enter into a
12 memorandum of understanding that establishes the respective duties
13 of the agency and the regional education service centers in
14 soliciting, collecting, and disseminating the best practices
15 information.

16 (b) The best practices information may include:

17 (1) information concerning available programs,
18 products, and policies that have been successfully adopted or
19 developed and used by school districts or open-enrollment charter
20 schools;

21 (2) specific examples of successful best practices;
22 and

23 (3) resources available to assist school districts and
24 open-enrollment charter schools in complying with applicable state
25 or federal education laws.

26 (c) The best practices information must include information
27 collected by the agency or a regional education service center

1 concerning the effective use of online courses, including:

2 (1) methods for using online courses to provide
3 curriculum solutions;

4 (2) information to assist school districts and
5 open-enrollment charter schools in investigating the quality of
6 online courses; and

7 (3) a list of funding sources available for various
8 types of online courses.

9 (d) The agency and the regional education service centers
10 are not required to evaluate and may not endorse the best practices
11 information collected under this section.

12 (e) The agency and the regional education service centers
13 shall develop incentives for school districts and open-enrollment
14 charter schools to implement best practices.

15 SECTION 2F.03. Subchapter B, Chapter 7, Education Code, is
16 amended by adding Section 7.0211 to read as follows:

17 Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. The agency may
18 receive gifts, grants, or donations from any public or private
19 source to perform any educational function the agency is authorized
20 to perform by law.

21 SECTION 2F.04. Section 7.027, Education Code, as added by
22 Chapter 201, Acts of the 78th Legislature, Regular Session, 2003,
23 is redesignated as Section 7.028, Education Code, and amended to
24 read as follows:

25 Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING.

26 (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074~~],
27 or 39.075, the agency may monitor compliance with requirements

1 applicable to a process or program provided by a school district,
2 campus, program, or school granted charters under Chapter 12,
3 including the process described by Subchapter F, Chapter 11, or a
4 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
5 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
6 provided for such a program under Subchapter C, Chapter 42, only as
7 necessary to ensure:

8 (1) compliance with federal law and regulations;

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

11 (3) data integrity for purposes of:

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

14 (B) accountability under Chapter 39.

15 (b) The board of trustees of a school district or the
16 governing body of an open-enrollment charter school has primary
17 responsibility for ensuring that the district or school complies
18 with all applicable requirements of state educational programs.

19 SECTION 2F.05. Subchapter B, Chapter 7, Education Code, is
20 amended by adding Section 7.033 to read as follows:

21 Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent
22 permissible under Section 7.028, the agency shall develop and
23 implement a comprehensive, integrated monitoring system for
24 monitoring school district and charter school overall performance
25 under and compliance with federal and state education laws. The
26 system must incorporate performance and compliance information
27 collected by various agency divisions for each school district and

1 charter school, including information relating to:

- 2 (1) data integrity;
- 3 (2) the performance of district or school programs;
- 4 (3) financial accountability;
- 5 (4) academic accountability;
- 6 (5) previous history of compliance;
- 7 (6) complaints issues; and
- 8 (7) governance issues.

9 SECTION 2F.06. Sections 7.057(a) and (d), Education Code,
10 are amended to read as follows:

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

- 14 (1) the school laws of this state; or
- 15 (2) actions or decisions of any school district board
16 of trustees that violate:

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

21 (d) Except as provided by Section 7.0571, a [A] person
22 aggrieved by an action of the agency or decision of the commissioner
23 may appeal to a district court in Travis County. An appeal must be
24 made by serving the commissioner with citation issued and served in
25 the manner provided by law for civil suits. The petition must state
26 the action or decision from which the appeal is taken. At trial,
27 the court shall determine all issues of law and fact, except as

1 provided by Section 33.081(g).

2 SECTION 2F.07. Subchapter C, Chapter 7, Education Code, is
3 amended by adding Section 7.0571 to read as follows:

4 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The
5 commissioner shall adopt rules under which a school district,
6 open-enrollment charter school, or other person that wishes to
7 challenge an agency decision made under Chapter 39, 41, 42, or 46
8 must petition the commissioner for an informal review by the
9 commissioner of the decision.

10 (b) The commissioner may limit a review under this section
11 to a written submission of any issue identified by the
12 commissioner.

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

15 SECTION 2F.08. Chapter 7, Education Code, is amended by
16 adding Subchapter E to read as follows:

17 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

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

22 (b) The grant system must:

23 (1) connect grant activities and funding to student
24 academic performance; and

25 (2) provide for efficient grant application and
26 reporting procedures for grant programs administered by the agency.

27 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall

1 ensure that:

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

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

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

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

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

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

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

25 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The
26 agency, in coordination with regional education service centers,
27 shall use data relating to grant programs, including grant spending

1 and performance information, to identify successful grant
2 programs. Based on the identification of successful grant
3 programs, each regional education service center shall provide
4 information concerning those programs to the school districts in
5 the service center's region.

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

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

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

12 (2) determine whether grant data that a school
13 district or charter school is required to collect is useful and
14 supports:

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

16 (B) the goals for academic performance and
17 accountability or another public education mission, objective, or
18 goal;

19 (3) determine whether grant data is analyzed and
20 disseminated efficiently; and

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

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

27 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL

1 YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the
2 agency shall provide the legislature with a status report
3 concerning the agency's development of the grant system. The
4 report may suggest any statutory changes needed to facilitate a
5 full transition to a performance-based grant system.

6 (b) Beginning with the 2009-2010 school year, the agency
7 shall make the performance-based grant system fully available to
8 school districts and charter schools.

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

10 SECTION 2F.09. Subchapter A, Chapter 8, Education Code, is
11 amended by adding Section 8.0031 to read as follows:

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

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

16 (1) an overview of this code and any rules adopted
17 under this code;

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

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

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

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

26 SECTION 2F.10. Sections 8.051(b), (c), and (d), Education
27 Code, are amended to read as follows:

1 (b) Each regional education service center shall annually
2 develop and submit to the commissioner for approval a plan for
3 improvement. Each plan must include the purposes and description
4 of the services the center will provide to:

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

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

9 (3) other campuses.

10 (c) Each regional education service center shall provide
11 services that enable school districts to operate more efficiently
12 and economically, including collecting and disseminating:

13 (1) best practices information as provided by Section
14 7.010; and

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

17 (d) Each regional education service center shall maintain
18 core services for purchase by school districts and campuses. The
19 core services are:

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

22 (2) training and assistance in providing each program
23 that qualifies for a funding allotment under Section 42.151,
24 42.152, 42.153, or 42.156;

25 (3) assistance specifically designed for a school
26 district or campus rated academically unacceptable under Section
27 39.072 ~~[39.072(a) or a campus whose performance is considered~~

1 ~~unacceptable based on the indicators adopted under Section 39.051]~~;

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

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

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

10 SECTION 2F.11. Subchapter A, Chapter 29, Education Code, is
11 amended by adding Sections 29.0162 and 29.0163 to read as follows:

12 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE
13 PROCESS HEARINGS. (a) The agency shall make available to a parent,
14 student, school district, attorney, or other interested person, and
15 shall place on the agency's Internet website, comprehensive, easily
16 understood information concerning the special education due
17 process hearing process.

18 (b) The information described by Subsection (a) must
19 include:

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

22 (2) the text of any applicable administrative,
23 procedural, or evidentiary rule;

24 (3) a description of any notice requirements;

25 (4) an explanation of options for alternative dispute
26 resolution, including mediation;

27 (5) an explanation of a resolution session;

1 (6) answers to frequently asked questions; and
2 (7) other sources of information, including
3 electronic sources of information, such as special education case
4 law available on the Internet.

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

10 (1) the effectiveness of the due process hearing
11 process; and

12 (2) the performance of a special education hearing
13 officer.

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

17 SECTION 2F.12. Section 61.076, Education Code, is amended
18 by adding Subsections (c) and (d) to read as follows:

19 (c) On or before January 1, 2007, the P-16 council shall:

20 (1) review existing school district programs that
21 provide high school students with the opportunity to enroll in
22 advanced academic courses offered through dual credit and
23 concurrent enrollment programs, including reviewing courses
24 currently approved by districts and offered by institutions of
25 higher education for dual and concurrent enrollment credit;

26 (2) review the high school curriculum required for the
27 recommended high school program under Section 28.025 and study the

1 feasibility of offering a revised curriculum that would provide
2 graduating high school students with at least 12 hours of advanced
3 academic courses or college level coursework offered through dual
4 credit and concurrent enrollment programs provided under
5 agreements between high schools and institutions of higher
6 education; and

7 (3) prepare and deliver a report based on the review
8 and study to the governor, the lieutenant governor, the speaker of
9 the house of representatives, and the presiding officer of the
10 standing committee of each house of the legislature with primary
11 jurisdiction over public education.

12 (d) Subsection (c) and this subsection expire January 2,
13 2007.

14 PART G. SCHOOL DISCIPLINE

15 SECTION 2G.01. Chapter 26, Education Code, is amended by
16 adding Section 26.0083 to read as follows:

17 Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY
18 ACTION. (a) A parent is entitled to notice from a school district
19 or open-enrollment charter school as provided by this section if
20 the parent's child is removed from class under Section 37.006 for
21 placement in a disciplinary alternative education program or under
22 Section 37.007 for expulsion or placement in a juvenile justice
23 alternative education program. A school district or
24 open-enrollment charter school shall make a good faith effort to
25 provide the notice required by this subsection on the same day the
26 parent's child is removed from class. If the district or school
27 fails to provide the notice on that day, the district or school

1 shall provide or mail the notice not later than 5 p.m. on the first
2 business day after the day the student is removed from class.

3 (b) A noncustodial parent who has requested notice of
4 disciplinary actions as provided by Section 37.0091 is entitled to
5 notice under Subsection (a).

6 SECTION 2G.02. Section 37.008, Education Code, is amended
7 by amending Subsections (m) and (m-1) and adding Subsection (n) to
8 read as follows:

9 (m) Notwithstanding Section 7.028, the [The] commissioner
10 shall adopt rules necessary to evaluate through an annual
11 monitoring process [annually] the performance of each district's
12 disciplinary alternative education program established under this
13 subchapter. The monitoring process [evaluation] required by this
14 section may be electronic and shall be based on indicators defined
15 by the commissioner, but must include student performance on
16 assessment instruments required under Section [Sections] 39.023(a)
17 and at least one indicator that measures student academic progress
18 [and (c)]. Academically, the mission of disciplinary alternative
19 education programs shall be to enable students to perform at grade
20 level.

21 (m-1) The agency shall integrate the monitoring process
22 developed under Subsection (m) with the monitoring the agency is
23 authorized to conduct under Section 7.028(a). The commissioner may
24 require [shall develop a process for evaluating] a school district
25 to contract at the district's expense in the manner provided by
26 Section 39.134 with a public or private service provider for
27 services determined by the commissioner to be necessary to:

1 (1) improve student performance;

2 (2) improve disciplinary alternative education
3 program effectiveness; and

4 (3) [electronically. The commissioner shall also
5 develop a system and standards for review of the evaluation or use
6 systems already available at the agency. The system must be
7 designed to identify districts that are at high risk of having
8 inaccurate disciplinary alternative education program data or of
9 failing to] comply with disciplinary alternative education program
10 state and federal requirements.

11 (n) [The commissioner shall notify the board of trustees of
12 a district of any objection the commissioner has to the district's
13 disciplinary alternative education program data or of a violation
14 of a law or rule revealed by the data, including any violation of
15 disciplinary alternative education program requirements, or of any
16 recommendation by the commissioner concerning the data. If the
17 data reflect that a penal law has been violated, the commissioner
18 shall notify the county attorney, district attorney, or criminal
19 district attorney, as appropriate, and the attorney general.] The
20 commissioner is entitled to access to all district records the
21 commissioner considers necessary or appropriate for the review,
22 analysis, or approval of disciplinary alternative education
23 program data.

24 SECTION 2G.03. Sections 37.020(b) and (c), Education Code,
25 are amended to read as follows:

26 (b) For each placement in a disciplinary alternative
27 education program established under Section 37.008, the district

1 shall report:

2 (1) information identifying the student, including
3 the student's race, sex, and date of birth, that will enable the
4 agency to compare placement data with information collected through
5 other reports;

6 (2) information indicating whether the student was
7 enrolled in a special education program under Subchapter A, Chapter
8 29, at the time of the placement;

9 (3) information indicating whether the placement was
10 based on:

11 (A) conduct violating the student code of conduct
12 adopted under Section 37.001;

13 (B) conduct for which a student may be removed
14 from class under Section 37.002(b);

15 (C) conduct for which placement in a disciplinary
16 alternative education program is required by Section 37.006; or

17 (D) conduct occurring while a student was
18 enrolled in another district and for which placement in a
19 disciplinary alternative education program is permitted by Section
20 37.008(j);

21 (4) [~~3~~] the number of full or partial days the
22 student was assigned to the program and the number of full or
23 partial days the student attended the program; and

24 (5) [~~4~~] the number of placements that were
25 inconsistent with the guidelines included in the student code of
26 conduct under Section 37.001(a)(5).

27 (c) For each expulsion under Section 37.007, the district

1 shall report:

2 (1) information identifying the student, including
3 the student's race, sex, and date of birth, that will enable the
4 agency to compare placement data with information collected through
5 other reports;

6 (2) information indicating whether the student was
7 enrolled in a special education program under Subchapter A, Chapter
8 29, at the time of the expulsion;

9 (3) information indicating whether the expulsion was
10 based on:

11 (A) conduct for which expulsion is required under
12 Section 37.007, including information specifically indicating
13 whether a student was expelled on the basis of Section 37.007(e); or

14 (B) conduct for which expulsion is permitted
15 under Section 37.007;

16 (4) [~~3~~] the number of full or partial days the
17 student was expelled;

18 (5) [~~4~~] information indicating whether:

19 (A) the student was placed in a juvenile justice
20 alternative education program under Section 37.011;

21 (B) the student was placed in a disciplinary
22 alternative education program; or

23 (C) the student was not placed in a juvenile
24 justice or other disciplinary alternative education program; and

25 (6) [~~5~~] the number of expulsions that were
26 inconsistent with the guidelines included in the student code of
27 conduct under Section 37.001(a)(5).

PART H. CRIMINAL HISTORY RECORDS INFORMATION

SECTION 2H.01. Subchapter B, Chapter 21, Education Code, is amended by adding Section 21.0401 to read as follows:

Sec. 21.0401. COLLECTION OF FINGERPRINTS REQUIRED. The board shall obtain a complete set of fingerprints from:

(1) each applicant for a certificate issued under this subchapter;

(2) each applicant for or holder of a teaching permit issued under this subchapter; and

(3) each person described by Section 11A.153 or Section 21.0032 for whom the board has received information from a public charter district.

SECTION 2H.02. Section 21.041(c), Education Code, is amended to read as follows:

(c) The board shall propose rules [~~a rule~~] adopting fees [~~a fee~~] for:

(1) the issuance and maintenance of each [an] educator certificate that is adequate to cover the cost of administration of this subchapter, including any amount necessary to cover the cost of obtaining fingerprints under Section 21.0401 or conducting a national criminal background review and investigation under Sections 21.0032 and 22.082; and

(2) the cost of obtaining fingerprints from or conducting a national criminal background review of a holder of a teaching permit issued under this subchapter.

SECTION 2H.03. Section 22.082, Education Code, is amended to read as follows:

1 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
2 BOARD FOR EDUCATOR CERTIFICATION. (a) The State Board for Educator
3 Certification shall obtain from any law enforcement or criminal
4 justice agency all state and national criminal history record
5 information that relates to:

6 (1) an applicant for or holder of a certificate or
7 permit issued under Subchapter B, Chapter 21; or

8 (2) a person described by Section 11A.153 or 21.0032.

9 (b) The board shall require each applicant, holder, and
10 person described by Subsection (a)(2) to pay any costs to the board
11 related to obtaining criminal history record information related to
12 the person under this section.

13 SECTION 2H.04. Section 411.090, Government Code, is amended
14 to read as follows:

15 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION
16 AND FINGERPRINTS: STATE BOARD FOR EDUCATOR CERTIFICATION. (a) The
17 State Board for Educator Certification is entitled to obtain from
18 the department any criminal history record information maintained
19 by the department about:

20 (1) a person who has applied or expressed to the board
21 an intention to apply [~~to the board~~] for a certificate or permit
22 under Subchapter B, Chapter 21, Education Code; or

23 (2) a person described by Section 11A.153 or 21.0032,
24 Education Code.

25 (b) Criminal history record information obtained by the
26 board under Subsection (a):

27 (1) may be used for any purpose related to the

1 issuance, denial, suspension, or cancellation of a certificate or
2 permit under Subchapter B, Chapter 21, Education Code, or for any
3 purpose authorized by Section 11A.153 or 21.0032, Education Code
4 [issued by the board]; and

5 (2) may not be released to any person except on court
6 order or with the consent of the subject of the criminal history
7 record information ~~[applicant for a certificate, and~~

8 ~~[(3) shall be destroyed by the board after the~~
9 ~~information is used for the authorized purposes].~~

10 (c) The board may keep on file with the department all
11 fingerprints obtained by the board under Section 21.0401, Education
12 Code. The department shall notify the board of the arrest of any
13 person who has fingerprints on file with the department pursuant to
14 that section.

15 (d) On receipt of notice from the department of an arrest of
16 a person described by Section 11A.153 or 21.0032, Education Code,
17 the board shall notify the public charter district affected.

18 PART I. HEALTH COVERAGE OR COMPENSATION SUPPLEMENTATION

19 SECTION 2I.01. Chapter 1580, Insurance Code, is reenacted
20 and amended to read as follows:

21 CHAPTER 1580. ACTIVE EMPLOYEE HEALTH COVERAGE

22 OR COMPENSATION SUPPLEMENTATION

23 SUBCHAPTER A. GENERAL PROVISIONS

24 Sec. 1580.001. DEFINITIONS. In this chapter:

25 (1) "Cafeteria plan" means a plan as defined and
26 authorized by Section 125, Internal Revenue Code of 1986, and its
27 subsequent amendments.

1 (2) "Employee" means a participating member of the
2 Teacher Retirement System of Texas who:

3 (A) is employed by a school district, other
4 educational district whose employees are members of the Teacher
5 Retirement System of Texas, participating charter school, or
6 regional education service center; and

7 (B) is not a retiree covered under the program
8 established under Chapter 1575.

9 (3) "Participating charter school" means an
10 open-enrollment charter school established under Subchapter D,
11 Chapter 12, Education Code, that participates in the program
12 established under Chapter 1579.

13 (4) "Regional education service center" means a
14 regional education service center established under Chapter 8,
15 Education Code.

16 (5) "Trustee" means the Teacher Retirement System of
17 Texas.

18 Sec. 1580.002. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

19 (a) The trustee may adopt rules to implement this chapter.

20 (b) The trustee may enter into interagency contracts with
21 any agency of this state for the purpose of assistance in
22 implementing this chapter.

23 SUBCHAPTER B. DESIGNATION OF COMPENSATION AS HEALTH CARE

24 SUPPLEMENTATION [~~DISTRIBUTION OF STATE FUNDS BY TRUSTEE~~]

25 Sec. 1580.051. DESIGNATION OF COMPENSATION AS HEALTH CARE
26 SUPPLEMENTATION. (a) As provided by Section 21.402 or 22.007,
27 Education Code, and subject to Section 1580.102, an employee of a

1 ~~[DISTRIBUTION BY TRUSTEE. Each year, the trustee shall deliver to~~
2 ~~each] school district, [including a school district that is~~
3 ~~ineligible for state aid under Chapter 42, Education Code, each]~~
4 other educational district that is a member of the Teacher
5 Retirement System of Texas, ~~[each]~~ participating charter school, or
6 ~~[and each]~~ regional education service center may elect to designate
7 a portion of the employee's compensation to be used as health care
8 supplementation under this chapter. The amount designated under
9 this section may not exceed the amount permitted under applicable
10 federal law.

11 (b) Notwithstanding Subsection (a), an administrator, as
12 defined by the trustee, employed by a school district, another
13 educational district, a participating charter school, or a regional
14 education service center is not eligible to elect to designate a
15 portion of the person's compensation to be used as health care
16 supplementation under this chapter ~~[state funds in an amount, as~~
17 ~~determined by the trustee, equal to the product of the number of~~
18 ~~active employees employed by the district, school, or service~~
19 ~~center multiplied by \$1,000 or a greater amount as provided by the~~
20 ~~General Appropriations Act for purposes of this chapter].~~

21 ~~[Sec. 1580.052. EQUAL INSTALLMENTS. The trustee shall~~
22 ~~distribute funds under this chapter in equal monthly installments.]~~

23 Sec. 1580.053. FUNDS HELD IN TRUST. All funds received by
24 a school district, other educational district, participating
25 charter school, or regional education service center under this
26 chapter are held in trust for the benefit of the active employees on
27 whose behalf the district, school, or service center received the

1 funds.

2 ~~[Sec. 1580.054. RECOVERY OF DISTRIBUTIONS. The trustee is~~
3 ~~entitled to recover from a school district, other educational~~
4 ~~district, participating charter school, or regional education~~
5 ~~service center any amount distributed under this chapter to which~~
6 ~~the district, school, or service center was not entitled.~~

7 ~~[Sec. 1580.055. DETERMINATION OF TRUSTEE FINAL. A~~
8 ~~determination by the trustee under this subchapter is final and may~~
9 ~~not be appealed.]~~

10 SUBCHAPTER C. EMPLOYEE ELECTION

11 Sec. 1580.101. WRITTEN ELECTION REQUIRED. (a) Each school
12 year, an active employee must elect in writing whether to designate
13 a portion of the employee's compensation to be used as health care
14 supplementation under this chapter.

15 (b) This section does not apply to an employee to whom
16 Section 1580.102 applies.

17 Sec. 1580.1011. EMPLOYEE COVERED BY CAFETERIA PLAN. (a) To
18 elect to designate a portion of the employee's compensation to be
19 used as health care supplementation under this chapter, [If] an
20 active employee must be [is] covered by a cafeteria plan of a school
21 district, other educational district, participating charter
22 school, or regional education service center. The employee must
23 ~~the state contribution under this chapter shall be deposited in the~~
24 ~~cafeteria plan, and the employee may] elect among the options~~
25 provided by the cafeteria plan.

26 (b) A cafeteria plan receiving funds designated as health
27 care supplementation ~~[state contributions]~~ under this chapter may

1 include a medical savings account option and must include, at a
2 minimum, the following options:

3 (1) a health care reimbursement account;

4 (2) a benefit or coverage other than that provided
5 under Chapter 1579, or any employee coverage or dependent coverage
6 available under Chapter 1579 but not otherwise fully funded by the
7 state or the employer contributions, any of which must be a
8 "qualified benefit" under Section 125, Internal Revenue Code of
9 1986, and its subsequent amendments; or

10 (3) [~~an option for the employee to receive the state~~
11 ~~contribution as supplemental compensation; or~~

12 [~~(4)~~] an option to divide the funds between [~~state~~
13 ~~contribution among two or more of~~] the other options provided under
14 this subsection.

15 Sec. 1580.102. EMPLOYEE NOT COVERED BY CAFETERIA PLAN. If
16 an active employee is not covered by a cafeteria plan of a school
17 district, other educational district, participating charter
18 school, or regional education service center, the employee is not
19 eligible to elect to designate a portion of the employee's
20 compensation to be used as health care supplementation under this
21 chapter [~~state contribution under this chapter shall be paid to the~~
22 ~~active employee as supplemental compensation~~].

23 [~~Sec. 1580.103. SUPPLEMENTAL COMPENSATION. Supplemental~~
24 ~~compensation under this subchapter must be in addition to the rate~~
25 ~~of compensation that:~~

26 [~~(1) the school district, other educational district,~~
27 ~~participating charter school, or regional education service center~~

1 ~~paid the employee in the preceding school year; or~~

2 ~~[(2) the district, school, or service center would~~
3 ~~have paid the employee in the preceding school year if the employee~~
4 ~~had been employed by the district, school, or service center in the~~
5 ~~same capacity in the preceding school year.]~~

6 Sec. 1580.104. TIME FOR ELECTION. For each state fiscal
7 year, an election under this subchapter must be made before the
8 later of:

9 (1) August 1 of the preceding state fiscal year; or

10 (2) the 31st day after the date the employee is hired.

11 Sec. 1580.105. WRITTEN EXPLANATION; ELECTION
12 FORM. (a) The trustee shall prescribe and distribute to each
13 school district, other educational district, participating charter
14 school, and regional education service center:

15 (1) a model explanation written in English and Spanish
16 of the options active employees may elect under this section and the
17 effect of electing each option; and

18 (2) an election form to be completed by active
19 employees.

20 (b) Each state fiscal year, a school district, other
21 educational district, participating charter school, or regional
22 education service center shall prepare and distribute to each
23 active employee a written explanation in English and Spanish, as
24 appropriate, of the options the employee may elect under this
25 section. The explanation must be based on the model explanation
26 prepared by the trustee under Subsection (a) and must reflect all
27 available health coverage options available to the employee. The

1 explanation must be distributed to an employee before the later of:

2 (1) July 1 of the preceding state fiscal year; or

3 (2) the fifth day after the date the employee is hired.

4 (c) The written explanation under Subsection (b) must be
5 accompanied by a copy of the election form prescribed under
6 Subsection (a)(2).

7 ~~[Sec. 1580.106. RETURN OF UNENCUMBERED FUNDS. Any~~
8 ~~unencumbered funds that are returned to the school district from~~
9 ~~accounts established under Section 1580.101 may be used only to~~
10 ~~provide employee compensation, benefits, or both.]~~

11 SUBCHAPTER D. MEDICAL SAVINGS ACCOUNT

12 Sec. 1580.151. DEFINITION. In this subchapter, "qualified
13 health care expense" means an expense paid by an employee for
14 medical care, as defined by Section 213(d), Internal Revenue Code
15 of 1986, and its subsequent amendments, for the employee or the
16 employee's dependents, as defined by Section 152, Internal Revenue
17 Code of 1986, and its subsequent amendments.

18 Sec. 1580.152. RULES. The trustee, by rule, shall specify
19 the requirements for a medical savings account established under
20 this chapter.

21 Sec. 1580.153. QUALIFICATION OF ACCOUNT. (a) The trustee
22 shall request in writing a ruling or opinion from the Internal
23 Revenue Service as to whether the medical savings accounts
24 established under this chapter and the state rules governing those
25 accounts qualify the accounts for appropriate federal tax
26 exemptions.

27 (b) Based on the response of the Internal Revenue Service

1 under Subsection (a), the trustee shall:

2 (1) modify the rules, plans, and procedures adopted
3 under this section as necessary to ensure the qualification of
4 those accounts for appropriate federal tax exemptions; and

5 (2) certify the information regarding federal tax
6 qualifications to the comptroller.

7 Sec. 1580.154. EMPLOYEE ELECTION. An employee who elects
8 under Section 1580.101 to have state funds distributed under this
9 chapter placed in a medical savings account may use the money in
10 that account only for a qualified health care expense.

11 PART J. SCHOOL SAFETY

12 SECTION 2J.01. Chapter 33, Education Code, is amended by
13 adding Subchapter F to read as follows:

14 SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR
15 ACTIVITIES

16 Sec. 33.201. APPLICABILITY. This subchapter applies to
17 each public school in this state and to any other school in this
18 state subject to University Interscholastic League regulations.

19 Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The
20 commissioner by rule shall develop and adopt a safety training
21 program as provided by this section. In developing the program, the
22 commissioner may use materials available from the American Red
23 Cross or another appropriate entity.

24 (b) The following persons must satisfactorily complete the
25 safety training program:

26 (1) a coach, trainer, or sponsor for an
27 extracurricular athletic activity;

1 (2) except as provided by Subsection (f), a physician
2 who is employed by a school or school district or who volunteers to
3 assist with an extracurricular athletic activity; and

4 (3) a director responsible for a school marching band.

5 (c) The safety training program must include:

6 (1) certification of participants by the American Red
7 Cross, the American Heart Association, or a similar organization or
8 the University Interscholastic League, as determined by the
9 commissioner;

10 (2) annual training in:

11 (A) emergency action planning;

12 (B) cardiopulmonary resuscitation if the person
13 is not required to obtain certification under Section 33.086;

14 (C) communicating effectively with 9-1-1
15 emergency service operators and other emergency personnel; and

16 (D) recognizing symptoms of potentially
17 catastrophic injuries, including head and neck injuries,
18 concussions, injuries related to second impact syndrome, asthma
19 attacks, heatstroke, cardiac arrest, and injuries requiring use of
20 a defibrillator; and

21 (3) at least once each school year, a safety drill that
22 incorporates the training described by Subdivision (2) and
23 simulates various injuries described by Subdivision (2)(D).

24 (d) A student participating in an extracurricular athletic
25 activity must receive training related to:

26 (1) recognizing the symptoms of injuries described by
27 Subsection (c)(2)(D); and

1 (2) the risks of using supplements designed or
2 marketed to enhance athletic performance.

3 (e) The safety training program and the training under
4 Subsection (d) may each be conducted by a school or school district
5 or by an organization described by Subsection (c)(1).

6 (f) A physician who is employed by a school or school
7 district or who volunteers to assist with an extracurricular
8 athletic activity is exempt from the requirements of Subsection (b)
9 if the physician attends a continuing medical education course that
10 specifically addresses emergency medicine for athletic team
11 physicians.

12 Sec. 33.2021. COMPLETION OF UNIVERSITY INTERSCHOLASTIC
13 LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an
14 extracurricular athletic activity must complete the University
15 Interscholastic League forms entitled "Preparticipation Physical
16 Evaluation--Medical History" and "Acknowledgment of Rules." Each
17 form must be signed by both the student and the student's parent or
18 guardian.

19 (b) Each form described by Subsection (a) must clearly state
20 that failure to accurately and truthfully answer all questions on a
21 form required by statute or by the University Interscholastic
22 League as a condition for participation in an extracurricular
23 athletic activity subjects a signer of the form to penalties
24 determined by the University Interscholastic League.

25 (c) The "Preparticipation Physical Evaluation--Medical
26 History" form described by Subsection (a) must contain the
27 following statement:

1 "An individual answering in the affirmative to
2 any question relating to a possible cardiovascular
3 health issue, as identified on the form, should be
4 restricted from further participation until the
5 individual is examined by the individual's primary
6 care physician. Ultimately, the individual may need
7 to be evaluated by a cardiologist and/or undergo
8 cardiac testing (including an echocardiogram and/or
9 other heart-related examination) based on the
10 assessment by the primary care physician."

11 Sec. 33.203. CERTAIN UNSAFE ATHLETIC ACTIVITIES
12 PROHIBITED. A coach, trainer, or sponsor for an extracurricular
13 athletic activity may not encourage or permit a student
14 participating in the activity to engage in any unreasonably
15 dangerous athletic technique that unnecessarily endangers the
16 health of a student, including using a helmet or any other sports
17 equipment as a weapon.

18 Sec. 33.204. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A
19 coach, trainer, or sponsor for an extracurricular athletic activity
20 shall at each athletic practice or competition ensure that:

21 (1) each student participating in the activity is
22 adequately hydrated;

23 (2) any prescribed asthma medication for a student
24 participating in the activity is readily available to the student;

25 (3) emergency lanes providing access to the practice
26 or competition area are open and clear; and

27 (4) heatstroke prevention materials are readily

1 available.

2 (b) If a student participating in an extracurricular
3 athletic activity, including a practice or competition, is rendered
4 unconscious during the activity, the student may not:

5 (1) return to the practice or competition during which
6 the student was rendered unconscious; or

7 (2) continue to participate in any extracurricular
8 athletic activity until the student receives written authorization
9 from a physician.

10 Sec. 33.205. COMPLIANCE; ENFORCEMENT. (a) On request, a
11 school shall make available to the public proof of compliance for
12 each person enrolled in, employed by, or volunteering for the
13 school who is required to receive safety training described by
14 Section 33.202.

15 (b) The superintendent of a school district or the director
16 of a school subject to this subchapter shall maintain complete and
17 accurate records of the district's or school's compliance with
18 Section 33.202.

19 (c) A school campus that is determined by the school's
20 superintendent or director to not be in compliance with Section
21 33.202, 33.204, or 33.205 shall discontinue all extracurricular
22 athletic activities offered by the school campus, including all
23 practices and competitions, until the superintendent or director
24 determines that the school campus is in compliance.

25 Sec. 33.206. CONTACT INFORMATION. (a) The commissioner
26 shall maintain an existing telephone number and an electronic mail
27 address to allow a person to report a violation of this subchapter.

1 (b) Each school that offers an extracurricular athletic
2 activity shall prominently display at the administrative offices of
3 the school the telephone number and electronic mail address
4 maintained under Subsection (a).

5 Sec. 33.207. NOTICE REQUIRED. (a) A school that offers an
6 extracurricular athletic activity shall provide to each student
7 participating in an extracurricular athletic activity and to the
8 student's parent or guardian a copy of the text of Sections
9 33.201-33.207 and a copy of the University Interscholastic League's
10 parent information manual.

11 (b) A document required to be provided under this section
12 may be provided in an electronic format unless otherwise requested
13 by a student, parent, or guardian.

14 Sec. 33.208. INCORPORATION OF SAFETY REGULATIONS. The
15 University Interscholastic League shall incorporate the provisions
16 of Sections 33.203-33.207 into the league's constitution and
17 contest rules.

18 Sec. 33.209. LIABILITY. The requirements of this
19 subchapter are not considered ministerial acts for purposes of
20 immunity from liability under Section 22.0511.

21 SECTION 2J.02. Subchapter D, Chapter 33, Education Code, is
22 amended by adding Section 33.087 to read as follows:

23 Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL
24 DEFIBRILLATORS. (a) Using existing funds and other resources
25 available for the purpose, the agency and the University
26 Interscholastic League shall jointly investigate the availability
27 of federal, state, local, and private funds for purchasing

1 automated external defibrillators, as defined by Section 779.001,
2 Health and Safety Code, for use by University Interscholastic
3 League member schools, and the possibility of receiving a bulk
4 discount on such purchases.

5 (b) The agency and the University Interscholastic League
6 shall submit a report describing the findings of the investigation
7 to the legislature not later than June 1, 2006.

8 (c) This section expires July 1, 2006.

9 SECTION 2J.03. Subchapter D, Chapter 37, Education Code, is
10 amended by adding Section 37.108 to read as follows:

11 Sec. 37.108. MULTHAZARD EMERGENCY OPERATIONS PLAN;
12 SECURITY AUDIT. (a) Each school district shall adopt and
13 implement a multihazard emergency operations plan for use in
14 district schools. The plan must address mitigation, preparedness,
15 response, and recovery as recommended by the United States
16 Department of Homeland Security. The plan must provide for:

17 (1) district employee training in responding to an
18 emergency;

19 (2) mandatory school drills to prepare district
20 students and employees for responding to an emergency;

21 (3) measures to ensure coordination with local
22 emergency management agencies, law enforcement, and fire
23 departments in the event of an emergency; and

24 (4) the implementation of a security audit as required
25 by Subsection (b).

26 (b) At least once every three years, a school district shall
27 conduct a security audit of the district's facilities. To the

1 extent possible, a district shall follow security audit procedures
2 developed by the Texas School Safety Center or a comparable public
3 or private entity.

4 (c) A school district shall report the results of the
5 security audit conducted under Subsection (b) to the district's
6 board of trustees.

7 SECTION 2J.04. Section 37.203(a), Education Code, is
8 amended to read as follows:

9 (a) The center is advised [~~governed~~] by a board of directors
10 composed of:

11 (1) the attorney general, or the attorney general's
12 designee;

13 (2) the commissioner, or the commissioner's designee;

14 (3) the executive director of the Texas Juvenile
15 Probation Commission, or the executive director's designee;

16 (4) the executive director of the Texas Youth
17 Commission, or the executive director's designee;

18 (5) the commissioner of the Texas Department of Mental
19 Health and Mental Retardation, or the commissioner's designee; and

20 (6) the following members appointed by the governor
21 with the advice and consent of the senate:

22 (A) a juvenile court judge;

23 (B) a member of a school district's board of
24 trustees;

25 (C) an administrator of a public primary school;

26 (D) an administrator of a public secondary
27 school;

1 (E) a member of the state parent-teacher
2 association;

3 (F) a teacher from a public primary or secondary
4 school;

5 (G) a public school superintendent who is a
6 member of the Texas Association of School Administrators;

7 (H) a school district police officer or a peace
8 officer whose primary duty consists of working in a public school;
9 and

10 (I) two members of the public.

11 SECTION 2J.05. Section 37.205, Education Code, is amended
12 to read as follows:

13 Sec. 37.205. SAFETY TRAINING PROGRAMS. The center shall
14 conduct for school districts a safety training program that
15 includes:

16 (1) development of a positive school environment and
17 proactive safety measures designed to address local concerns;

18 (2) school safety courses for law enforcement
19 officials, with a focus on school district police officers and
20 school resource officers;

21 (3) discussion of school safety issues with parents
22 and community members; and

23 (4) assistance in developing a multihazard emergency
24 operations plan for adoption under Section 37.108 [~~specialized~~
25 ~~training for the staff of alternative education programs and~~
26 ~~juvenile justice alternative education programs~~].

27 SECTION 2J.06. Subchapter G, Chapter 37, Education Code, is

1 amended by adding Section 37.2051 to read as follows:

2 Sec. 37.2051. SECURITY CRITERIA FOR INSTRUCTIONAL
3 FACILITIES. The center shall develop security criteria that school
4 districts may consider in the design of instructional facilities.

5 SECTION 2J.07. Section 37.208, Education Code, is amended
6 to read as follows:

7 Sec. 37.208. ON-SITE ASSISTANCE. On request of a school
8 district, the center may [~~shall~~] provide on-site technical
9 assistance to the district for:

- 10 (1) school safety and security audits; and
11 (2) school safety and security information and
12 presentations.

13 SECTION 2J.08. Section 37.215(b), Education Code, is
14 amended to read as follows:

15 (b) The center [~~board~~] shall biannually prepare a budget
16 request [~~for the center~~] for submission to the legislature.

17 SECTION 2J.09. Subchapter A, Chapter 46, Education Code, is
18 amended by adding Section 46.0081 to read as follows:

19 Sec. 46.0081. SECURITY CRITERIA IN DESIGN OF INSTRUCTIONAL
20 FACILITIES. A school district that constructs a new instructional
21 facility or conducts a major renovation of an existing
22 instructional facility using funds allotted to the district under
23 this subchapter shall consider, in the design of the instructional
24 facility, security criteria developed by the Texas School Safety
25 Center under Section 37.2051.

26 SECTION 2J.10. Sections 37.206 and 37.213, Education Code,
27 are repealed.

1 SECTION 2J.11. (a) Not later than December 1, 2005, the
2 Texas School Safety Center shall:

3 (1) develop a school safety program that includes
4 assistance to school districts in developing a multihazard
5 emergency operations plan as required by Section 37.205, Education
6 Code, as amended by this Act; and

7 (2) develop security criteria for the construction and
8 renovation of school district instructional facilities as required
9 by Section 37.2051, Education Code, as added by this Act.

10 (b) Not later than March 1, 2006, each school district shall
11 adopt a multihazard emergency operations plan as required by
12 Section 37.108, Education Code, as added by this Act.

13 PART K. SCHOOL DISTRICT OPERATIONS

14 SECTION 2K.01. Section 7.056(e), Education Code, is amended
15 to read as follows:

16 (e) Except as provided by Subsection (f), a school campus or
17 district may not receive an exemption or waiver under this section
18 from:

19 (1) a prohibition on conduct that constitutes a
20 criminal offense;

21 (2) a requirement imposed by federal law or rule,
22 including a requirement for special education or bilingual
23 education programs; or

24 (3) a requirement, restriction, or prohibition
25 relating to:

26 (A) essential knowledge or skills under Section
27 28.002 or minimum graduation requirements under Section 28.025;

1 (B) public school accountability as provided by
2 Subchapters B, C, D, and G, Chapter 39;

3 (C) extracurricular activities under Section
4 33.081;

5 (D) health and safety under Chapter 38;

6 (E) purchasing under Subchapter B, Chapter 44;

7 (F) elementary school class size limits, except
8 as provided by Section 25.112;

9 (G) removal of a disruptive student from the
10 classroom under Subchapter A, Chapter 37;

11 (H) at-risk programs under Subchapter C, Chapter
12 29;

13 (I) prekindergarten programs under Subchapter E,
14 Chapter 29;

15 (J) educator rights and benefits under
16 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
17 A, Chapter 22;

18 (K) special education programs under Subchapter
19 A, Chapter 29; ~~or~~

20 (L) bilingual education programs under
21 Subchapter B, Chapter 29; or

22 (M) the requirements for the first and last day
23 of instruction under Section 25.0811, except as provided by that
24 section.

25 SECTION 2K.02. The heading to Section 25.0811, Education
26 Code, is amended to read as follows:

27 Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

1 SECTION 2K.03. Section 25.0811(a), Education Code, is
2 amended to read as follows:

3 ~~[(a)]~~ A school district shall ~~[may not]~~ begin instruction
4 for students for a school year on the first Tuesday after Labor Day.
5 The school year must end not later than June 7 unless:

6 (1) the district operates a year-round system under
7 Section 25.084; or

8 (2) the commissioner grants a waiver to extend the
9 school year at a campus as the result of a disaster, flood, extreme
10 weather condition, fuel curtailment, or other calamity that caused
11 a closure of the campus for a significant period ~~[before the week in~~
12 ~~which August 21 falls. For purposes of this subsection, Sunday is~~
13 ~~considered the first day of the week].~~

14 SECTION 2K.04. This part applies beginning with the
15 2006-2007 school year.

16 PART L. SAFETY OR LAP BELTS IN SCHOOL BUSES

17 SECTION 2L.01. Chapter 34, Education Code, is amended by
18 adding Section 34.012 to read as follows:

19 Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) A person
20 may offer to donate safety or lap belts or money for the purchase of
21 safety or lap belts for a school district's school buses.

22 (b) The board of trustees of a school district shall
23 consider any offer made by a person under Subsection (a). The board
24 of trustees may accept or decline the offer after adequate
25 consideration.

26 (c) The board of trustees may acknowledge a person who
27 donates safety or lap belts or money for the purchase of safety or

1 lap belts for a school bus under this section by displaying a small,
2 discreet sign on the side or back of the bus recognizing the person
3 who made the donation. The sign may not serve as an advertisement
4 for the person who made the donation.

5 ARTICLE 3. [Reserved]

6 ARTICLE 4. CHARTER SCHOOLS

7 SECTION 4.01. (a) Effective August 1, 2006, Subchapter D,
8 Chapter 12, Education Code, is repealed.

9 (b) Except as provided by Section 11A.1041, Education Code,
10 as added by this Act, each open-enrollment charter school operating
11 or holding a charter to operate on August 1, 2006, shall be
12 dissolved in accordance with Subchapter J, Chapter 11A, Education
13 Code, as added by this Act.

14 SECTION 4.02. Subtitle C, Title 2, Education Code, is
15 amended by adding Chapter 11A to read as follows:

16 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

17 SUBCHAPTER A. GENERAL PROVISIONS

18 Sec. 11A.001. DEFINITIONS. In this chapter:

19 (1) "Charter holder" means the entity to which a
20 charter is granted under this chapter.

21 (2) "Governing body of a charter holder" means the
22 board of directors, board of trustees, or other governing body of a
23 charter holder.

24 (3) "Governing body of a public charter district"
25 means the board of directors, board of trustees, or other governing
26 body of a public charter district. The term includes the governing
27 body of a charter holder if that body acts as the governing body of

1 the public charter district.

2 (4) "Management company" means a person, other than a
3 charter holder, who provides management services for a public
4 charter district.

5 (5) "Management services" means services related to
6 the management or operation of a public charter district,
7 including:

8 (A) planning, operating, supervising, and
9 evaluating the public charter district's educational programs,
10 services, and facilities;

11 (B) making recommendations to the governing body
12 of the public charter district relating to the selection of school
13 personnel;

14 (C) managing the public charter district's
15 day-to-day operations as its administrative manager;

16 (D) preparing and submitting to the governing
17 body of the public charter district a proposed budget;

18 (E) recommending policies to be adopted by the
19 governing body of the public charter district, developing
20 appropriate procedures to implement policies adopted by the
21 governing body of the public charter district, and overseeing the
22 implementation of adopted policies; and

23 (F) providing leadership for the attainment of
24 student performance at the public charter district based on the
25 indicators adopted under Section 39.051 or by the governing body of
26 the public charter district.

27 (6) "Officer of a public charter district" means:

1 (A) the principal, director, or other chief
2 operating officer of a public charter district or campus; or

3 (B) a person charged with managing the finances
4 of a public charter district.

5 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
6 chapter, the State Board of Education may grant a charter on the
7 application of an eligible entity for a public charter district to
8 operate in a facility of a commercial or nonprofit entity, an
9 eligible entity, or a school district, including a home-rule school
10 district. In this subsection, "eligible entity" means:

11 (1) an institution of higher education as defined
12 under Section 61.003;

13 (2) a private or independent institution of higher
14 education as defined under Section 61.003;

15 (3) an organization that is exempt from federal income
16 taxation under Section 501(a), Internal Revenue Code of 1986, as an
17 organization described by Section 501(c)(3) of that code; or

18 (4) a governmental entity in this state.

19 (b) The State Board of Education may grant a charter for a
20 public charter district only to an applicant that meets all
21 financial, governing, and operational standards adopted by the
22 commissioner under this chapter.

23 (c) The State Board of Education may not grant more than a
24 total of 215 charters for public charter districts.

25 (d) An educator employed by a school district before the
26 effective date of a charter for a public charter district operated
27 at a school district facility may not be transferred to or employed

1 by the public charter district over the educator's objection.

2 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
3 district:

4 (1) shall provide instruction to and assess a number
5 of students at a number of elementary or secondary grade levels, as
6 provided by the charter, sufficient to permit the agency to assign
7 an accountability rating under Chapter 39;

8 (2) is governed under the governing structure required
9 by this chapter and described by the charter;

10 (3) retains authority to operate under the charter
11 contingent on satisfactory student performance as provided by the
12 charter in accordance with Section 11A.103; and

13 (4) does not have authority to impose taxes.

14 Sec. 11A.004. STATUS. A public charter district or campus
15 is part of the public school system of this state.

16 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related
17 to operation of a public charter district, a public charter
18 district is immune from liability to the same extent as a school
19 district, and its employees and volunteers are immune from
20 liability to the same extent as school district employees and
21 volunteers. Except as provided by Section 11A.154, a member of the
22 governing body of a public charter district or of a charter holder
23 is immune from liability to the same extent as a school district
24 trustee.

25 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.
26 A reference in law to an open-enrollment charter school means a
27 public charter district or public charter campus, as applicable.

1 [Sections 11A.007-11A.050 reserved for expansion]

2 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

3 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
4 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided by
5 Subsection (b) or (c), a public charter district is subject to
6 federal and state laws and rules governing public schools and to
7 municipal zoning ordinances governing public schools.

8 (b) A public charter district is subject to this code and
9 rules adopted under this code only to the extent the applicability
10 to a public charter district of a provision of this code or a rule
11 adopted under this code is specifically provided.

12 (c) Notwithstanding Subsection (a), a campus of a public
13 charter district located in whole or in part in a municipality with
14 a population of 20,000 or less is not subject to a municipal zoning
15 ordinance governing public schools.

16 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public charter
17 district has the powers granted to schools under this title.

18 (b) A public charter district is subject to:

19 (1) a provision of this title establishing a criminal
20 offense; and

21 (2) a prohibition, restriction, or requirement, as
22 applicable, imposed by this title or a rule adopted under this
23 title, relating to:

24 (A) the Public Education Information Management
25 System (PEIMS) under Section 42.006;

26 (B) reporting an educator's misconduct under
27 Section 21.006;

1 (C) criminal history records under Subchapter C,
2 Chapter 22;

3 (D) reading instruments and accelerated reading
4 instruction programs under Section 28.006;

5 (E) satisfactory performance on assessment
6 instruments and to accelerated instruction under Section 28.0211;

7 (F) intensive programs of instruction under
8 Section 28.0213;

9 (G) high school graduation under Section 28.025;

10 (H) special education programs under Subchapter
11 A, Chapter 29, including a requirement that special education
12 teachers obtain appropriate certification;

13 (I) bilingual education under Subchapter B,
14 Chapter 29, including a requirement that bilingual education
15 teachers obtain appropriate certification;

16 (J) prekindergarten programs under Subchapter E,
17 Chapter 29;

18 (K) extracurricular activities under Section
19 33.081;

20 (L) discipline management practices or behavior
21 management techniques under Section 37.0021;

22 (M) health and safety under Chapter 38; and

23 (N) public school accountability under
24 Subchapters B, C, D, G, and I, Chapter 39.

25 (c) A public charter district is entitled to the same level
26 of services provided to school districts by regional education
27 service centers. The commissioner shall adopt rules that provide

1 for the representation of public charter districts on the boards of
2 directors of regional education service centers.

3 (d) The commissioner may by rule permit a public charter
4 district to voluntarily participate in any state program available
5 to school districts, including a purchasing program, if the public
6 charter district complies with all terms of the program.

7 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
8 INFORMATION LAWS. (a) With respect to the operation of a public
9 charter district, the governing body of a charter holder and the
10 governing body of a public charter district are considered to be
11 governmental bodies for purposes of Chapters 551 and 552,
12 Government Code.

13 (b) With respect to the operation of a public charter
14 district, any requirement in Chapter 551 or 552, Government Code,
15 that applies to a school district, the board of trustees of a school
16 district, or public school students applies to a public charter
17 district, the governing body of a charter holder, the governing
18 body of a public charter district, or students in attendance at a
19 public charter district campus.

20 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
21 GOVERNMENT RECORDS. (a) With respect to the operation of a public
22 charter district, a public charter district is considered to be a
23 local government for purposes of Subtitle C, Title 6, Local
24 Government Code, and Subchapter J, Chapter 441, Government Code.

25 (b) Records of a public charter district, a charter holder,
26 or a management company that relate to a public charter district are
27 government records for all purposes under state law.

1 (c) Any requirement in Subtitle C, Title 6, Local Government
2 Code, or Subchapter J, Chapter 441, Government Code, that applies
3 to a school district, the board of trustees of a school district, or
4 an officer or employee of a school district applies to a public
5 charter district or management company, the governing body of a
6 charter holder, the governing body of a public charter district, or
7 an officer or employee of a public charter district or management
8 company except that the records of a public charter district or
9 management company that ceases to operate shall be transferred in
10 the manner prescribed by Subsection (d).

11 (d) The records of a public charter district or management
12 company that ceases to operate shall be transferred in the manner
13 specified by the commissioner to a custodian designated by the
14 commissioner. The commissioner may designate any appropriate
15 entity to serve as custodian, including the agency, a regional
16 education service center, or a school district. In designating a
17 custodian, the commissioner shall ensure that the transferred
18 records, including student and personnel records, are transferred
19 to a custodian capable of:

20 (1) maintaining the records;

21 (2) making the records readily accessible to students,
22 parents, former school employees, and other persons entitled to
23 access; and

24 (3) complying with applicable state or federal law
25 restricting access to the records.

26 (e) If the charter holder of a public charter district that
27 ceases to operate or an officer or employee of the district or a

1 management company refuses to transfer school records in the manner
2 specified by the commissioner under Subsection (d), the
3 commissioner may ask the attorney general to petition a court for
4 recovery of the records. If the court grants the petition, the
5 court shall award attorney's fees and court costs to the state.

6 (f) A record described by this section is a public school
7 record for purposes of Section 37.10(c)(2), Penal Code.

8 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
9 PURCHASING AND CONTRACTING. (a) This section applies to a public
10 charter district unless the district's charter otherwise describes
11 procedures for purchasing and contracting and the procedures are
12 approved by the State Board of Education.

13 (b) A public charter district is considered to be:

14 (1) a governmental entity for purposes of:

15 (A) Subchapter D, Chapter 2252, Government Code;

16 and

17 (B) Subchapter B, Chapter 271, Local Government
18 Code;

19 (2) a political subdivision for purposes of Subchapter
20 A, Chapter 2254, Government Code; and

21 (3) a local government for purposes of Sections
22 2256.009-2256.016, Government Code.

23 (c) To the extent consistent with this section, a
24 requirement in a law listed in this section that applies to a school
25 district or the board of trustees of a school district applies to a
26 public charter district, the governing body of a charter holder, or
27 the governing body of a public charter district.

1 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
2 INTEREST. (a) A member of the governing body of a charter holder, a
3 member of the governing body of a public charter district, or an
4 officer of a public charter district is considered to be a local
5 public official for purposes of Chapter 171, Local Government Code.
6 For purposes of that chapter:

7 (1) a member of the governing body of a charter holder
8 or a member of the governing body or officer of a public charter
9 district is considered to have a substantial interest in a business
10 entity if a person related to the member or officer in the third
11 degree by consanguinity or affinity, as determined under Chapter
12 573, Government Code, has a substantial interest in the business
13 entity under Section 171.002, Local Government Code; and

14 (2) a teacher at a public charter district may serve as
15 a member of the governing body of the charter holder or the
16 governing body of the public charter district if the teachers
17 serving on the governing body:

18 (A) do not constitute a quorum of the governing
19 body or any committee of the governing body; and

20 (B) comply with the requirements of Sections
21 171.003-171.007, Local Government Code.

22 (b) To the extent consistent with this section, a
23 requirement of a law listed in this section that applies to a school
24 district or the board of trustees of a school district applies to a
25 public charter district, the governing body of a charter holder, or
26 the governing body of a public charter district.

27 (c) An employee who is not a teacher may serve as a member of

1 the governing body of a charter holder or the governing body of a
2 public charter district if:

3 (1) the charter holder operating the public charter
4 district where the individual is employed and serves as a member of
5 the governing body operated an open-enrollment charter school under
6 Subchapter D, Chapter 12, on August 31, 2005;

7 (2) the individual was employed by the charter holder
8 and serving as a member of the governing body on August 31, 2005, in
9 compliance with former Section 12.1054; and

10 (3) the individual had been continuously so employed
11 and serving since a date on or before January 1, 2005.

12 (d) If under Subsection (c) an individual continues to be
13 employed and serve as a member of the governing body, the individual
14 may not participate in any deliberation or voting on the
15 appointment, reappointment, confirmation of the appointment or
16 reappointment, employment, reemployment, change in the status,
17 compensation, or dismissal of the individual if that action applies
18 only to the individual and is not taken regarding a bona fide class
19 or category of employees. In addition, the individual may not hear,
20 consider, or act on any grievance or complaint concerning the
21 individual or a matter with which the individual has dealt in the
22 individual's capacity as an employee.

23 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A public
24 charter district, including the governing body of a public charter
25 district and any district employee with final authority to hire a
26 district employee, is subject to a prohibition, restriction, or
27 requirement, as applicable, imposed by state law or by a rule

1 adopted under state law, relating to nepotism under Chapter 573,
2 Government Code.

3 (b) Notwithstanding Subsection (a), a member of the
4 governing body of a charter holder or public charter district may
5 not be related in the third degree by consanguinity or affinity, as
6 determined under Chapter 573, Government Code, to another member of
7 the governing body of the charter holder or public charter
8 district.

9 (c) This section does not apply to an appointment,
10 confirmation of an appointment, or vote for an appointment or
11 confirmation of an appointment of an individual to a position if:

12 (1) the charter holder operating the public charter
13 district where the individual is employed or serves as a member of
14 the governing body operated an open-enrollment charter school under
15 Subchapter D, Chapter 12, on August 31, 2005;

16 (2) the individual was employed or serving in the
17 position on August 31, 2005, in compliance with former Section
18 12.1055; and

19 (3) the individual has been continuously employed or
20 serving since a date on or before January 1, 2005.

21 (d) If, under Subsection (c), an individual continues to be
22 employed or serve in a position, the public official to whom the
23 individual is related in a prohibited degree may not participate in
24 any deliberation or voting on the appointment, reappointment,
25 confirmation of the appointment or reappointment, employment,
26 reemployment, change in status, compensation, or dismissal of the
27 individual if that action applies only to the individual and is not

1 taken regarding a bona fide class or category of employees.

2 [Sections 11A.058-11A.100 reserved for expansion]

3 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

4 Sec. 11A.101. APPLICATION. (a) The State Board of
5 Education shall adopt:

6 (1) an application form and a procedure that must be
7 used to apply for a charter for a public charter district; and

8 (2) criteria to use in selecting a program for which to
9 grant a charter.

10 (b) The application form must provide for including the
11 information required under Section 11A.103 to be contained in a
12 charter.

13 (c) The State Board of Education may approve or deny an
14 application based on criteria it adopts and on financial,
15 governing, and operational standards adopted by the commissioner
16 under this chapter. The criteria the board adopts must include:

17 (1) criteria relating to improving student
18 performance and encouraging innovative programs; and

19 (2) criteria relating to the educational benefit for
20 students residing in the geographic area to be served by the
21 proposed public charter district, as compared to any significant
22 financial difficulty that a loss in enrollment may have on any
23 school district whose enrollment is likely to be affected by the
24 public charter district.

25 (d) A public charter district may not begin operating under
26 this chapter unless the commissioner has certified that the
27 applicant has acceptable administrative and accounting systems and

1 procedures in place for the operation of the proposed public
2 charter district.

3 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
4 commissioner by rule shall adopt a procedure for providing notice
5 to each member of the legislature that represents the geographic
6 area to be served by the proposed public charter district, as
7 determined by the commissioner, on receipt by the State Board of
8 Education of an application for a charter for a public charter
9 district under Section 11A.101.

10 Sec. 11A.103. CONTENT. (a) Each charter granted under this
11 chapter must:

12 (1) describe the educational program to be offered,
13 which must include the required curriculum as provided by Section
14 28.002;

15 (2) establish educational goals, which must include
16 acceptable student performance as determined under Chapter 39;

17 (3) specify the grade levels to be offered, which must
18 be sufficient to permit the agency to assign an accountability
19 rating under Chapter 39;

20 (4) describe the facilities to be used;

21 (5) describe the geographical area served by the
22 program, which may not be statewide; and

23 (6) specify any type of enrollment criteria to be
24 used.

25 (b) A charter holder of a public charter district shall
26 consider including in the district's charter a requirement that the
27 district develop and administer personal graduation plans under

1 Section 28.0212, as added by Chapter 1212, Acts of the 78th
2 Legislature, Regular Session, 2003.

3 (c) The terms of a charter may not include plans for future
4 increases in student enrollment, grades levels, campuses, or
5 geographical area, except that:

6 (1) the charter may contain a plan for adding grade
7 levels as necessary to comply with Section 11A.253(c) or (d); and

8 (2) the commissioner may approve such an increase in a
9 charter revision request under Section 11A.106.

10 Sec. 11A.104. FORM. A charter for a public charter district
11 shall be in the form of a license issued by the State Board of
12 Education to the charter holder.

13 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN
14 ENTITIES. (a) Notwithstanding Section 11A.101, the commissioner
15 shall immediately grant a charter under this chapter to the
16 following entities on or before August 1, 2006:

17 (1) an eligible entity holding a charter granted
18 before September 1, 2002, under Subchapter D, Chapter 12, as that
19 subchapter existed on January 1, 2005, if:

20 (A) for fiscal years 2004 and 2005, the entity
21 had total assets that exceeded total liabilities, as determined by
22 the entity's annual audit report under Section 44.008;

23 (B) at least 25 percent of all students enrolled
24 at the entity's open-enrollment charter school and administered an
25 assessment instrument under Section 39.023(a), (c), or (l)
26 performed satisfactorily on the assessment instrument in
27 mathematics, as determined by the school's assessment instrument

1 results for the 2005-2006 school year; and

2 (C) at least 25 percent of all students enrolled
3 at the entity's open-enrollment charter school and administered an
4 assessment instrument under Section 39.023(a), (c), or (l)
5 performed satisfactorily on the assessment instrument in reading or
6 English language arts, as applicable, as determined by the school's
7 assessment instrument results for the 2005-2006 school year;

8 (2) a governmental entity holding a charter under
9 Subchapter D, Chapter 12, as that subchapter existed on January 1,
10 2005;

11 (3) an eligible entity holding a charter under
12 Subchapter D, Chapter 12, as that subchapter existed on January 1,
13 2005, if at least 85 percent of students enrolled in the school
14 reside in a residential facility; and

15 (4) an eligible entity granted a charter on or after
16 September 1, 2002, under Subchapter D, Chapter 12, as that
17 subchapter existed on January 1, 2005.

18 (b) Assessment instrument results for fewer than five
19 students are not considered for purposes of Subsection (a)(1)(B) or
20 (C).

21 (c) The commissioner shall determine which entities are
22 eligible for a charter under this section as soon as practicable.

23 (d) The content and terms of a charter granted to an
24 eligible entity under this section must be the same as those under
25 which the entity operated under Subchapter D, Chapter 12, as that
26 subchapter existed on January 1, 2005, except that where the terms
27 conflict with this chapter, this chapter prevails.

1 (e) An eligible entity holding multiple charters prior to
2 January 1, 2005, may not combine those charters into one charter for
3 a public charter district but must retain each of those charters
4 which count towards the limit imposed under Section 11A.002(c).

5 (f) Section 11A.157 does not apply to an entity granted a
6 charter under this section.

7 (g) A decision of the commissioner under this section is not
8 subject to a hearing or an appeal to a district court.

9 (h) This section expires January 1, 2008.

10 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

11 (a) For purposes of Section 11A.1041(a), the commissioner shall
12 compute the percentage of students who performed satisfactorily on
13 an assessment instrument in a manner consistent with this section.

14 (b) The commissioner may only consider the performance of a
15 student who was enrolled as of the date for reporting enrollment for
16 the fall semester under the Public Education Information Management
17 System (PEIMS).

18 (c) In computing performance under this section, the
19 commissioner must:

20 (1) add the results for third through 11th grade
21 assessment instruments in English and third through sixth grade
22 assessment instruments in Spanish across grade levels tested at all
23 campuses operated by the charter holder and evaluate those results
24 for all students;

25 (2) combine the results for third through ninth grade
26 assessment instruments in reading and 10th and 11th grade
27 assessment instruments in English language arts and evaluate those

1 results as a single subject; and

2 (3) separately determine student performance for
3 reading and mathematics as a percentage equal to the sum of students
4 who performed satisfactorily on the specific subject area
5 assessment instrument in all grade levels tested at all campuses
6 operated by the charter holder divided by the number of students who
7 took the specific subject area assessment instrument in grade
8 levels tested at all campuses operated by the charter holder.

9 (d) To the extent consistent with this section, the
10 commissioner shall use the methodology used to compute passing
11 rates for reading and mathematics assessment instruments for
12 purposes of determining accountability ratings under Chapter 39 for
13 the 2004-2005 school year as provided by 19 T.A.C. Section 97.1002.

14 (e) This section expires January 1, 2008.

15 Sec. 11A.105. CHARTER GRANTED. Each charter the State
16 Board of Education grants for a public charter district must:

17 (1) satisfy this chapter; and

18 (2) include the information that is required under
19 Section 11A.103 consistent with the information provided in the
20 application and any modification the board requires.

21 Sec. 11A.106. REVISION. (a) A revision of a charter of a
22 public charter district may be made only with the approval of the
23 commissioner.

24 (b) Not more than once each year, a public charter district
25 may request approval to revise the maximum student enrollment
26 described by the district's charter.

27 (c) The commissioner may not approve a charter revision that

1 increases a public charter district's enrollment, increases the
2 grade levels offered, increases the number of campuses, or changes
3 the boundaries of the geographic area served by the program unless
4 the commissioner determines that:

5 (1) the public charter district has operated one or
6 more campuses for at least three school years;

7 (2) each campus operated by the public charter
8 district has been rated at least academically acceptable under
9 Subchapter D, Chapter 39, for each of its most recent three years of
10 operation;

11 (3) each campus operated by the public charter
12 district has achieved performance levels that are at least five
13 percentage points above the applicable accountability standard for
14 academically acceptable performance on statewide assessments under
15 Subchapter D, Chapter 39, as determined by the commissioner, for
16 all tested subjects for each of its most recent two years of
17 operation;

18 (4) the public charter district has been rated
19 superior, above standard, standard, or the equivalent, under the
20 financial accountability system under Subchapter I, Chapter 39;

21 (5) during the three years preceding the proposed
22 charter revision, the public charter district and its campuses have
23 not been subject to an intervention or sanction under Subchapter D,
24 Chapter 39, including an intervention or sanction related to:

25 (A) the quality of data or reports required by
26 state or federal law or court order;

27 (B) high school graduation requirements under

1 Section 28.025; or

2 (C) the effectiveness of programs for special
3 student populations; and

4 (6) the charter revision is in the best interest of
5 students of this state.

6 (d) In making a determination under Subsection (c)(6), the
7 commissioner shall review all available information relating to the
8 charter holder, including the charter holder's:

9 (1) academic and financial performance;

10 (2) history of compliance with applicable laws;

11 (3) staffing, financial, and organizational data; and

12 (4) any other information regarding the charter
13 holder's capacity to successfully implement the requested charter
14 revision.

15 (e) The commissioner may not approve a charter revision that
16 proposes an increase in:

17 (1) a public charter district's enrollment, unless the
18 charter holder adopts a business plan for implementing the
19 enrollment increase that includes components identified by the
20 commissioner; or

21 (2) the grade levels offered by a public charter
22 district, unless the charter holder adopts an educational plan for
23 the additional grade levels that includes components identified by
24 the commissioner.

25 (f) The commissioner may approve a charter revision
26 authorizing a public charter district to serve students in a
27 geographical area that is not contiguous with the existing

1 boundaries of the district, but may not approve a statewide
2 geographical boundary.

3 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON
4 PROBATION, OR REVOCATION. (a) The commissioner may modify, place
5 on probation, or revoke the charter of a public charter district if
6 the commissioner determines under Section 11A.108 that the charter
7 holder:

8 (1) committed a material violation of the charter;

9 (2) failed to satisfy generally accepted accounting
10 standards of fiscal management;

11 (3) failed to protect the health, safety, welfare, or
12 best interests of the students enrolled at the public charter
13 district; or

14 (4) failed to comply with this chapter or another
15 applicable law or rule.

16 (b) The commissioner shall revoke the charter of a public
17 charter district without a hearing if:

18 (1) in two consecutive years, the public charter
19 district:

20 (A) is rated academically unacceptable under
21 Subchapter D, Chapter 39; or

22 (B) is rated financially unacceptable by the
23 commissioner under Subchapter I, Chapter 39; or

24 (2) all campuses operated by the public charter
25 district have been ordered closed under Section 39.131(a) or
26 39.132(b).

27 (c) A revocation under Subsection (b)(1) is effective on

1 January 1 following the school year in which the public charter
2 district received a second unacceptable rating.

3 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
4 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
5 procedure to be used for modifying, placing on probation, or
6 revoking the charter of a public charter district under Section
7 11A.107(a).

8 (b) The procedure adopted under Subsection (a) must provide
9 an opportunity for a hearing to the charter holder.

10 Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON
11 PROBATION, OR REVOCATION. A charter holder may appeal a
12 modification, placement on probation, or revocation under this
13 subchapter only in the manner provided by the applicable procedures
14 adopted by the commissioner under Section 11A.108. The charter
15 holder may not otherwise appeal to the commissioner and may not
16 appeal to a district court.

17 Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER.
18 If the commissioner revokes a charter of a public charter district,
19 if a district is ordered closed under Chapter 39, or if a public
20 charter district surrenders its charter, the district may not:

- 21 (1) continue to operate under this chapter; or
22 (2) receive state funds under this chapter.

23 [Sections 11A.111-11A.150 reserved for expansion]

24 SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF
25 CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND MANAGEMENT
26 COMPANIES

27 Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.

1 The governing body of a charter holder is responsible for the
2 management, operation, and accountability of the public charter
3 district, regardless of whether the governing body delegates the
4 governing body's powers and duties to another person.

5 Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER
6 HOLDER. The governing body of a charter holder must be composed of
7 at least five members.

8 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF
9 GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS
10 OFFICER OR EMPLOYEE. (a) Except as provided by Subsection (b), a
11 person may not serve as a member of the governing body of a charter
12 holder, as a member of the governing body of a public charter
13 district, or as an officer or employee of a public charter district
14 if the person:

15 (1) has been convicted of a felony or a misdemeanor
16 involving moral turpitude;

17 (2) has been convicted of an offense listed in Section
18 37.007(a);

19 (3) has been convicted of an offense listed in Article
20 62.01(5), Code of Criminal Procedure; or

21 (4) has a substantial interest in a management
22 company.

23 (b) A person who has been convicted of an offense described
24 by Subsection (a)(1), (2), or (3) may serve as a member of the
25 governing body of a charter holder, as a member of the governing
26 body of a public charter district, or as an officer or employee of a
27 public charter district if the commissioner determines that the

1 person is fit to serve in that capacity. In making a determination
2 under this subsection, the commissioner shall consider:

3 (1) the factors described by Section 53.022,
4 Occupations Code, for determining the extent to which a conviction
5 relates to an occupation;

6 (2) the factors described by Section 53.023,
7 Occupations Code, for determining the fitness of a person to
8 perform the duties and discharge the responsibilities of an
9 occupation; and

10 (3) other appropriate factors, as determined by the
11 commissioner.

12 (c) For purposes of Subsection (a)(4), a person has a
13 substantial interest in a management company if the person or a
14 relative within the third degree by consanguinity or affinity, as
15 determined under Chapter 573, Government Code:

16 (1) has a controlling interest in the company;

17 (2) owns more than 10 percent of the voting interest in
18 the company;

19 (3) owns more than \$25,000 of the fair market value of
20 the company;

21 (4) has a direct or indirect participating interest by
22 shares, stock, or otherwise, regardless of whether voting rights
23 are included, in more than 10 percent of the profits, proceeds, or
24 capital gains of the company;

25 (5) is a member of the board of directors or other
26 governing body of the company;

27 (6) serves as an elected officer of the company; or

1 (7) is an employee of the company.

2 Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF
3 CHARTER HOLDER. (a) Notwithstanding the Texas Non-Profit
4 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
5 Statutes), Chapter 22, Business Organizations Code, or other law,
6 on request of the commissioner, the attorney general shall bring
7 suit against a member of the governing body of a charter holder for
8 breach of a fiduciary duty by the member, including misapplication
9 of public funds.

10 (b) The attorney general may bring suit under Subsection (a)
11 for:

12 (1) damages;

13 (2) injunctive relief; or

14 (3) any other equitable remedy determined to be
15 appropriate by the court.

16 (c) This section is cumulative of all other remedies.

17 Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF
18 CHARTER HOLDER. (a) The commissioner shall adopt rules
19 prescribing training for members of governing bodies of charter
20 holders.

21 (b) The rules adopted under Subsection (a) may:

22 (1) specify the minimum amount and frequency of the
23 training;

24 (2) require the training to be provided by:

25 (A) the agency and regional education service
26 centers;

27 (B) entities other than the agency and service

1 centers, subject to approval by the commissioner; or

2 (C) both the agency, service centers, and other
3 entities; and

4 (3) require training to be provided concerning:

5 (A) basic school law, including school finance;

6 (B) health and safety issues;

7 (C) accountability requirements related to the
8 use of public funds; and

9 (D) other requirements relating to
10 accountability to the public, such as open meetings requirements
11 under Chapter 551, Government Code, and public information
12 requirements under Chapter 552, Government Code.

13 Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder
14 shall file with the State Board of Education a copy of its articles
15 of incorporation and bylaws, or comparable documents if the charter
16 holder does not have articles of incorporation or bylaws, within
17 the period and in the manner prescribed by the board.

18 (b) Each public charter district shall file annually with
19 the State Board of Education the following information in a form
20 prescribed by the board:

21 (1) the name, address, and telephone number of each
22 officer and member of the governing body of the charter holder; and

23 (2) the amount of annual compensation the public
24 charter district pays to each officer and member of the governing
25 body.

26 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During
27 a public charter district's first year of operation, the charter

1 holder shall submit quarterly financial reports to the
2 commissioner. The commissioner by rule shall determine the form
3 and content of the financial reports under this section.

4 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
5 public charter district shall comply with Section 42.006.

6 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
7 management company that provides management services to a public
8 charter district is liable for damages incurred by the state or a
9 school district as a result of the failure of the company to comply
10 with its contractual or other legal obligation to provide services
11 to the district.

12 (b) On request of the commissioner, the attorney general may
13 bring suit on behalf of the state against a management company
14 liable under Subsection (a) for:

15 (1) damages, including any state funding received by
16 the company and any consequential damages suffered by the state;

17 (2) injunctive relief; or

18 (3) any other equitable remedy determined to be
19 appropriate by the court.

20 (c) This section is cumulative of all other remedies and
21 does not affect:

22 (1) the liability of a management company to the
23 charter holder; or

24 (2) the liability of a charter holder, a member of the
25 governing body of a charter holder, or a member of the governing
26 body of a public charter district to the state.

27 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.

1 (a) The charter holder or the governing body of a public charter
2 district may not accept a loan from a management company that has a
3 contract to provide management services to:

4 (1) the district; or

5 (2) another public charter district that operates
6 under a charter granted to the charter holder.

7 (b) A charter holder or the governing body of a public
8 charter district that accepts a loan from a management company may
9 not enter into a contract with that management company to provide
10 management services to the district.

11 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any
12 contract, including a contract renewal, between a public charter
13 district and a management company proposing to provide management
14 services to the district must require the management company to
15 maintain all records related to the management services separately
16 from any other records of the management company.

17 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS
18 PROHIBITED. The commissioner may prohibit, deny renewal of,
19 suspend, or revoke a contract between a public charter district and
20 a management company providing management services to the district
21 if the commissioner determines that the management company has:

22 (1) failed to provide educational or related services
23 in compliance with the company's contractual or other legal
24 obligation to any public charter district in this state or to any
25 other similar entity in another state;

26 (2) failed to protect the health, safety, or welfare
27 of the students enrolled at a public charter district served by the

1 company;

2 (3) violated this chapter or a rule adopted under this
3 chapter; or

4 (4) otherwise failed to comply with any contractual or
5 other legal obligation to provide services to the district.

6 [Sections 11A.163-11A.200 reserved for expansion]

7 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

8 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent
9 with Subsection (c), a charter holder is entitled to receive for the
10 public charter district funding under Chapter 42 as if the public
11 charter district were a school district without a local share for
12 purposes of Section 42.253 and without any local revenue ("LR") for
13 purposes of Section 42.302. In determining funding for a public
14 charter district, adjustments under Sections 42.102, 42.103, and
15 42.105 and the district enrichment tax rate ("DTR") under Section
16 42.302 are based on the average adjustment and average district
17 enrichment tax rate for the state.

18 (a-1) Notwithstanding Subsection (a), an entity granted a
19 charter under Section 11A.1041 is entitled to receive funding for
20 each student in weighted average daily attendance in an amount
21 equal to the greater of the amount determined under Subsection (a)
22 or the amount to which the entity was entitled for the 2003-2004 or
23 2004-2005 school year, as determined by the commissioner. A
24 determination of the commissioner under this subsection is final
25 and not subject to appeal. This subsection expires September 1,
26 2013.

27 (b) To the extent consistent with Subsection (c), a public

1 charter district is entitled to funds that are available to school
2 districts from the agency or the commissioner in the form of grants
3 or other discretionary funding unless the statute authorizing the
4 funding explicitly provides that a public charter district is not
5 entitled to the funding.

6 (c) A charter holder is entitled to receive for a public
7 charter district funding under this section only if the holder:

8 (1) provides information for the Public Education
9 Information Management System (PEIMS) as required by this chapter;

10 (2) submits to the commissioner appropriate fiscal and
11 financial records as required by this chapter and the commissioner;
12 and

13 (3) receives an annual unqualified opinion in the
14 standard report filed pursuant to Section 11A.210.

15 (d) The commissioner shall suspend the funding of a charter
16 holder that fails to comply with Subsection (c) until the
17 commissioner determines that the charter holder is in compliance or
18 has cured any noncompliance and has adopted adequate procedures to
19 prevent future noncompliance.

20 (e) The commissioner may adopt rules to provide and account
21 for state funding of public charter districts under this section. A
22 rule adopted under this section may be similar to a provision of
23 this code that is not similar to Section 11A.052(b) if the
24 commissioner determines that the rule is related to financing of
25 public charter districts and is necessary or prudent to provide or
26 account for state funds.

27 Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF

1 SALARIES. (a) This section applies only to a charter holder that
2 on January 1, 2005:

3 (1) operated an open-enrollment charter school under
4 former Subchapter D, Chapter 12; and

5 (2) participated in the program under Chapter 1579,
6 Insurance Code.

7 (b) In addition to any amounts to which a charter holder is
8 entitled under this chapter, a charter holder is entitled to state
9 aid in an amount, as determined by the commissioner, equal to the
10 sum of:

11 (1) the product of \$1,000 multiplied by the number of
12 the following employees employed by the charter holder at a public
13 charter district:

14 (A) classroom teachers, full-time librarians,
15 and full-time counselors certified under Subchapter B, Chapter 21;
16 and

17 (B) full-time school nurses appropriately
18 licensed under Chapter 301, Occupations Code;

19 (2) the product of \$500 multiplied by the number of
20 full-time public charter district employees, other than
21 administrators or employees described by Subdivision (1); and

22 (3) the product of \$250 multiplied by the number of
23 part-time public charter district employees.

24 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) In
25 this section, "instructional facility" has the meaning assigned by
26 Section 46.001.

27 (b) A charter holder is initially eligible for

1 instructional facilities allotments in accordance with this
2 section if:

3 (1) any campus of a public charter district for which
4 the charter holder has been granted a license has for two
5 consecutive school years been rated exemplary or recognized under
6 Subchapter D, Chapter 39, or has performed at a comparable level, as
7 determined by the commissioner for purposes of this section; and

8 (2) on the most recent audit of the financial
9 operations of the district conducted pursuant to Section 11A.210,
10 the district has satisfied generally accepted accounting standards
11 of fiscal management as evidenced by an unqualified opinion in the
12 standard report issued and filed pursuant to Section 11A.210.

13 (c) Once a public charter district satisfies the initial
14 eligibility requirements under Subsection (b) and receives an
15 allotment under this section, the district continues to remain
16 eligible until the district receives an accountability rating of
17 unacceptable under Subchapter D, Chapter 39, at which point the
18 district is again subject to the eligibility requirements of
19 Subsection (b).

20 (d) The commissioner annually shall review the eligibility
21 of a public charter district campus for purposes of this section.

22 (e) Except as otherwise provided by this section, a charter
23 holder is entitled to an annual allotment in an amount determined by
24 the commissioner, not to exceed \$1,000 or a different amount
25 provided by appropriation, for each student in average daily
26 attendance during the preceding year at a campus of a public charter
27 district for which the charter holder has been granted a charter

1 that is eligible for an allotment under this section.

2 (f) A charter holder who receives funds under this section
3 may use the funds only to:

4 (1) purchase real property on which to construct an
5 instructional facility for a public charter district campus for
6 which the funds were paid under Subsection (e);

7 (2) purchase, lease, construct, expand, or renovate
8 instructional facilities for a public charter district campus for
9 which the funds were paid under Subsection (e);

10 (3) pay debt service in connection with instructional
11 facilities purchased or improved for a campus of the public charter
12 district that meets the requirements under Subsection (b); or

13 (4) maintain and operate public charter district
14 instructional facilities.

15 (g) A decision of the commissioner under Subsection (e) is
16 final and may not be appealed.

17 (h) The commissioner shall by rule establish procedures to
18 ensure that funds a charter holder claims to be using for purposes
19 of Subsection (f)(3) are used only for that purpose.

20 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
21 under Section 11A.201 or 11A.202 by a charter holder:

22 (1) are considered to be public funds for all purposes
23 under state law;

24 (2) are held in trust by the charter holder for the
25 benefit of this state and the students of the public charter
26 district;

27 (3) may be used only for a purpose for which a school

1 may use local funds under Section 45.105(c) in the case of funds
2 received under Section 11A.201, and may be used only for a purpose
3 specified under Section 11A.202(f) in the case of funds received
4 under Section 11A.202; and

5 (4) pending their use, must be deposited into a bank,
6 as defined by Section 45.201, with which the charter holder has
7 entered into a depository contract under Section 11A.204.

8 (b) Funds deposited under Subsection (a)(4) may be directly
9 deposited into an account controlled by a bond trustee acting for
10 the charter holder pursuant to a bond indenture agreement requiring
11 direct deposit.

12 (c) The commissioner shall adopt rules for identifying
13 public funds in accordance with Subsection (a).

14 (d) The commissioner may bring an action in district court
15 in Travis County for injunctive or other relief to enforce this
16 section. In identifying public funds held by a charter holder, the
17 court shall use the criteria adopted by the commissioner under
18 Subsection (c). Except as otherwise provided by this subsection,
19 the court shall enter any order under this subsection concerning
20 public funds held by the charter holder necessary to best serve the
21 interests of the students of a public charter district. In the case
22 of a public charter district that has ceased to operate, the court
23 shall enter any order under this subsection concerning public funds
24 held by the charter holder necessary to best serve the interests of
25 this state.

26 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank
27 selected as a school depository and the charter holder shall enter

1 into a depository contract, bond, or other necessary instrument
2 setting forth the duties and agreements pertaining to the
3 depository, in a form and with the content prescribed by the State
4 Board of Education.

5 (b) The depository bank shall attach to the contract and
6 file with the charter holder a bond in an initial amount equal to
7 the estimated highest daily balance, determined by the charter
8 holder, of all deposits that the charter holder will have in the
9 depository during the term of the contract, less any applicable
10 Federal Deposit Insurance Corporation insurance. The bond must be
11 payable to the charter holder and must be signed by the depository
12 bank and by a surety company authorized to engage in business in
13 this state. The depository bank shall increase the amount of the
14 bond if the charter holder determines the increase is necessary to
15 adequately protect the funds of the charter holder deposited with
16 the depository bank.

17 (c) The bond shall be conditioned on:

18 (1) the faithful performance of all duties and
19 obligations imposed by law on the depository;

20 (2) the payment on presentation of all checks or
21 drafts on order of the charter holder, in accordance with its orders
22 entered by the charter holder according to law;

23 (3) the payment on demand of any demand deposit in the
24 depository;

25 (4) the payment, after the expiration of the period of
26 notice required, of any time deposit in the depository;

27 (5) the faithful keeping of school funds by the

1 depository and the accounting for the funds according to law; and

2 (6) the faithful paying over to the successor
3 depository all balances remaining in the accounts.

4 (d) The bond and the surety on the bond must be approved by
5 the charter holder. A premium on the depository bond may not be
6 paid out of charter holder funds related to operation of the public
7 charter district.

8 (e) The charter holder shall file a copy of the depository
9 contract and bond with the agency.

10 (f) Instead of the bond required under Subsection (b), the
11 depository bank may deposit or pledge, with the charter holder or
12 with a trustee designated by the charter holder, approved
13 securities, as defined by Section 45.201, in an amount sufficient
14 to adequately protect the funds of the charter holder deposited
15 with the depository bank. A depository bank may give a bond and
16 deposit or pledge approved securities in an aggregate amount
17 sufficient to adequately protect the funds of the charter holder
18 deposited with the depository bank. The charter holder shall
19 periodically designate the amount of approved securities or the
20 aggregate amount of the bond and approved securities necessary to
21 adequately protect the charter holder. The charter holder may not
22 designate an amount less than the balance of charter holder funds on
23 deposit with the depository bank from day to day, less any
24 applicable Federal Deposit Insurance Corporation insurance. The
25 depository bank may substitute approved securities on obtaining the
26 approval of the charter holder. For purposes of this subsection,
27 the approved securities are valued at their market value.

1 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
2 holder who accepts state funds under Section 11A.201 or 11A.202
3 agrees to be subject to all requirements, prohibitions, and
4 sanctions authorized under this chapter.

5 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE
6 FUNDS. (a) Property purchased or leased with funds received by a
7 charter holder under Section 11A.201 or 11A.202:

8 (1) is considered to be public property for all
9 purposes under state law;

10 (2) is held in trust by the charter holder for the
11 benefit of this state and the students of the public charter
12 district; and

13 (3) may be used only for a purpose for which a school
14 district may use school district property.

15 (b) The commissioner shall:

16 (1) take possession and assume control of the property
17 described by Subsection (a) of a public charter district that
18 ceases to operate; and

19 (2) supervise the disposition of the property in
20 accordance with law.

21 (c) This section does not affect the priority of a security
22 interest in or lien on property established by a creditor in
23 compliance with law if the security interest or lien arose in
24 connection with the sale or lease of the property to the charter
25 holder.

26 (d) The commissioner shall adopt rules for identifying
27 public property in accordance with Subsection (a).

1 (e) The commissioner may bring an action in district court
2 in Travis County for injunctive or other relief to enforce this
3 section. In identifying public property held by a charter holder,
4 the court shall use the criteria adopted by the commissioner under
5 Subsection (d). Except as otherwise provided by this subsection,
6 the court shall enter any order under this subsection concerning
7 public property held by the charter holder necessary to best serve
8 the interests of the students of a public charter district. In the
9 case of a public charter district that has ceased to operate, the
10 court shall enter any order under this subsection concerning public
11 property held by the charter holder necessary to best serve the
12 interests of this state. The court may order title to real or
13 personal public property held by the charter holder transferred to
14 a trust established for the purpose of managing the property or may
15 make other disposition of the property necessary to best serve the
16 interests of this state.

17 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
18 DISTRICT LAND OR FACILITIES. A municipality to which a charter is
19 granted under this chapter may borrow funds, issue obligations, or
20 otherwise spend its funds to acquire land or acquire, construct,
21 expand, or renovate school buildings or facilities and related
22 improvements for its public charter district within the city limits
23 of the municipality in the same manner the municipality is
24 authorized to borrow funds, issue obligations, or otherwise spend
25 its funds in connection with any other public works project.

26 Sec. 11A.208. TEXTBOOK FUNDING. A public charter district
27 is entitled to funding for textbooks under Chapter 31 and is subject

1 to that chapter as if the public charter district were a school
2 district.

3 Sec. 11A.209. ANNUAL BUDGET. The governing body of a public
4 charter district shall annually adopt a budget for the district.

5 Sec. 11A.210. ANNUAL AUDIT. The governing body of a public
6 charter district shall conduct an annual audit in a manner that
7 complies with Section 44.008.

8 [Sections 11A.211-11A.250 reserved for expansion]

9 SUBCHAPTER F. OPERATION OF PUBLIC SCHOOL CHARTER DISTRICT

10 Sec. 11A.251. ADMISSION POLICY. (a) A public charter
11 district may not discriminate in admission policy on the basis of
12 sex, national origin, ethnicity, religion, disability, or
13 academic, artistic, or athletic ability or the district the child
14 would otherwise attend in accordance with this code.

15 (b) A public charter district admission policy may provide
16 for the exclusion of a student who has a documented history of a
17 criminal offense, a juvenile court adjudication, or discipline
18 problems under Subchapter A, Chapter 37.

19 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to
20 a public charter district campus, the governing body of the
21 district shall:

22 (1) require the applicant to complete and submit an
23 application not later than a reasonable deadline the district
24 establishes; and

25 (2) on receipt of more acceptable applications for
26 admission under this section than available positions in the
27 school:

1 (A) fill the available positions by lottery; or
2 (B) subject to Subsection (b), fill the available
3 positions in the order in which applications received before the
4 application deadline were received.

5 (b) A public charter district may fill applications for
6 admission under Subsection (a)(2)(B) only if the district published
7 a notice of the opportunity to apply for admission to the district.
8 A notice published under this subsection must:

9 (1) state the application deadline; and
10 (2) be published in a newspaper of general circulation
11 in the community in which the district campus is located not later
12 than the seventh day before the application deadline.

13 (c) A public charter district may exempt an applicant from
14 the requirements of Subsection (a)(2) if the applicant is:

15 (1) the child or grandchild of a member of the
16 governing body of the charter holder at the time the district's
17 charter was first granted;

18 (2) the child of an employee of the district or the
19 charter holder; or

20 (3) a sibling of a student who is enrolled in the
21 district.

22 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
23 by Subsection (b) or as otherwise determined impracticable by the
24 commissioner, during a public charter district's first year of
25 operation, the district must have a student enrollment of at least
26 100 and not more than 500 at any time during the school year.

27 (b) A public charter district may have a student enrollment

1 of less than 100 if approved by the commissioner.

2 (c) Not later than a public charter district's third year of
3 operation, at least 25 percent of the district's students must be
4 enrolled in one or more grade levels for which assessment
5 instruments are administered under Section 39.023(a).

6 (d) The commissioner may grant a waiver from the
7 requirements of Subsection (c) for a public charter district that
8 opens a campus serving prekindergarten or kindergarten students and
9 agrees to:

10 (1) add at least one higher grade level class each
11 school year after opening the campus; and

12 (2) until the campus complies with Subsection (c),
13 adopt accountability measures to assess the performance of the
14 students not assessed under Section 39.023(a).

15 (e) The commissioner may grant a waiver from the
16 requirements of Subsection (c) for a public charter district that
17 was operating an open-enrollment charter school campus on January
18 1, 2005, serving prekindergarten, kindergarten, and first, second,
19 and third grade students if the public charter district:

20 (1) adopts one or more nationally norm-referenced
21 assessment instruments approved by the commissioner;

22 (2) administers the assessment instruments to its
23 second grade students at intervals and in the manner specified by
24 commissioner rule; and

25 (3) meets the applicable standards for student
26 performance on the assessment instruments, as determined by
27 commissioner rule.

1 (f) The commissioner shall adopt rules necessary to
2 implement this section.

3 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
4 charter district may not charge tuition to an eligible student who
5 applies for admission to the district under this chapter.

6 (b) The governing body of a public charter district may
7 require a student to pay any fee that the board of trustees of a
8 school district may charge under Section 11.158(a). The governing
9 body may not require a student to pay a fee that the board of
10 trustees of a school district may not charge under Section
11 11.158(b).

12 Sec. 11A.255. TRANSPORTATION. A public charter district
13 shall provide transportation to each student attending the school
14 to the same extent a school district is required by law to provide
15 transportation to district students.

16 Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY
17 ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The
18 governing body of a public charter district shall adopt a code of
19 conduct for the district or for each campus in the district.

20 (b) The code of conduct must include:

21 (1) standards for student behavior, including the
22 types of prohibited behaviors and the possible consequences of
23 misbehavior; and

24 (2) the district's due process procedures regarding
25 expulsion of a student.

26 (c) A final decision of the governing body of a public
27 charter district regarding action taken under the code of conduct

1 may not be appealed.

2 (d) A public charter district may not expel a student for a
3 reason that is not authorized by Section 37.007 or specified in the
4 district's code of conduct as conduct that may result in expulsion.

5 (e) Section 37.002 does not apply to a public charter
6 district except to the extent specified by the governing body of the
7 public charter district in the district's code of conduct.

8 [Sections 11A.257-11A.300 reserved for expansion]

9 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

10 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except
11 as otherwise required by this section or chapter, a person employed
12 as a teacher by a public charter district must hold a high school
13 diploma.

14 (b) To the extent required by federal law, including 20
15 U.S.C. 7801(11), a person employed as a teacher by a public charter
16 district must hold a baccalaureate degree.

17 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE
18 QUALIFICATIONS. (a) Each public charter district shall provide to
19 the parent or guardian of each student enrolled at a campus in the
20 district written notice of the qualifications of each professional
21 employee, including each teacher, employed at the campus.

22 (b) The notice must include:

23 (1) any professional or educational degree held by the
24 employee;

25 (2) a statement of any certification under Subchapter
26 B, Chapter 21, held by the employee; and

27 (3) any relevant experience of the employee.

1 Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. The
2 governing body of a public charter district shall obtain a complete
3 set of fingerprints from each person described by Section
4 21.0032(a).

5 Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF
6 CERTAIN APPLICANTS. A public charter district must comply with
7 Section 21.0032 before employing or otherwise securing the services
8 of a person as a teacher, teacher intern or trainee, librarian,
9 educational aide, administrator, or counselor, regardless of
10 whether the applicant is certified under Subchapter B, Chapter 21.

11 Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF
12 TEXAS. (a) An employee of a public charter district who qualifies
13 for membership in the Teacher Retirement System of Texas shall be
14 covered under the system to the same extent a qualified employee of
15 a school district is covered.

16 (b) For each employee of a public charter district covered
17 under the system, the public charter district is responsible for
18 making any contribution that otherwise would be the legal
19 responsibility of a school district, and the state is responsible
20 for making contributions to the same extent it would be legally
21 responsible if the employee were a school district employee.

22 Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.
23 (a) This section applies only to a charter holder that on January
24 1, 2005:

25 (1) operated an open-enrollment charter school under
26 former Subchapter D, Chapter 12; and

27 (2) participated in the program under Chapter 1579,

1 Insurance Code.

2 (b) Using state funds received by the charter holder for
3 that purpose under Section 11A.2011, a charter holder each school
4 year shall pay the following employees employed by the charter
5 holder at a public charter district an amount at least equal to:

6 (1) \$1,000 for:

7 (A) classroom teachers, full-time librarians,
8 and full-time counselors certified under Subchapter B, Chapter 21;
9 and

10 (B) full-time school nurses appropriately
11 licensed under Chapter 301, Occupations Code;

12 (2) \$500 for full-time public charter district
13 employees, other than administrators or employees described by
14 Subdivision (1); and

15 (3) \$250 for part-time public charter district
16 employees.

17 (c) A payment under this section is in addition to wages the
18 charter holder would otherwise pay the employee during the school
19 year.

20 [Sections 11A.307-11A.350 reserved for expansion]

21 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

22 Sec. 11A.351. AUDIT. (a) To the extent consistent with
23 this section, the commissioner may audit the records of:

24 (1) a public charter district or campus;

25 (2) a charter holder; and

26 (3) a management company.

27 (b) An audit under Subsection (a) must be limited to matters

1 directly related to the management or operation of a public charter
2 district, including any financial, student, and administrative
3 records.

4 (c) Unless the commissioner has specific cause to conduct an
5 additional audit, the commissioner may not conduct more than one
6 on-site audit of a public charter district under this section
7 during any fiscal year, including any audit of financial, student,
8 and administrative records. For purposes of this subsection, an
9 audit of a charter holder or management company associated with a
10 public charter district is not considered an audit of the district.

11 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a
12 subpoena to compel the attendance and testimony of a witness or the
13 production of materials relevant to an audit or investigation under
14 this chapter.

15 (b) A subpoena may be issued throughout the state and may be
16 served by any person designated by the commissioner.

17 (c) If a person fails to comply with a subpoena issued under
18 this section, the commissioner, acting through the attorney
19 general, may file suit to enforce the subpoena in a district court
20 in Travis County or in the county in which the audit or
21 investigation is conducted. The court shall order compliance with
22 the subpoena if the court finds that good cause exists to issue the
23 subpoena.

24 (d) This section expires September 1, 2007.

25 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
26 any of the actions described by Subsection (b) or by Section
27 39.131(a), to the extent the commissioner determines necessary, if

1 a public charter district, as determined by a report issued under
2 Section 39.076(b):

3 (1) commits a material violation of the district's
4 charter;

5 (2) fails to satisfy generally accepted accounting
6 standards of fiscal management; or

7 (3) fails to comply with this chapter or another
8 applicable rule or law.

9 (b) The commissioner may temporarily withhold funding,
10 suspend the authority of a public charter district to operate, or
11 take any other reasonable action the commissioner determines
12 necessary to protect the health, safety, or welfare of students
13 enrolled at a district campus based on evidence that conditions at
14 the district campus present a danger to the health, safety, or
15 welfare of the students.

16 (c) After the commissioner acts under Subsection (b), the
17 public charter district may not receive funding and may not resume
18 operating until a determination is made that:

19 (1) despite initial evidence, the conditions at the
20 district campus do not present a danger of material harm to the
21 health, safety, or welfare of students; or

22 (2) the conditions at the district campus that
23 presented a danger of material harm to the health, safety, or
24 welfare of students have been corrected.

25 (d) Not later than the third business day after the date the
26 commissioner acts under Subsection (b), the commissioner shall
27 provide the charter holder an opportunity for a hearing. This

1 subsection does not apply to an action taken by the commissioner
2 under Chapter 39.

3 (e) Immediately after a hearing under Subsection (d), the
4 commissioner must cease the action under Subsection (b) or initiate
5 action under Section 11A.108.

6 Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN
7 ASSESSMENT INSTRUMENTS. (a) Using funds appropriated for the
8 Foundation School Program, the commissioner shall reduce the total
9 amount of state funds allocated to each district from any source in
10 the same manner described for a reduction in allotments under
11 Section 42.253 and adopt and implement a program for supervising
12 the administration of assessment instruments under Section 39.023
13 during the 2005-2006 school year at an open-enrollment charter
14 school, other than a school operated by an entity described by
15 Section 11A.1041(a)(2), (3), or (4), at which less than 25 percent
16 of all students enrolled at the school and administered an
17 assessment instrument under Section 39.023(a), (c), or (l)
18 performed satisfactorily on:

19 (1) the assessment instrument in mathematics, as
20 determined by the school's assessment instrument results for the
21 2004-2005 school year; or

22 (2) the assessment instrument in reading or English
23 language arts, as applicable, as determined by the school's
24 assessment instrument results for the 2004-2005 school year.

25 (b) The program adopted under Subsection (a) must be
26 designed to:

27 (1) ensure that the location at which an assessment

1 instrument is administered is secure and under the supervision of
2 persons who do not have any interest in the results of the
3 assessment instrument; and

4 (2) provide direct supervision of:

5 (A) the transportation of the assessment
6 instrument materials to and from the location at which the
7 instrument is administered; and

8 (B) the administration of the assessment
9 instrument to students.

10 (c) The commissioner may adopt rules necessary to
11 administer this section and may take any action that the
12 commissioner determines necessary to ensure the integrity of the
13 results of an assessment instrument administered at an
14 open-enrollment charter school described by Subsection (a).

15 (d) After deducting the amount withheld under Subsection
16 (a) from the total amount appropriated for the Foundation School
17 Program, the commissioner shall reduce the total amount of state
18 funds allocated to each district from any source in the same manner
19 described for a reduction in allotments under Section 42.253.

20 (e) An open-enrollment charter school's failure to fully
21 cooperate with the commissioner under this section is sufficient
22 grounds for revocation of the district's charter, as determined by
23 the commissioner.

24 (f) This section expires September 1, 2006.

25 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The
26 commissioner shall periodically consult with representatives of
27 charter holders regarding the duties and mission of the agency

1 relating to the operation of public charter districts. The
2 commissioner shall determine the frequency of the consultations.

3 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
4 in this chapter may be construed to limit the commissioner's
5 authority under Chapter 39.

6 Sec. 11A.356. RULES. The commissioner may adopt rules for
7 the administration of this chapter.

8 [Sections 11A.357-11A.400 reserved for expansion]

9 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

10 Sec. 11A.401. AUTHORIZATION. (a) In this section,
11 "eligible entity" means an organization that is exempt from
12 taxation under Section 501(a), Internal Revenue Code of 1986, as an
13 organization described by Section 501(c)(3) of that code.

14 (b) In accordance with this subchapter, the commissioner
15 may authorize not more than three charter holders to grant a charter
16 to an eligible entity to operate a blue ribbon charter campus if:

17 (1) the charter holder proposes to grant the blue
18 ribbon charter to replicate a distinctive education program;

19 (2) the charter holder has demonstrated the ability to
20 replicate the education program;

21 (3) the education program has been implemented by the
22 charter holder for at least seven school years; and

23 (4) the charter school in which the charter holder has
24 implemented the program has been rated recognized or exemplary
25 under Section 39.072 for at least five school years, including the
26 two school years preceding the proposed issuance of the blue ribbon
27 charter.

1 (b-1) An eligible entity that assumed operation of an
2 existing charter school program during the seven years preceding
3 the proposed authorization under Subsection (b) may be authorized
4 to grant a blue ribbon charter under Subsection (b) if:

5 (1) the performance level of the program at a campus
6 before and after the entity assumed operation of the program meets
7 the qualifications described by Subsection (b); and

8 (2) the entity has met the qualifications described by
9 Subsection (b) since assuming operation of the program.

10 (c) A charter holder may grant a blue ribbon charter only to
11 an applicant that meets any financial, governing, and operational
12 standards adopted by the commissioner under this subchapter.

13 (d) A charter holder may grant not more than two blue ribbon
14 charters under this subchapter.

15 Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) A blue
16 ribbon charter campus is considered a public charter district
17 campus for purposes of state and federal law.

18 (b) A blue ribbon charter granted under this subchapter is
19 not considered for purposes of the limit on the number of public
20 charter districts imposed by Section 11A.002.

21 Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE
22 RIBBON CHARTER CAMPUS. (a) The governing body of the public
23 charter district authorizing a blue ribbon charter is responsible
24 for the management and operation of the campus operated under a
25 blue ribbon charter. A blue ribbon charter campus is subject to the
26 rules and policies of the governing body of the charter holder that
27 granted the blue ribbon charter.

1 (b) For purposes of academic and financial accountability
2 and all other purposes under this chapter and Chapter 39, a blue
3 ribbon charter campus is considered a campus of the public charter
4 district operated by the charter holder that granted the blue
5 ribbon charter.

6 (c) A charter holder is entitled to receive funding for a
7 blue ribbon charter campus as if the blue ribbon charter campus were
8 a campus of the public charter district operated by the charter
9 holder.

10 Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The
11 commissioner by rule shall adopt an application form and procedures
12 for a charter holder to apply for authorization to grant a blue
13 ribbon charter to an eligible entity under this subchapter.

14 (b) The application must specify:

15 (1) the criteria that will be used to grant blue ribbon
16 charters;

17 (2) procedures for governance and management of
18 campuses operating under a blue ribbon charter; and

19 (3) the performance standard by which continuation of
20 a blue ribbon charter will be determined.

21 (c) A determination by the commissioner regarding an
22 application under this section is final and may not be appealed.

23 Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) The
24 commissioner may revoke a charter holder's authorization to grant a
25 blue ribbon charter or operate a campus granted a blue ribbon
26 charter if the commissioner determines that the purposes of this
27 subchapter are not being satisfied.

1 (b) On revocation of a charter holder's authority under this
2 section, the charter holder shall:

3 (1) operate a campus granted a blue ribbon charter as a
4 standard campus of the charter holder under this chapter; or

5 (2) close the campus effective at the end of the school
6 year in which the commissioner revokes the authorization.

7 Sec. 11A.406. CONTENT. (a) Each blue ribbon charter
8 granted under this subchapter must:

9 (1) describe the educational program to be offered,
10 which may be a general or specialized education program;

11 (2) provide that continuation of the charter is
12 contingent on satisfactory student performance under Subchapter B,
13 Chapter 39, and on compliance with other applicable accountability
14 provisions under Chapter 39;

15 (3) specify any basis, in addition to a basis
16 specified by this subchapter, on which the charter may be placed on
17 probation or revoked;

18 (4) prohibit discrimination in admission on the basis
19 of national origin, ethnicity, race, religion, or disability;

20 (5) describe the governing structure of the blue
21 ribbon charter campus;

22 (6) specify any procedure or requirement, in addition
23 to those under Chapter 38, that the campus will follow to ensure the
24 health and safety of students and employees; and

25 (7) describe the manner in which the campus and
26 charter holder granting the blue ribbon charter will comply with
27 financial and operational requirements, including requirements

1 related to the Public Education Information Management System
2 (PEIMS) under Section 11A.158 and the audit requirements under
3 Section 11A.210.

4 (b) A charter holder may reserve the right to approve
5 contracts, governance alterations, personnel decisions, and other
6 matters affecting the operation of the blue ribbon charter campus.

7 (c) A blue ribbon charter must specify the basis and
8 procedure to be used by the charter holder for placing the blue
9 ribbon charter campus on probation or revoking the charter, which
10 must include an opportunity for an informal review of the blue
11 ribbon charter campus and governing body of the campus by the
12 charter holder. A charter holder's decision to place on probation
13 or revoke a blue ribbon charter is final and may not be appealed.

14 Sec. 11A.407. FORM. A blue ribbon charter issued under this
15 subchapter must be in the form and substance of a written contract
16 signed by the president or equivalent officer of the governing body
17 of the charter holder granting the blue ribbon charter and the
18 president or equivalent officer of the governing body of the
19 eligible entity to which the blue ribbon charter is granted.

20 Sec. 11A.408. REVISION. A blue ribbon charter granted
21 under this subchapter may be revised with the approval of the
22 charter holder that granted the charter.

23 [Sections 11A.409-11A.450 reserved for expansion]

24 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER
25 SCHOOLS

26 Sec. 11A.451. DEFINITIONS. In this subchapter:

27 (1) "Assets" means:

1 (A) public funds, as determined under Section
2 12.107, as that section existed on January 1, 2005; and

3 (B) public property, as determined under Section
4 12.128, as that section existed on January 1, 2005.

5 (2) "Records" means government records, as determined
6 under Section 12.1052, as that section existed on January 1, 2005.

7 Sec. 11A.452. APPLICABILITY. The commissioner shall
8 appoint a receiver under this subchapter for each open-enrollment
9 charter school that on June 1, 2005, was operating under a charter
10 issued under Subchapter D, Chapter 12, as that subchapter existed
11 on January 1, 2005, and:

12 (1) is not authorized to operate as a public charter
13 district under this chapter; or

14 (2) elects not to operate as a public charter district
15 under this chapter.

16 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a)
17 The commissioner shall appoint a receiver to protect the assets and
18 direct the dissolution of open-enrollment charter schools subject
19 to this subchapter.

20 (b) The receiver shall execute a bond in an amount set by the
21 commissioner to ensure the proper performance of the receiver's
22 duties.

23 (c) Until discharged by the commissioner, the receiver
24 shall perform the duties that the commissioner directs to preserve
25 the assets and direct the dissolution of the open-enrollment
26 charter school under this subchapter.

27 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After

1 appointment and execution of bond under Section 11A.453, the
2 receiver shall take possession of:

3 (1) assets and records in the possession of the
4 open-enrollment charter school specified by the commissioner; and

5 (2) any Foundation School Program funds and any other
6 public funds received by the school's charter holder.

7 (b) On request of the receiver, the attorney general shall
8 file a suit for attachment, garnishment, or involuntary bankruptcy
9 and take any other action necessary for the dissolution of an
10 open-enrollment charter school under this subchapter.

11 (c) If the charter holder of an open-enrollment charter
12 school or an officer or employee of such a school refuses to
13 transfer school assets or records to a receiver under this
14 subsection, the receiver may ask the attorney general to petition a
15 court for recovery of the assets or records. If the court grants
16 the petition, the court shall award attorney's fees and court costs
17 to the state.

18 (d) A record described by this section is a public school
19 record for purposes of Section 37.10(c)(2), Penal Code.

20 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
21 wind up the affairs of an open-enrollment charter school and,
22 except as provided by Subsection (b), reduce its assets to cash for
23 the purpose of discharging all existing liabilities and obligations
24 of the school. In winding up the affairs of a school, the receiver
25 shall cooperate in any bankruptcy proceeding affecting the school.
26 The receiver shall distribute any remaining balance to the
27 commissioner.

1 (b) A receiver shall offer free of charge any equipment and
2 supplies of an open-enrollment charter school dissolved under this
3 subchapter to school districts, giving priority to districts based
4 on the percentage of the charter school's students that reside in
5 the districts.

6 (c) The commissioner shall use money in the foundation
7 school fund and money received under this section to pay the costs
8 described by Section 11A.458 and discharge liabilities and
9 obligations of open-enrollment charter schools under this
10 subchapter. The commissioner shall deposit any remaining balance
11 in the foundation school fund.

12 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
13 an open-enrollment charter school subject to this subchapter shall
14 be transferred in the manner specified by the commissioner to a
15 custodian designated by the commissioner. The commissioner may
16 designate any appropriate entity to serve as custodian of records,
17 including the agency, a regional education service center, or a
18 school district. In designating a custodian, the commissioner
19 shall ensure that the transferred records, including student and
20 personnel records, are transferred to a custodian capable of:

21 (1) maintaining the records;

22 (2) making the records readily accessible to students,
23 parents, former school employees, and other persons entitled to
24 access; and

25 (3) complying with applicable state or federal law
26 restricting access to the records.

27 (b) The commissioner is entitled to access to any records

1 transferred to a custodian under this section as the commissioner
2 determines necessary for auditing, investigative, or monitoring
3 purposes.

4 Sec. 11A.457. LIABILITY. A receiver is not personally
5 liable for actions taken by the receiver under this subchapter.

6 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
7 authorize reimbursement of reasonable costs related to the
8 receivership, including:

9 (1) payment of fees to the receiver for the receiver's
10 services; and

11 (2) payment of fees to attorneys, accountants, or any
12 other person that provides goods or services necessary to the
13 operation of the receivership.

14 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
15 competitive bidding requirements of this code and the contracting
16 requirements of Chapter 2155, Government Code, do not apply to the
17 appointment of a receiver, attorney, accountant, or other person
18 appointed under this subchapter.

19 SECTION 4.03. Subchapter D, Chapter 12, Education Code, is
20 amended by adding Section 12.1058 to read as follows:

21 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
22 PROVISIONS. (a) An open-enrollment charter school is subject to
23 Sections 11A.201, 11A.204, 11A.205, 11A.206, 11A.210, 11A.303,
24 11A.304, 11A.352, 21.0032, and 21.058.

25 (b) The commissioner may bring an action for injunctive or
26 other relief as provided by Section 11A.203(d) to enforce Section
27 12.107.

1 (c) For purposes of this section, a reference in a law
2 described by this section to a public charter district means an
3 open-enrollment charter school.

4 SECTION 4.04. Sections 12.152 and 12.156, Education Code,
5 are amended to read as follows:

6 Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this
7 subchapter and Chapter 11A [~~Subchapter D~~], the State Board of
8 Education may grant a charter on the application of a public senior
9 college or university for a public [~~an open-enrollment~~] charter
10 district [~~school~~] to operate on the campus of the public senior
11 college or university or in the same county in which the campus of
12 the public senior college or university is located.

13 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS. (a)
14 Except as otherwise provided by this subchapter, Chapter 11A
15 [~~Subchapter D~~] applies to a college or university charter school as
16 though the college or university charter school were granted a
17 charter under that chapter [~~subchapter~~].

18 (b) A charter granted under this subchapter is not
19 considered for purposes of the limit on the number of public
20 [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section
21 11A.002 [~~12.101(b)~~].

22 (c) A college or university charter school is not subject to
23 a prohibition, restriction, or requirement relating to:

24 (1) open meetings and public information under Section
25 11A.053;

26 (2) maintenance of records under Section 11A.054;

27 (3) purchasing and contracting under Section 11A.055;

1 (4) conflict of interest under Section 11A.056;

2 (5) nepotism under Section 11A.057;

3 (6) composition of governing body under Section
4 11A.152;

5 (7) restrictions on serving as a member of a governing
6 body or as an officer or employee under Section 11A.153;

7 (8) liability of members of governing body under
8 Section 11A.154;

9 (9) training for members of governing body under
10 Section 11A.155;

11 (10) bylaws and annual reports under Section 11A.156;

12 (11) quarterly financial reports under Section
13 11A.157; and

14 (12) depository bond and security requirements under
15 Section 11A.204.

16 (d) A college or university charter school and the governing
17 body of the school are subject to regulations and procedures that
18 govern a public senior college or university relating to open
19 meetings, records retention, purchasing, contracting, conflicts of
20 interest, and nepotism.

21 SECTION 4.05. Section 5.001, Education Code, is amended by
22 adding Subdivision (5-a) and amending Subdivision (6) to read as
23 follows:

24 (5-a) "Public charter campus" means a campus operated
25 by a public charter district.

26 (6) "Public charter district [~~Open-enrollment charter~~
27 ~~school]~~" means a public school authorized by [~~that has been~~

1 ~~granted~~] a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].

2 SECTION 4.06. Section 7.003, Education Code, is amended to
3 read as follows:

4 Sec. 7.003. LIMITATION ON AUTHORITY. An educational
5 function not specifically delegated to the agency or the board
6 under this code is reserved to and shall be performed by school
7 districts or [~~open-enrollment~~] charter schools.

8 SECTION 4.07. Section 7.027(b), Education Code, as added by
9 Chapter 201, Acts of the 78th Legislature, Regular Session, 2003,
10 is amended to read as follows:

11 (b) The board of trustees of a school district or the
12 governing body of a public charter district [~~an open-enrollment~~
13 ~~charter school~~] has primary responsibility for ensuring that the
14 district [~~or school~~] complies with all applicable requirements of
15 state educational programs.

16 SECTION 4.08. Section 7.055(b)(17), Education Code, is
17 amended to read as follows:

18 (17) The commissioner shall distribute funds to public
19 charter districts [~~open-enrollment charter schools~~] as required
20 under Chapter 11A [~~Subchapter D, Chapter 12~~].

21 SECTION 4.09. Section 7.102(c)(9), Education Code, is
22 amended to read as follows:

23 (9) The board may grant a charter for a public charter
24 district [~~an open-enrollment charter or approve a charter revision~~]
25 as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

26 SECTION 4.10. Section 12.002, Education Code, is amended to
27 read as follows:

1 Sec. 12.002. CLASSES OF CHARTER. The classes of charter
2 under this chapter are:

3 (1) a home-rule school district charter as provided by
4 Subchapter B;

5 (2) a campus or campus program charter as provided by
6 Subchapter C; or

7 (3) a college or university [~~an open-enrollment~~]
8 charter as provided by Subchapter E [~~D~~].

9 SECTION 4.11. Subchapter A, Chapter 21, Education Code, is
10 amended by adding Section 21.0032 to read as follows:

11 Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER
12 DISTRICT PERSONNEL; APPEAL. (a) A person may not be employed by or
13 serve as a teacher, teacher intern or teacher trainee, librarian,
14 educational aide, administrator, educational diagnostician, or
15 counselor for a public charter district unless the person has been
16 cleared by the State Board for Educator Certification following a
17 national criminal history record review and investigation under
18 this section.

19 (b) Before or immediately after employing or securing the
20 services of a person described by Subsection (a), a public charter
21 district shall send to the State Board for Educator Certification
22 the person's fingerprints and social security number. The person
23 may be employed or serve pending action by the board.

24 (c) The State Board for Educator Certification shall review
25 and investigate the person's national criminal history record
26 information, educator certification discipline history in any
27 state, and other information in the same manner as a review or

1 investigation conducted regarding an initial application for
2 educator certification. If the board finds the person would not be
3 eligible for educator certification, the board shall notify the
4 public charter district in writing that the person may not be
5 employed or serve in a capacity described by Subsection (a).

6 (d) On receipt of written notice under Subsection (c), a
7 public charter district may not employ or permit the person to serve
8 unless the person timely submits a written appeal under this
9 section. The State Board for Educator Certification shall conduct
10 an appeal under this subsection in the same manner as an appeal
11 regarding the denial of an initial application for educator
12 certification.

13 SECTION 4.12. Sections 21.058(b) and (c), Education Code,
14 are amended to read as follows:

15 (b) Notwithstanding Section 21.041(b)(7), not later than
16 the fifth day after the date the board receives notice under Article
17 42.018, Code of Criminal Procedure, of the conviction of a person
18 described by Section 21.0032 or who holds a certificate under this
19 subchapter, the board shall:

20 (1) revoke the certificate or clearance held by the
21 person; and

22 (2) provide to the person and to any school district or
23 public charter district [~~open-enrollment charter school~~] employing
24 the person at the time of revocation written notice of:

25 (A) the revocation; and

26 (B) the basis for the revocation.

27 (c) A school district or public charter district

1 ~~[open-enrollment charter school]~~ that receives notice under
2 Subsection (b) of the revocation of a certificate issued under this
3 subchapter shall:

4 (1) immediately remove the person whose certificate
5 has been revoked from campus or from an administrative office, as
6 applicable, to prevent the person from having any contact with a
7 student; and

8 (2) as soon as practicable, terminate the employment
9 of the person in accordance with the person's contract and with this
10 subchapter.

11 SECTION 4.13. Sections 22.083(b)-(d), Education Code, are
12 amended to read as follows:

13 (b) A public charter district may ~~[An open-enrollment~~
14 ~~charter school shall]~~ obtain from the Department of Public Safety
15 ~~[any law enforcement or criminal justice agency]~~ all criminal
16 history record information that relates to:

17 (1) a person whom the district ~~[school]~~ intends to
18 employ in any capacity; or

19 (2) a person who has indicated, in writing, an
20 intention to serve as a volunteer with the district ~~[school]~~.

21 (c) A school district, public charter district
22 ~~[open-enrollment charter school]~~, private school, regional
23 education service center, or shared services arrangement may obtain
24 from a federal or state ~~[any]~~ law enforcement or criminal justice
25 agency all criminal history record information that relates to:

26 (1) a volunteer or employee of the district, school,
27 service center, or shared services arrangement; or

1 (2) an employee of or applicant for employment by a
2 person that contracts with the district, school, service center, or
3 shared services arrangement to provide services, if:

4 (A) the employee or applicant has or will have
5 continuing duties related to the contracted services; and

6 (B) the duties are or will be performed on school
7 property or at another location where students are regularly
8 present.

9 (d) The superintendent of a district or the director of a
10 public charter district [~~an open-enrollment charter school~~],
11 private school, regional education service center, or shared
12 services arrangement shall promptly notify the State Board for
13 Educator Certification in writing if the person obtains or has
14 knowledge of information showing that an applicant for or holder of
15 a certificate issued under Subchapter B, Chapter 21, has a reported
16 criminal history.

17 SECTION 4.14. Section 22.084, Education Code, is amended to
18 read as follows:

19 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL
20 BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as provided
21 by Subsections (c) and (d), a school district, public charter
22 district [~~open-enrollment charter school~~], private school,
23 regional education service center, or shared services arrangement
24 that contracts with a person for transportation services shall
25 obtain from the Department of Public Safety [~~any law enforcement or~~
26 ~~criminal justice agency~~] all criminal history record information
27 that relates to:

1 (1) a person employed by the person as a bus driver; or

2 (2) a person the person intends to employ as a bus
3 driver.

4 (b) Except as provided by Subsections (c) and (d), a person
5 that contracts with a school district, public charter district
6 [~~open-enrollment charter school~~], private school, regional
7 education service center, or shared services arrangement to provide
8 transportation services shall submit to the district, school,
9 service center, or shared services arrangement the name and other
10 identification data required to obtain criminal history record
11 information of each person described by Subsection (a). If the
12 district, school, service center, or shared services arrangement
13 obtains information that a person described by Subsection (a) has
14 been convicted of a felony or a misdemeanor involving moral
15 turpitude, the district, school, service center, or shared services
16 arrangement shall inform the chief personnel officer of the person
17 with whom the district, school, service center, or shared services
18 arrangement has contracted, and the person may not employ that
19 person to drive a bus on which students are transported without the
20 permission of the board of trustees of the district or service
21 center, the governing body of the public charter district
22 [~~open-enrollment charter school~~], or the chief executive officer of
23 the private school or shared services arrangement.

24 (c) A commercial transportation company that contracts with
25 a school district, public charter district [~~open-enrollment~~
26 ~~charter school~~], private school, regional education service
27 center, or shared services arrangement to provide transportation

1 services may obtain from a federal or state [~~any~~] law enforcement or
2 criminal justice agency all criminal history record information
3 that relates to:

4 (1) a person employed by the commercial transportation
5 company as a bus driver, bus monitor, or bus aide; or

6 (2) a person the commercial transportation company
7 intends to employ as a bus driver, bus monitor, or bus aide.

8 (d) If the commercial transportation company obtains
9 information that a person employed or to be employed by the company
10 has been convicted of a felony or a misdemeanor involving moral
11 turpitude, the company may not employ that person to drive or to
12 serve as a bus monitor or bus aide on a bus on which students are
13 transported without the permission of the board of trustees of the
14 district or service center, the governing body of the public
15 charter district [~~open-enrollment charter school~~], or the chief
16 executive officer of the private school or shared services
17 arrangement. Subsections (a) and (b) do not apply if information is
18 obtained as provided by Subsection (c).

19 SECTION 4.15. Section 22.085, Education Code, is amended to
20 read as follows:

21 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.
22 A school district, public charter district [~~open-enrollment~~
23 ~~charter school~~], private school, regional education service
24 center, or shared services arrangement may discharge an employee if
25 the district or school obtains information of the employee's
26 conviction of a felony or of a misdemeanor involving moral
27 turpitude that the employee did not disclose to the State Board for

1 Educator Certification or the district, school, service center, or
2 shared services arrangement. An employee discharged under this
3 section is considered to have been discharged for misconduct for
4 purposes of Section 207.044, Labor Code.

5 SECTION 4.16. Section 22.086, Education Code, is amended to
6 read as follows:

7 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The State
8 Board for Educator Certification, a school district, a public
9 charter district [~~an open-enrollment charter school~~], a private
10 school, a regional education service center, a shared services
11 arrangement, or an employee of the board, district, school, service
12 center, or shared services arrangement is not civilly or criminally
13 liable for making a report required under this subchapter.

14 SECTION 4.161. Section 25.087, Education Code, is amended
15 by amending Subsection (b) and adding Subsection (c) to read as
16 follows:

17 (b) A school district shall excuse a student from attending
18 school for:

19 (1) the following purposes, including travel for those
20 purposes:

21 (A) [~~purpose of~~] observing religious holy days;

22 (B) appearing at a governmental office to
23 complete paperwork required in connection with the student's
24 application for United States citizenship or to take part in a
25 naturalization oath ceremony;

26 (C) attending an appointment with the student's
27 probation officer;

1 (D) attending an adoption proceeding involving
2 the student; or

3 (E) attending a required court appearance; or

4 (2) a [~~, including traveling for that purpose. A~~
5 ~~school district shall excuse a student for~~] temporary absence
6 resulting from health care professionals if that student commences
7 classes or returns to school on the same day of the appointment.

8 (c) A student whose absence is excused under Subsection (b)
9 [~~this subsection~~] may not be penalized for that absence and shall be
10 counted as if the student attended school for purposes of
11 calculating the average daily attendance of students in the school
12 district. A student whose absence is excused under Subsection (b)
13 [~~this subsection~~] shall be allowed a reasonable time to make up
14 school work missed on those days. If the student satisfactorily
15 completes the school work, the day of absence shall be counted as a
16 day of compulsory attendance.

17 SECTION 4.17. Section 25.088, Education Code, is amended to
18 read as follows:

19 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school
20 attendance officer may be selected by:

- 21 (1) the county school trustees of any county;
- 22 (2) the board of trustees of any school district or the
23 boards of trustees of two or more school districts jointly; or
- 24 (3) the governing body of a public charter district
25 [~~an open-enrollment charter school~~].

26 SECTION 4.18. Section 25.089(a), Education Code, is amended
27 to read as follows:

1 (a) An attendance officer may be compensated from the funds
2 of the county, independent school district, or public charter
3 district [~~open-enrollment charter school~~], as applicable.

4 SECTION 4.19. Section 25.090(b), Education Code, is amended
5 to read as follows:

6 (b) If the governing body of a public charter district [~~an~~
7 ~~open-enrollment charter school~~] has not selected an attendance
8 officer for a district campus, the duties of attendance officer
9 shall be performed by the peace officers of the county in which the
10 campus [~~school~~] is located.

11 SECTION 4.20. Sections 25.093(d) and (e), Education Code,
12 are amended to read as follows:

13 (d) A fine collected under this section shall be deposited
14 as follows:

15 (1) one-half shall be deposited to the credit of the
16 operating fund of, as applicable:

17 (A) the school district in which the child
18 attends school;

19 (B) the public charter district [~~open-enrollment~~
20 ~~charter school~~] the child attends; or

21 (C) the juvenile justice alternative education
22 program that the child has been ordered to attend; and

23 (2) one-half shall be deposited to the credit of:

24 (A) the general fund of the county, if the
25 complaint is filed in the justice court or the constitutional
26 county court; or

27 (B) the general fund of the municipality, if the

1 complaint is filed in municipal court.

2 (e) At the trial of any person charged with violating this
3 section, the attendance records of the child may be presented in
4 court by any authorized employee of the school district or public
5 charter district [~~open-enrollment charter school~~], as applicable.

6 SECTION 4.21. Sections 25.095(a) and (b), Education Code,
7 are amended to read as follows:

8 (a) A school district or public charter district
9 [~~open-enrollment charter school~~] shall notify a student's parent in
10 writing at the beginning of the school year that if the student is
11 absent from school on 10 or more days or parts of days within a
12 six-month period in the same school year or on three or more days or
13 parts of days within a four-week period:

14 (1) the student's parent is subject to prosecution
15 under Section 25.093; and

16 (2) the student is subject to prosecution under
17 Section 25.094 or to referral to a juvenile court in a county with a
18 population of less than 100,000 for conduct that violates that
19 section.

20 (b) A school district or public charter district shall
21 notify a student's parent if the student has been absent from
22 school, without excuse under Section 25.087, on three days or parts
23 of days within a four-week period. The notice must:

24 (1) inform the parent that:

25 (A) it is the parent's duty to monitor the
26 student's school attendance and require the student to attend
27 school; and

1 (B) the parent is subject to prosecution under
2 Section 25.093; and

3 (2) request a conference between school officials and
4 the parent to discuss the absences.

5 SECTION 4.22. Sections 25.0951(a) and (b), Education Code,
6 are amended to read as follows:

7 (a) If a student fails to attend school without excuse on 10
8 or more days or parts of days within a six-month period in the same
9 school year, a school district or public charter district shall:

10 (1) file a complaint against the student or the
11 student's parent or both in a county, justice, or municipal court
12 for an offense under Section 25.093 or 25.094, as appropriate, or
13 refer the student to a juvenile court in a county with a population
14 of less than 100,000 for conduct that violates Section 25.094; or

15 (2) refer the student to a juvenile court for conduct
16 indicating a need for supervision under Section 51.03(b)(2), Family
17 Code.

18 (b) If a student fails to attend school without excuse on
19 three or more days or parts of days within a four-week period but
20 does not fail to attend school for the time described by Subsection
21 (a), the school district or public charter district may:

22 (1) file a complaint against the student or the
23 student's parent or both in a county, justice, or municipal court
24 for an offense under Section 25.093 or 25.094, as appropriate, or
25 refer the student to a juvenile court in a county with a population
26 of less than 100,000 for conduct that violates Section 25.094; or

27 (2) refer the student to a juvenile court for conduct

1 indicating a need for supervision under Section 51.03(b)(2), Family
2 Code.

3 SECTION 4.23. Section 26.006(c), Education Code, is amended
4 to read as follows:

5 (c) A student's parent is entitled to request that the
6 school district or public charter district [~~open-enrollment~~
7 ~~charter school~~] the student attends allow the student to take home
8 any textbook used by the student. Subject to the availability of a
9 textbook, the school district or public charter district [~~or~~
10 ~~school~~] shall honor the request. A student who takes home a
11 textbook must return the textbook to school at the beginning of the
12 next school day if requested to do so by the student's teacher. In
13 this subsection, "textbook" has the meaning assigned by Section
14 31.002.

15 SECTION 4.24. Sections 26.0085(a), (c), (d), and (e),
16 Education Code, are amended to read as follows:

17 (a) A school district or public charter district
18 [~~open-enrollment charter school~~] that seeks to withhold
19 information from a parent who has requested public information
20 relating to the parent's child under Chapter 552, Government Code,
21 and that files suit as described by Section 552.324, Government
22 Code, to challenge a decision by the attorney general issued under
23 Subchapter G, Chapter 552, Government Code, must bring the suit not
24 later than the 30th calendar day after the date the school district
25 or public charter district [~~open-enrollment charter school~~]
26 receives the decision of the attorney general being challenged.

27 (c) Notwithstanding any other law, a school district or

1 public charter district [~~open-enrollment charter school~~] may not
2 appeal the decision of a court in a suit filed under Subsection (a).
3 This subsection does not affect the right of a parent to appeal the
4 decision.

5 (d) If the school district or public charter district
6 [~~open-enrollment charter school~~] does not bring suit within the
7 period established by Subsection (a), the school district or public
8 charter district [~~open-enrollment charter school~~] shall comply
9 with the decision of the attorney general.

10 (e) A school district or public charter district
11 [~~open-enrollment charter school~~] that receives a request from a
12 parent for public information relating to the parent's child shall
13 comply with Chapter 552, Government Code. If an earlier deadline
14 for bringing suit is established under Chapter 552, Government
15 Code, Subsection (a) does not apply. This section does not affect
16 the earlier deadline for purposes of Section 552.353(b)(3),
17 Government Code, [~~532.353(b)(3)~~] for a suit brought by an officer
18 for public information.

19 SECTION 4.25. Section 28.0211(j), Education Code, is
20 amended to read as follows:

21 (j) A school district [~~or open-enrollment charter school~~]
22 shall provide students required to attend accelerated programs
23 under this section with transportation to those programs if the
24 programs occur outside of regular school hours.

25 SECTION 4.26. Section 29.010(f), Education Code, is amended
26 to read as follows:

27 (f) This section does not create an obligation for or impose

1 a requirement on a school district [~~or open-enrollment charter~~
2 ~~school~~] that is not also created or imposed under another state law
3 or a federal law.

4 SECTION 4.27. Sections 29.012(a) and (c), Education Code,
5 are amended to read as follows:

6 (a) Except as provided by Subsection (b)(2), not later than
7 the third day after the date a person 22 years of age or younger is
8 placed in a residential facility, the residential facility shall:

9 (1) if the person is three years of age or older,
10 notify the school district in which the facility is located, unless
11 the facility is a public charter district [~~an open-enrollment~~
12 ~~charter school~~]; or

13 (2) if the person is younger than three years of age,
14 notify a local early intervention program in the area in which the
15 facility is located.

16 (c) For purposes of enrollment in a school, a person who
17 resides in a residential facility is considered a resident of the
18 school district or geographical area served by the public charter
19 district campus [~~open-enrollment charter school~~] in which the
20 facility is located.

21 SECTION 4.28. Sections 29.062(c)-(e), Education Code, are
22 amended to read as follows:

23 (c) Not later than the 30th day after the date of an on-site
24 monitoring inspection, the agency shall report its findings to the
25 school district [~~or open-enrollment charter school~~] and to the
26 division of accreditation.

27 (d) The agency shall notify a school district [~~or~~

1 ~~open-enrollment charter school~~] found in noncompliance in writing,
2 not later than the 30th day after the date of the on-site
3 monitoring. The district [~~or open-enrollment charter school~~] shall
4 take immediate corrective action.

5 (e) If a school district [~~or open-enrollment charter~~
6 ~~school~~] fails to satisfy appropriate standards adopted by the
7 commissioner for purposes of Subsection (a), the agency shall apply
8 sanctions, which may include the removal of accreditation, loss of
9 foundation school funds, or both.

10 SECTION 4.29. Sections 29.087(a)-(c), (e), (k), and (l),
11 Education Code, are amended to read as follows:

12 (a) The agency shall develop a process by which a school
13 district or public charter district [~~open-enrollment charter~~
14 ~~school~~] may apply to the commissioner for authority to operate a
15 program to prepare eligible students to take a high school
16 equivalency examination.

17 (b) Any school district or public charter district
18 [~~open-enrollment charter school~~] may apply for authorization to
19 operate a program under this section. As part of the application
20 process, the commissioner shall require a school district or public
21 charter district [~~or school~~] to provide information regarding the
22 operation of any similar program during the preceding five years.

23 (b-1) A school district or public charter district
24 [~~open-enrollment charter school~~] authorized by the commissioner on
25 or before August 31, 2003, to operate a program under this section
26 may continue to operate that program in accordance with this
27 section.

1 (c) A school district or public charter district
2 [~~open-enrollment charter school~~] may not increase enrollment of
3 students in a program authorized by this section by more than five
4 percent of the number of students enrolled in the similar program
5 operated by the school district or public charter district [~~or~~
6 ~~school~~] during the 2000-2001 school year.

7 (e) A school district or public charter district
8 [~~open-enrollment charter school~~] shall inform each student who has
9 completed a program authorized by this section of the time and place
10 at which the student may take the high school equivalency
11 examination. Notwithstanding any provision of this section, a
12 student may not take the high school equivalency examination except
13 as authorized by Section 7.111.

14 (k) The board of trustees of a school district or the
15 governing body [~~board~~] of a public charter district [~~an~~
16 ~~open-enrollment charter school~~] shall:

17 (1) hold a public hearing concerning the proposed
18 application of the school district or public charter district [~~or~~
19 ~~school~~] before applying to operate a program authorized by this
20 section; and

21 (2) subsequently hold a public hearing annually to
22 review the performance of the program.

23 (l) The commissioner may revoke a school district's or
24 public charter district's [~~open-enrollment charter school's~~]
25 authorization under this section after consideration of relevant
26 factors, including performance of students participating in the
27 school district's or public charter district's [~~or school's~~]

1 program on assessment instruments required under Chapter 39, the
2 percentage of students participating in the school district's or
3 public charter district's [~~or school's~~] program who complete the
4 program and perform successfully on the high school equivalency
5 examination, and other criteria adopted by the commissioner. A
6 decision by the commissioner under this subsection is final and may
7 not be appealed.

8 SECTION 4.30. Sections 29.155(a)-(d), (i), and (j),
9 Education Code, are amended to read as follows:

10 (a) From amounts appropriated for the purposes of this
11 section, the commissioner may make grants to school districts and
12 public charter districts [~~open-enrollment charter schools~~] to
13 implement or expand kindergarten and prekindergarten programs by:

14 (1) operating an existing half-day kindergarten or
15 prekindergarten program on a full-day basis; or

16 (2) implementing a prekindergarten program at a campus
17 that does not have a prekindergarten program.

18 (b) A school district or public charter district
19 [~~open-enrollment charter school~~] may use funds received under this
20 section to employ teachers and other personnel for a kindergarten
21 or prekindergarten program and acquire curriculum materials or
22 equipment, including computers, for use in kindergarten and
23 prekindergarten programs.

24 (c) To be eligible for a grant under this section, a school
25 district or public charter district [~~open-enrollment charter~~
26 ~~school~~] must apply to the commissioner in the manner and within the
27 time prescribed by the commissioner.

1 (d) In awarding grants under this section, the commissioner
 2 shall give priority to districts and public charter districts
 3 [~~open-enrollment charter schools~~] in which the level of performance
 4 of students on the assessment instruments administered under
 5 Section 39.023 to students in grade three is substantially below
 6 the average level of performance on those assessment instruments
 7 for all school districts in the state.

8 (i) In carrying out the purposes of Subsection (g), a school
 9 district or public charter district [~~open-enrollment charter~~
 10 ~~school~~] may use funds granted to the school district or public
 11 charter district [~~or school~~] under this section [~~subsection~~] in
 12 contracting with another entity, including a private entity.

13 (j) If a school district or public charter district
 14 [~~open-enrollment charter school~~] returns to the commissioner funds
 15 granted under this section, the commissioner may grant those funds
 16 to another entity, including a private entity, for the purposes of
 17 Subsection (g).

18 SECTION 4.31. Section 29.905(b), Education Code, is amended
 19 to read as follows:

20 (b) The agency shall make the program available to a school
 21 on the request of the board of trustees of [~~or~~] the school district
 22 of which the school is a part, or if the school is a public charter
 23 district [~~an open-enrollment charter school~~], on the request of the
 24 governing body of the public charter district [~~school~~].

25 SECTION 4.32. Section 31.021(b), Education Code, is amended
 26 to read as follows:

27 (b) The State Board of Education shall annually set aside

1 out of the available school fund of the state an amount sufficient
2 for the board and[~~7~~] school districts[~~, and open-enrollment charter~~
3 ~~schools~~] to purchase and distribute the necessary textbooks for the
4 use of the students of this state for the following school year.
5 The board shall determine the amount of the available school fund to
6 set aside for the state textbook fund based on:

7 (1) a report by the commissioner issued on July 1 or,
8 if that date is a Saturday or Sunday, on the following Monday,
9 stating the amount of unobligated money in the fund;

10 (2) the commissioner's estimate, based on textbooks
11 selected under Section 31.101 and on attendance reports submitted
12 under Section 31.103 by school districts [~~and open-enrollment~~
13 ~~charter schools~~], of the amount of funds, in addition to funds
14 reported under Subdivision (1), that will be necessary for purchase
15 and distribution of textbooks for the following school year; and

16 (3) any amount the board determines should be set
17 aside for emergency purposes caused by unexpected increases in
18 attendance.

19 SECTION 4.33. Section 31.027(a), Education Code, is amended
20 to read as follows:

21 (a) A publisher shall provide each school district [~~and~~
22 ~~open-enrollment charter school~~] with information that fully
23 describes each of the publisher's adopted textbooks. On request of
24 a school district, a publisher shall provide a sample copy of an
25 adopted textbook.

26 SECTION 4.34. Section 31.030, Education Code, is amended to
27 read as follows:

1 Sec. 31.030. USED TEXTBOOKS. The State Board of Education
2 shall adopt rules to ensure that used textbooks sold to school
3 districts [~~and open-enrollment charter schools~~] are not sample
4 copies that contain factual errors. The rules may provide for the
5 imposition of an administrative penalty in accordance with Section
6 31.151 against a seller of used textbooks who knowingly violates
7 this section.

8 SECTION 4.35. Section 31.101, Education Code, is amended to
9 read as follows:

10 Sec. 31.101. SELECTION AND PURCHASE OF TEXTBOOKS BY SCHOOL
11 DISTRICTS. (a) Each year, during a period established by the
12 State Board of Education, the board of trustees of each school
13 district [~~and the governing body of each open-enrollment charter~~
14 ~~school~~] shall:

15 (1) for a subject in the foundation curriculum, notify
16 the State Board of Education of the textbooks selected by the board
17 of trustees [~~or governing body~~] for the following school year from
18 among the textbooks on the appropriate conforming or nonconforming
19 list; or

20 (2) for a subject in the enrichment curriculum:

21 (A) notify the State Board of Education of each
22 textbook selected by the board of trustees [~~or governing body~~] for
23 the following school year from among the textbooks on the
24 appropriate conforming or nonconforming list; or

25 (B) notify the State Board of Education that the
26 board of trustees [~~or governing body~~] has selected a textbook that
27 is not on the conforming or nonconforming list.

1 (b) If a school district [~~or open-enrollment charter~~
2 ~~school~~] selects a textbook for a particular subject in the
3 enrichment curriculum and grade level that is not on the conforming
4 or nonconforming list, the state shall pay to the district [~~or~~
5 ~~school~~] an amount equal to the lesser of:

6 (1) 70 percent of the cost to the district of the
7 textbook, multiplied by the number of textbooks the district [~~or~~
8 ~~school~~] needs for that subject and grade level; or

9 (2) 70 percent of the limitation established under
10 Section 31.025 for a textbook for that subject and grade level,
11 multiplied by the number of textbooks the district [~~or school~~]
12 needs for that subject and grade level.

13 (c) A school district [~~or open-enrollment charter school~~]
14 that selects a textbook that is not on the conforming or
15 nonconforming list:

16 (1) is responsible for the portion of the cost of the
17 textbook that is not paid by the state under Subsection (b); and

18 (2) may use funds received from the state under
19 Subsection (b) only for purchasing the textbook for which the funds
20 were received.

21 (d) For a textbook that is not on the conforming or
22 nonconforming list, a school district [~~or open-enrollment charter~~
23 ~~school~~] must use the textbook for the period of the review and
24 adoption cycle the State Board of Education has established for the
25 subject and grade level for which the textbook is used.

26 SECTION 4.36. Section 31.102(c), Education Code, is amended
27 to read as follows:

1 (c) The board of trustees of a school district [~~or the~~
2 ~~governing body of an open-enrollment charter school~~] is the legal
3 custodian of textbooks purchased as provided by this chapter for
4 the district [~~or school~~]. The board of trustees shall distribute
5 textbooks to students in the manner that the board [~~or governing~~
6 ~~body~~] determines is most effective and economical.

7 SECTION 4.37. Section 31.103, Education Code, is amended to
8 read as follows:

9 Sec. 31.103. TEXTBOOK REQUISITIONS. (a) Not later than
10 the seventh day after the first school day in April, each principal
11 shall report the maximum attendance for the school to the
12 superintendent. Not later than April 25, the superintendent of a
13 school district [~~or the chief operating officer of an~~
14 ~~open-enrollment charter school~~] shall report the district's [~~or~~
15 ~~school's~~] maximum attendance to the commissioner.

16 (b) A requisition for textbooks for the following school
17 year shall be based on the maximum attendance reports under
18 Subsection (a), plus an additional 10 percent, except as otherwise
19 provided. A school district [~~or open-enrollment charter school~~]
20 shall make a requisition for a textbook on the conforming or
21 nonconforming list through the commissioner to the state depository
22 designated by the publisher or as provided by State Board of
23 Education rule, as applicable, not later than June 1 of each year.
24 The designated state depository or, if the publisher or
25 manufacturer does not have a designated textbook depository in this
26 state under Section 31.151(a)(6)(B), the publisher or manufacturer
27 shall fill a requisition approved by the agency at any other time in

1 the case of an emergency. As made necessary by available funds, the
2 commissioner shall reduce the additional percentage of attendance
3 for which a district [~~or school~~] may requisition textbooks. The
4 commissioner may, on application of a district [~~or school~~] that is
5 experiencing high enrollment growth, increase the additional
6 percentage of attendance for which the district [~~or school~~] may
7 requisition textbooks.

8 (c) In making a requisition under this section, a school
9 district [~~or open-enrollment charter school~~] may requisition
10 textbooks on the conforming or nonconforming list for grades above
11 the grade level in which a student is enrolled, except that the
12 total quantity of textbooks requisitioned under this section may
13 not exceed the limit prescribed by Subsection (b).

14 SECTION 4.38. Sections 31.104(a), (b), and (d), Education
15 Code, are amended to read as follows:

16 (a) The board of trustees of a school district [~~or the~~
17 ~~governing body of an open-enrollment charter school~~] may delegate
18 to an employee the authority to requisition, distribute, and manage
19 the inventory of textbooks in a manner consistent with this chapter
20 and rules adopted under this chapter.

21 (b) A school district [~~or open-enrollment charter school~~]
22 may order replacements for textbooks that have been lost or damaged
23 directly from:

24 (1) the textbook depository; or

25 (2) the textbook publisher or manufacturer if the
26 textbook publisher or manufacturer does not have a designated
27 textbook depository in this state under Section 31.151(a)(6)(B).

1 (d) Each student, or the student's parent or guardian, is
2 responsible for each textbook not returned by the student. A
3 student who fails to return all textbooks forfeits the right to free
4 textbooks until each textbook previously issued but not returned is
5 paid for by the student, parent, or guardian. As provided by policy
6 of the board of trustees [~~or governing body~~], a school district [~~or~~
7 ~~open-enrollment charter school~~] may waive or reduce the payment
8 requirement if the student is from a low-income family. The
9 district [~~or school~~] shall allow the student to use textbooks at
10 school during each school day. If a textbook is not returned or
11 paid for, the district [~~or school~~] may withhold the student's
12 records. A district [~~or school~~] may not, under this subsection,
13 prevent a student from graduating, participating in a graduation
14 ceremony, or receiving a diploma.

15 SECTION 4.39. Section 31.105, Education Code, is amended to
16 read as follows:

17 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a
18 school district [~~or governing body of an open-enrollment charter~~
19 ~~school~~] may sell textbooks, other than electronic textbooks, to a
20 student or another school at the state contract price. The district
21 shall send money from the sale of textbooks to the commissioner as
22 required by the commissioner. The commissioner shall deposit the
23 money in the state textbook fund.

24 SECTION 4.40. Section 31.106, Education Code, is amended to
25 read as follows:

26 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
27 textbook selected under this chapter, a school district [~~or~~

1 ~~open-enrollment charter school~~] may use local funds to purchase any
2 textbooks.

3 SECTION 4.41. Section 31.151(a), Education Code, is amended
4 to read as follows:

5 (a) A publisher or manufacturer of textbooks:

6 (1) shall furnish any textbook the publisher or
7 manufacturer offers in this state, at a price that does not exceed
8 the lowest price at which the publisher offers that textbook for
9 adoption or sale to any state, public school, or school district in
10 the United States;

11 (2) shall automatically reduce the price of a textbook
12 sold for use in a school district [~~or open-enrollment charter~~
13 ~~school~~] to the extent that the price is reduced elsewhere in the
14 United States;

15 (3) shall provide any textbook or ancillary item free
16 of charge in this state to the same extent that the publisher or
17 manufacturer provides the textbook or ancillary item free of charge
18 to any state, public school, or school district in the United
19 States;

20 (4) shall guarantee that each copy of a textbook sold
21 in this state is at least equal in quality to copies of that
22 textbook sold elsewhere in the United States and is free from
23 factual error;

24 (5) may not become associated or connected with,
25 directly or indirectly, any combination in restraint of trade in
26 textbooks or enter into any understanding or combination to control
27 prices or restrict competition in the sale of textbooks for use in

1 this state;

2 (6) shall:

3 (A) maintain a depository in this state or
4 arrange with a depository in this state to receive and fill orders
5 for textbooks, other than on-line textbooks or on-line textbook
6 components, consistent with State Board of Education rules; or

7 (B) deliver textbooks to a school district [~~or~~
8 ~~open-enrollment charter school~~] without a delivery charge to the
9 school district[, ~~open-enrollment charter school~~,] or state, if:

10 (i) the publisher or manufacturer does not
11 maintain or arrange with a depository in this state under Paragraph
12 (A) and the publisher's or manufacturer's textbooks and related
13 products are warehoused or otherwise stored less than 300 miles
14 from a border of this state; or

15 (ii) the textbooks are on-line textbooks or
16 on-line textbook components;

17 (7) shall, at the time an order for textbooks is
18 acknowledged, provide to school districts [~~or open-enrollment~~
19 ~~charter schools~~] an accurate shipping date for textbooks that are
20 back-ordered;

21 (8) shall guarantee delivery of textbooks at least 10
22 business days before the opening day of school of the year for which
23 the textbooks are ordered if the textbooks are ordered by a date
24 specified in the sales contract; and

25 (9) shall submit to the State Board of Education an
26 affidavit certifying any textbook the publisher or manufacturer
27 offers in this state to be free of factual errors at the time the

1 publisher executes the contract required by Section 31.026.

2 SECTION 4.42. Section 31.201(c), Education Code, is amended
3 to read as follows:

4 (c) The State Board of Education shall adopt rules under
5 which a school district [~~or open-enrollment charter school~~] may
6 donate discontinued textbooks, other than electronic textbooks, to
7 a student, to an adult education program, or to a nonprofit
8 organization.

9 SECTION 4.43. Subchapter C, Chapter 32, Education Code, is
10 amended by adding Section 32.1011 to read as follows:

11 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.
12 This subchapter applies to a public charter district as if the
13 public charter district were a school district.

14 SECTION 4.44. Section 32.102, Education Code, is amended to
15 read as follows:

16 Sec. 32.102. AUTHORITY. (a) As provided by this
17 subchapter, a school district [~~or open-enrollment charter school~~]
18 may transfer to a student enrolled in the district [~~or school~~]:

19 (1) any data processing equipment donated to the
20 district [~~or school~~], including equipment donated by:

- 21 (A) a private donor; or
22 (B) a state eleemosynary institution or a state
23 agency under Section 2175.128, Government Code;

24 (2) any equipment purchased by the district [~~or~~
25 ~~school~~], to the extent consistent with Section 32.105; and

26 (3) any surplus or salvage equipment owned by the
27 district [~~or school~~].

1 (b) A school district [~~or open-enrollment charter school~~]
2 may accept:

3 (1) donations of data processing equipment for
4 transfer under this subchapter; and

5 (2) any gifts, grants, or donations of money or
6 services to purchase, refurbish, or repair data processing
7 equipment under this subchapter.

8 SECTION 4.45. Section 32.103, Education Code, is amended to
9 read as follows:

10 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
11 eligible to receive data processing equipment under this subchapter
12 only if the student does not otherwise have home access to data
13 processing equipment, as determined by the student's school
14 district [~~or open-enrollment charter school~~].

15 (b) In transferring data processing equipment to students,
16 a school district [~~or open-enrollment charter school~~] shall give
17 preference to educationally disadvantaged students.

18 SECTION 4.46. Section 32.104, Education Code, is amended to
19 read as follows:

20 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before
21 transferring data processing equipment to a student, a school
22 district [~~or open-enrollment charter school~~] must:

23 (1) adopt rules governing transfers under this
24 subchapter, including provisions for technical assistance to the
25 student by the district [~~or school~~];

26 (2) determine that the transfer serves a public
27 purpose and benefits the district [~~or school~~]; and

1 (3) remove from the equipment any offensive,
2 confidential, or proprietary information, as determined by the
3 district [~~or school~~].

4 SECTION 4.47. Section 32.105, Education Code, is amended to
5 read as follows:

6 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school
7 district [~~or open-enrollment charter school~~] may spend public funds
8 to:

9 (1) purchase, refurbish, or repair any data processing
10 equipment transferred to a student under this subchapter; and

11 (2) store, transport, or transfer data processing
12 equipment under this subchapter.

13 SECTION 4.48. Section 32.106, Education Code, is amended to
14 read as follows:

15 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided
16 by Subsection (b), a student who receives data processing equipment
17 from a school district [~~or open-enrollment charter school~~] under
18 this subchapter shall return the equipment to the district [~~or~~
19 ~~school~~] not later than the earliest of:

20 (1) five years after the date the student receives the
21 equipment;

22 (2) the date the student graduates;

23 (3) the date the student transfers to another school
24 district [~~or open-enrollment charter school~~]; or

25 (4) the date the student withdraws from school.

26 (b) Subsection (a) does not apply if, at the time the
27 student is required to return the data processing equipment under

1 that subsection, the district [~~or school~~] determines that the
2 equipment has no marketable value.

3 SECTION 4.49. Section 33.007, Education Code, is amended to
4 read as follows:

5 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION. (a)
6 Each counselor at an elementary, middle, or junior high school,
7 including a public charter district [~~an open-enrollment charter~~
8 ~~school~~] offering those grades, shall advise students and their
9 parents or guardians regarding the importance of higher education,
10 coursework designed to prepare students for higher education, and
11 financial aid availability and requirements.

12 (b) During the first school year a student is enrolled in a
13 high school or at the high school level in a public charter district
14 [~~an open-enrollment charter school~~], and again during a student's
15 senior year, a counselor shall provide information about higher
16 education to the student and the student's parent or guardian. The
17 information must include information regarding:

- 18 (1) the importance of higher education;
- 19 (2) the advantages of completing the recommended or
20 advanced high school program adopted under Section 28.025(a);
- 21 (3) the disadvantages of taking courses to prepare for
22 a high school equivalency examination relative to the benefits of
23 taking courses leading to a high school diploma;
- 24 (4) financial aid eligibility;
- 25 (5) instruction on how to apply for federal financial
26 aid;
- 27 (6) the center for financial aid information

1 established under Section 61.0776;

2 (7) the automatic admission of certain students to
3 general academic teaching institutions as provided by Section
4 51.803; and

5 (8) the eligibility and academic performance
6 requirements for the TEXAS Grant as provided by Subchapter M,
7 Chapter 56 [~~as added by Chapter 1590, Acts of the 76th Legislature,~~
8 ~~Regular Session, 1999~~].

9 SECTION 4.50. Section 33.901, Education Code, is amended to
10 read as follows:

11 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of
12 the students enrolled in one or more schools in a school district or
13 enrolled in a public charter district campus [~~an open-enrollment~~
14 ~~charter school~~] are eligible for free or reduced-price breakfasts
15 under the national school breakfast program provided for by the
16 Child Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing
17 body of the district or the public charter district
18 [~~open-enrollment charter school~~] shall participate in the program
19 and make the benefits of the program available to all eligible
20 students in the schools or campus [~~school~~].

21 SECTION 4.51. Section 37.007(e), Education Code, is amended
22 to read as follows:

23 (e) In accordance with 20 U.S.C. Section 7151, a local
24 educational agency, including a school district, home-rule school
25 district, or public charter district [~~open-enrollment charter~~
26 ~~school~~], shall expel a student who brings a firearm, as defined by
27 18 U.S.C. Section 921, to school. The student must be expelled from

1 the student's regular campus for a period of at least one year,
2 except that:

3 (1) the superintendent or other chief administrative
4 officer of the school district or of the other local educational
5 agency, as defined by 20 U.S.C. Section 7801, may modify the length
6 of the expulsion in the case of an individual student;

7 (2) the district or other local educational agency
8 shall provide educational services to an expelled student in a
9 disciplinary alternative education program as provided by Section
10 37.008 if the student is younger than 10 years of age on the date of
11 expulsion; and

12 (3) the district or other local educational agency may
13 provide educational services to an expelled student who is 10 years
14 of age or older in a disciplinary alternative education program as
15 provided in Section 37.008.

16 SECTION 4.52. Section 37.008(j), Education Code, is amended
17 to read as follows:

18 (j) If a student placed in a disciplinary alternative
19 education program enrolls in another school district before the
20 expiration of the period of placement, the board of trustees of the
21 district requiring the placement shall provide to the district in
22 which the student enrolls, at the same time other records of the
23 student are provided, a copy of the placement order. The district
24 in which the student enrolls may continue the disciplinary
25 alternative education program placement under the terms of the
26 order or may allow the student to attend regular classes without
27 completing the period of placement. A school district may take any

1 action permitted by this subsection if:

2 (1) the student was placed in a disciplinary
3 alternative education program by a public charter district [~~an~~
4 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~] and
5 the public charter district [~~school~~] provides to the school
6 district a copy of the placement order; or

7 (2) the student was placed in a disciplinary
8 alternative education program by a school district in another state
9 and:

10 (A) the out-of-state district provides to the
11 school district a copy of the placement order; and

12 (B) the grounds for the placement by the
13 out-of-state district are grounds for placement in the school
14 district in which the student is enrolling.

15 SECTION 4.53. Section 37.021(a)(2), Education Code, as
16 added by Chapter 631, Acts of the 78th Legislature, Regular
17 Session, 2003, is amended to read as follows:

18 (2) "District or school" includes an independent
19 school district, a home-rule school district, a campus or campus
20 program charter holder, or a public charter district [~~an~~
21 ~~open-enrollment charter school~~].

22 SECTION 4.54. Section 39.131(a), Education Code, is amended
23 to read as follows:

24 (a) If a district does not satisfy the accreditation
25 criteria, the commissioner shall take any of the following actions,
26 listed in order of severity, to the extent the commissioner
27 determines necessary:

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

3 (2) order a hearing conducted by the board of trustees
4 of the district for the purpose of notifying the public of the
5 unacceptable performance, the improvements in performance expected
6 by the agency, and the sanctions that may be imposed under this
7 section if the performance does not improve;

8 (3) order the preparation of a student achievement
9 improvement plan that addresses each academic excellence indicator
10 for which the district's performance is unacceptable, the
11 submission of the plan to the commissioner for approval, and
12 implementation of the plan;

13 (4) order a hearing to be held before the commissioner
14 or the commissioner's designee at which the president of the board
15 of trustees of the district and the superintendent shall appear and
16 explain the district's low performance, lack of improvement, and
17 plans for improvement;

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

19 (6) appoint an agency monitor to participate in and
20 report to the agency on the activities of the board of trustees or
21 the superintendent;

22 (7) appoint a conservator to oversee the operations of
23 the district;

24 (8) appoint a management team to direct the operations
25 of the district in areas of unacceptable performance or require the
26 district to obtain certain services under a contract with another
27 person;

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

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

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

8 (B) in the case of a home-rule school district or
9 public charter district [~~open-enrollment charter school~~], order
10 closure of all programs operated under the district's [~~or school's~~]
11 charter; or

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

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

18 (B) restructuring the district or appropriate
19 school campuses to improve identification of and service to
20 students who are at risk of dropping out of school, as defined by
21 Section 29.081;

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

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

27 SECTION 4.55. Section 39.182(a), Education Code, is amended

1 to read as follows:

2 (a) Not later than December 1 of each year, the agency shall
3 prepare and deliver to the governor, the lieutenant governor, the
4 speaker of the house of representatives, each member of the
5 legislature, the Legislative Budget Board, and the clerks of the
6 standing committees of the senate and house of representatives with
7 primary jurisdiction over the public school system a comprehensive
8 report covering the preceding school year and containing:

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

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

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

23 (4) a summary compilation of overall performance of
24 students placed in an alternative education program established
25 under Section 37.008 on academic skills assessment instruments
26 required by Section 39.023 with the number of those students
27 exempted from the administration of those instruments and the basis

1 of the exemptions, aggregated by district, grade level, and subject
2 area, with appropriate interpretations and analysis, and
3 disaggregated by race, ethnicity, gender, and socioeconomic
4 status;

5 (5) a summary compilation of overall performance of
6 students at risk of dropping out of school, as defined by Section
7 29.081(d), on academic skills assessment instruments required by
8 Section 39.023 with the number of those students exempted from the
9 administration of those instruments and the basis of the
10 exemptions, aggregated by district, grade level, and subject area,
11 with appropriate interpretations and analysis, and disaggregated
12 by race, ethnicity, gender, and socioeconomic status;

13 (6) an evaluation of the correlation between student
14 grades and student performance on academic skills assessment
15 instruments required by Section 39.023;

16 (7) a statement of the dropout rate of students in
17 grade levels 7 through 12, expressed in the aggregate and by grade
18 level, and a statement of the completion rates of students for grade
19 levels 9 through 12;

20 (8) a statement of:

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

23 (B) the completion rate of students who enter
24 grade level 9 and graduate, including students who require more
25 than four years to graduate;

26 (C) the completion rate of students who enter
27 grade level 9 and not more than four years later receive a high

1 school equivalency certificate;

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

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

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

12 (10) a description of a systematic, measurable plan
13 for reducing the projected cross-sectional and longitudinal
14 dropout rates to five percent or less for the 1997-1998 school year;

15 (11) a summary of the information required by Section
16 29.083 regarding grade level retention of students and information
17 concerning:

18 (A) the number and percentage of students
19 retained; and

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

22 (12) information, aggregated by district type and
23 disaggregated by race, ethnicity, gender, and socioeconomic
24 status, on:

25 (A) the number of students placed in a
26 disciplinary [~~an~~] alternative education program established under
27 Section 37.008;

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

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

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

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

16 (14) an evaluation of the status of the curriculum
17 taught in public schools, with recommendations for legislative
18 changes necessary to improve or modify the curriculum required by
19 Section 28.002;

20 (15) a description of all funds received by and each
21 activity and expenditure of the agency;

22 (16) a summary and analysis of the instructional
23 expenditures ratios and instructional employees ratios of school
24 districts computed under Section 44.0071;

25 (17) a summary of the effect of deregulation,
26 including exemptions and waivers granted under Section 7.056 or
27 39.112;

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

7 (19) a list of each school district that is not in
8 compliance with state special education requirements, including:

9 (A) the period for which the district has not
10 been in compliance;

11 (B) the manner in which the agency considered the
12 district's failure to comply in determining the district's
13 accreditation status; and

14 (C) an explanation of the actions taken by the
15 commissioner to ensure compliance and an evaluation of the results
16 of those actions;

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

26 (21) any additional information considered important
27 by the commissioner or the State Board of Education.

1 SECTION 4.56. Section 42.005(f), Education Code, is amended
2 to read as follows:

3 (f) A public charter district [~~An open-enrollment charter~~
4 ~~school~~] is not entitled to funding based on an adjustment under
5 Subsection (b)(2).

6 SECTION 4.57. Section 42.152(c), Education Code, is amended
7 to read as follows:

8 (c) Funds allocated under this section shall be used to fund
9 supplemental programs and services designed to eliminate any
10 disparity in performance on assessment instruments administered
11 under Subchapter B, Chapter 39, or disparity in the rates of high
12 school completion between students at risk of dropping out of
13 school, as defined by Section 29.081, and all other students.
14 Specifically, the funds, other than an indirect cost allotment
15 established under State Board of Education rule, which may not
16 exceed 15 percent, may be used to meet the costs of providing a
17 compensatory, intensive, or accelerated instruction program under
18 Section 29.081 or an alternative education program established
19 under Section 37.008 or to support a program eligible under Title I
20 of the Elementary and Secondary Education Act of 1965, as provided
21 by Pub. L. No. 103-382 and its subsequent amendments, and by federal
22 regulations implementing that Act, at a campus at which at least 40
23 percent of the students are educationally disadvantaged. In
24 meeting the costs of providing a compensatory, intensive, or
25 accelerated instruction program under Section 29.081, a district's
26 compensatory education allotment shall be used for costs
27 supplementary to the regular education program, such as costs for

1 program and student evaluation, instructional materials and
2 equipment and other supplies required for quality instruction,
3 supplemental staff expenses, salary for teachers of at-risk
4 students, smaller class size, and individualized instruction. A
5 home-rule school district or a public charter district [~~an~~
6 ~~open-enrollment charter school~~] must use funds allocated under
7 Subsection (a) for a purpose authorized in this subsection but is
8 not otherwise subject to Subchapter C, Chapter 29. Notwithstanding
9 any other provisions of this section:

10 (1) to ensure that a sufficient amount of the funds
11 allotted under this section are available to supplement
12 instructional programs and services, no more than 18 percent of the
13 funds allotted under this section may be used to fund disciplinary
14 alternative education programs established under Section 37.008;

15 (2) the commissioner may waive the limitations of
16 Subdivision (1) upon an annual petition, by a district's board and a
17 district's site-based decision making committee, presenting the
18 reason for the need to spend supplemental compensatory education
19 funds on disciplinary alternative education programs under Section
20 37.008, provided that:

21 (A) the district in its petition reports the
22 number of students in each grade level, by demographic subgroup,
23 not making satisfactory progress under the state's assessment
24 system; and

25 (B) the commissioner makes the waiver request
26 information available annually to the public on the agency's
27 website; and

1 (3) for purposes of this subsection, a program
2 specifically designed to serve students at risk of dropping out of
3 school, as defined by Section 29.081, is considered to be a program
4 supplemental to the regular education program, and a district may
5 use its compensatory education allotment for such a program.

6 SECTION 4.58. Section 44.008(a), Education Code, is amended
7 to read as follows:

8 (a) The board of school trustees of each school district
9 shall have its school district fiscal accounts audited annually at
10 district expense by a certified or public accountant holding a
11 permit from the Texas State Board of Public Accountancy. Except as
12 determined impracticable by the commissioner, the accountant must
13 have completed at least one peer-reviewed audit of a school
14 district, governmental entity, quasi-governmental entity, or
15 nonprofit corporation and received an unqualified opinion from the
16 peer review. The audit must be completed following the close of
17 each fiscal year.

18 SECTION 4.59. Section 46.012, Education Code, is amended to
19 read as follows:

20 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
21 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~
22 ~~open-enrollment charter school~~] is not entitled to an allotment
23 under this subchapter.

24 SECTION 4.60. Section 46.036, Education Code, is amended to
25 read as follows:

26 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
27 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~

1 ~~open-enrollment charter school~~] is not entitled to an allotment
2 under this subchapter.

3 SECTION 4.61. Section 53.02(13), Education Code, is amended
4 to read as follows:

5 (13) "Authorized charter school" means a public
6 charter district [~~an open-enrollment charter school~~] that holds a
7 charter granted under Chapter 11A [~~Subchapter D, Chapter 12~~].

8 SECTION 4.62. The heading to Section 53.351, Education
9 Code, is amended to read as follows:

10 Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN ENROLLMENT~~] CHARTER
11 SCHOOL FACILITIES.

12 SECTION 4.63. Sections 53.351(a), (c), (d), (f), and (g),
13 Education Code, are amended to read as follows:

14 (a) The Texas Public Finance Authority shall establish a
15 nonprofit corporation to issue revenue bonds on behalf of
16 authorized [~~open-enrollment~~] charter schools for the acquisition,
17 construction, repair, or renovation of educational facilities of
18 those schools.

19 (c) The corporation has all powers granted under the Texas
20 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
21 Texas Civil Statutes) for the purpose of aiding authorized
22 [~~open-enrollment~~] charter schools in providing educational
23 facilities. The corporation may make expenditures from the fund
24 described by Subsection (e) and may solicit and accept grants for
25 deposit into the fund. In addition, Sections 53.131, 53.15, 53.31,
26 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and
27 govern the corporation and its procedures and bonds.

1 (d) The corporation shall adopt rules governing the
2 issuance of bonds on behalf of an authorized [~~open-enrollment~~]
3 charter school.

4 (f) A revenue bond issued under this section is not a debt of
5 the state or any state agency, political corporation, or political
6 subdivision of the state and is not a pledge of the faith and credit
7 of any of these entities. A revenue bond is payable solely from the
8 revenue of the authorized [~~open-enrollment~~] charter school on whose
9 behalf the bond is issued. A revenue bond issued under this section
10 must contain on its face a statement to the effect that:

11 (1) neither the state nor a state agency, political
12 corporation, or political subdivision of the state is obligated to
13 pay the principal of or interest on the bond; and

14 (2) neither the faith and credit nor the taxing power
15 of the state or any state agency, political corporation, or
16 political subdivision of the state is pledged to the payment of the
17 principal of or interest on the bond.

18 (g) An educational facility financed in whole or in part
19 under this section is exempt from taxation if the facility:

20 (1) is owned by an authorized [~~open-enrollment~~]
21 charter school;

22 (2) is held for the exclusive benefit of the school;
23 and

24 (3) is held for the exclusive use of the students,
25 faculty, and staff members of the school.

26 SECTION 4.64. Section 411.097(c), Government Code, is
27 amended to read as follows:

1 (c) A public charter district [~~An open-enrollment charter~~
2 ~~school~~] is entitled to obtain from the department criminal history
3 record information maintained by the department that relates to a
4 person who:

5 (1) is a member of the governing body of the public
6 charter district [~~school~~], as defined by Section 11A.001 [~~12.1012~~],
7 Education Code; or

8 (2) has agreed to serve as a member of the governing
9 body of the public charter district [~~school~~].

10 SECTION 4.65. Sections 2175.128(a) and (b), Government
11 Code, are amended to read as follows:

12 (a) If a disposition of a state agency's surplus or salvage
13 data processing equipment is not made under Section 2175.125 or
14 2175.184, the state agency shall transfer the equipment to:

15 (1) a school district or public charter district
16 [~~open-enrollment charter school~~] in this state under Subchapter C,
17 Chapter 32, Education Code;

18 (2) an assistance organization specified by the school
19 district or public charter district; or

20 (3) the Texas Department of Criminal Justice.

21 (b) If a disposition of the surplus or salvage data
22 processing equipment of a state eleemosynary institution or an
23 institution or agency of higher education is not made under other
24 law, the institution or agency shall transfer the equipment to:

25 (1) a school district or public charter district
26 [~~open-enrollment charter school~~] in this state under Subchapter C,
27 Chapter 32, Education Code;

1 (2) an assistance organization specified by the school
2 district or public charter district; or

3 (3) the Texas Department of Criminal Justice.

4 SECTION 4.66. Section 2306.630(a), Government Code, is
5 amended to read as follows:

6 (a) Subject to Subsection (b), the following entities may
7 apply to receive a grant for an eligible project under this
8 subchapter:

9 (1) a private, nonprofit, tax-exempt organization
10 listed in Section 501(c)(3), Internal Revenue Code of 1986 (26
11 U.S.C. Section 501(c)(3));

12 (2) a public agency that operates a community-based
13 youth employment training program;

14 (3) a community housing development organization
15 certified by the state;

16 (4) an educational facility approved by the Texas
17 Youth Commission;

18 (5) a corps-based community service organization;

19 (6) a public charter district [~~an open-enrollment~~
20 ~~charter school~~] approved by the State Board of Education [~~Texas~~
21 ~~Education Agency~~]; or

22 (7) another entity authorized by board rule.

23 SECTION 4.67. Section 1575.002(6), Insurance Code, is
24 amended to read as follows:

25 (6) "Public school" means:

26 (A) a school district;

27 (B) another educational district whose employees

1 are members of the Teacher Retirement System of Texas;

2 (C) a regional education service center
3 established under Chapter 8, Education Code; or

4 (D) a public charter district [~~an~~
5 ~~open-enrollment charter school~~] established under Chapter 11A
6 [~~Subchapter D, Chapter 12~~], Education Code.

7 SECTION 4.68. Section 1579.002(3), Insurance Code, is
8 amended to read as follows:

9 (3) "Charter school" means a public charter district
10 [~~an open-enrollment charter school~~] established under Chapter 11A
11 [~~Subchapter D, Chapter 12~~], Education Code.

12 SECTION 4.69. Section 140.005, Local Government Code, is
13 amended to read as follows:

14 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,
15 OR OTHER DISTRICT. The governing body of a school district, public
16 charter district [~~open-enrollment charter school~~], junior college
17 district, or a district or authority organized under Article III,
18 Section 52, or Article XVI, Section 59, of the Texas Constitution,
19 shall prepare an annual financial statement showing for each fund
20 subject to the authority of the governing body during the fiscal
21 year:

22 (1) the total receipts of the fund, itemized by source
23 of revenue, including taxes, assessments, service charges, grants
24 of state money, gifts, or other general sources from which funds are
25 derived;

26 (2) the total disbursements of the fund, itemized by
27 the nature of the expenditure; and

1 (3) the balance in the fund at the close of the fiscal
2 year.

3 SECTION 4.70. Section 140.006(c), Local Government Code, is
4 amended to read as follows:

5 (c) The presiding officer of a school district shall submit
6 a financial statement prepared under Section 140.005 to a daily,
7 weekly, or biweekly newspaper published within the boundaries of
8 the district. If a daily, weekly, or biweekly newspaper is not
9 published within the boundaries of the school district, the
10 financial statement shall be published in the manner provided by
11 Subsections (a) and (b). The financial statement of a public
12 charter district [~~an open-enrollment charter school~~] shall be made
13 available in the manner provided by Chapter 552, Government Code.

14 SECTION 4.71. Section 375.303(2), Local Government Code, is
15 amended to read as follows:

16 (2) "Eligible project" means a program authorized by
17 Section 379A.051 and a project as defined by Sections 2(11) and
18 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
19 Vernon's Texas Civil Statutes). Notwithstanding this definition,
20 seeking a charter for or operating a public charter district [~~an~~
21 ~~open-enrollment charter school~~] authorized by Chapter 11A
22 [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an
23 eligible project.

24 SECTION 4.72. Sections 375.308(b) and (c), Local Government
25 Code, are amended to read as follows:

26 (b) An authority may not:

27 (1) issue bonds or notes without the prior approval of

1 the governing body of the municipality that created the authority;

2 (2) seek a charter for or operate, within the
3 boundaries of the authority, a public charter district [~~an~~
4 ~~open-enrollment charter school~~] authorized by Chapter 11A
5 [~~Subchapter D, Chapter 12~~], Education Code; or

6 (3) levy ad valorem property taxes.

7 (c) A municipality may not seek a charter for or operate a
8 public charter district [~~an open-enrollment charter school~~]
9 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education
10 Code, within the boundaries of the authority.

11 SECTION 4.73. Section 541.201(15), Transportation Code, is
12 amended to read as follows:

13 (15) "School activity bus" means a bus designed to
14 accommodate more than 15 passengers, including the operator, that
15 is owned, operated, rented, or leased by a school district, county
16 school, public charter district [~~open-enrollment charter school~~],
17 regional education service center, or shared services arrangement
18 and that is used to transport public school students on a
19 school-related activity trip, other than on routes to and from
20 school. The term does not include a chartered bus, a bus operated
21 by a mass transit authority, or a school bus.

22 SECTION 4.74. Section 57.042(9), Utilities Code, is amended
23 to read as follows:

24 (9) "Public school" means a public elementary or
25 secondary school, including a public charter district [~~an~~
26 ~~open-enrollment charter school~~], a home-rule school district
27 school, and a school with a campus or campus program charter.

1 SECTION 4.75. Section 4(2), Chapter 22, Acts of the 57th
2 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
3 Texas Civil Statutes), is amended to read as follows:

4 (2) "Educational institution" means a school district
5 or a public charter district [~~an open-enrollment charter school~~].

6 SECTION 4.76. The following laws are repealed:

7 (1) Section 12.106, Education Code; and

8 (2) Section 40, Chapter 1504, Acts of the 77th
9 Legislature, Regular Session, 2001.

10 SECTION 4.77. Notwithstanding the repeal of Sections 12.107
11 and 12.128, Education Code, by this Act, those sections continue to
12 apply to state funds and property received or purchased by an
13 open-enrollment charter school before September 1, 2006.

14 SECTION 4.78. The changes in law made by Sections 4.04-4.78
15 of this article apply beginning August 1, 2006, except that
16 Sections 4.11, 4.12, 4.59, and 4.77 apply beginning September 1,
17 2005.

18 ARTICLE 5. CONFORMING AMENDMENTS

19 PART A. CONFORMING AMENDMENTS EFFECTIVE

20 SEPTEMBER 1, 2005

21 SECTION 5A.01. Section 22.004(c), Education Code, is
22 amended to read as follows:

23 (c) The cost of the coverage provided under the program
24 described by Subsection (a) shall be paid by the state, the
25 district, and the employees in the manner provided by Chapter 1579
26 [~~Article 3.50-7~~], Insurance Code. The cost of coverage provided
27 under a plan adopted under Subsection (b) shall be shared by the

1 employees and the district using the contributions by the state
2 described by Subchapter F, Chapter 1579 [~~Section 9, Article~~
3 ~~3.50-7~~], Insurance Code, or by Chapter 1580 [~~Article 3.50-8~~],
4 Insurance Code.

5 SECTION 5A.02. Section 822.201(c), Government Code, is
6 amended to read as follows:

7 (c) Excluded from salary and wages are:

8 (1) expense payments;

9 (2) allowances;

10 (3) payments for unused vacation or sick leave;

11 (4) maintenance or other nonmonetary compensation;

12 (5) fringe benefits;

13 (6) deferred compensation other than as provided by
14 Subsection (b)(3);

15 (7) compensation that is not made pursuant to a valid
16 employment agreement;

17 (8) payments received by an employee in a school year
18 that exceed \$5,000 for teaching a driver education and traffic
19 safety course that is conducted outside regular classroom hours;

20 (9) the benefit replacement pay a person earns as a
21 result of a payment made under Subchapter B or C, Chapter 661;

22 (10) compensation designated [~~contributions to a~~
23 ~~health reimbursement arrangement account received~~] by an employee
24 as health care supplementation under Chapter 1580 [~~Article 3.50-8~~],
25 Insurance Code, subject to the following limits:

26 (A) \$1,000, for an employee entitled to the
27 minimum salary under Section 21.402, Education Code;

1 (B) \$1,000, for a full-time support staff
2 employee entitled to a wage increase under Section 22.007(a),
3 Education Code; and

4 (C) \$500, for a part-time support staff employee
5 entitled to a wage increase under Section 22.007(b), Education
6 Code; and

7 (11) any compensation not described by Subsection (b).

8 SECTION 5A.03. This part applies beginning with the
9 2005-2006 school year.

10 PART B. CONFORMING AMENDMENTS

11 RELATED TO EDUCATION FUNDING AND EQUALIZATION

12 SECTION 5B.01. Section 7.055(b)(34), Education Code, is
13 amended to read as follows:

14 (34) The commissioner shall perform duties in
15 connection with equalization actions [~~the equalized wealth level~~]
16 under Chapter 41.

17 SECTION 5B.02. Section 12.013(b), Education Code, is
18 amended to read as follows:

19 (b) A home-rule school district is subject to:

20 (1) a provision of this title establishing a criminal
21 offense;

22 (2) a provision of this title relating to limitations
23 on liability; and

24 (3) a prohibition, restriction, or requirement, as
25 applicable, imposed by this title or a rule adopted under this
26 title, relating to:

27 (A) the Public Education Information Management

1 System (PEIMS) to the extent necessary to monitor compliance with
2 this subchapter as determined by the commissioner;

3 (B) educator certification under Chapter 21 and
4 educator rights under Sections 21.407, 21.408, and 22.001;

5 (C) criminal history records under Subchapter C,
6 Chapter 22;

7 (D) student admissions under Section 25.001;

8 (E) school attendance under Sections 25.085,
9 25.086, and 25.087;

10 (F) inter-district or inter-county transfers of
11 students under Subchapter B, Chapter 25;

12 (G) elementary class size limits under Section
13 25.112, in the case of any campus in the district that is considered
14 academically unacceptable [~~low-performing~~] under Section 39.132;

15 (H) high school graduation under Section 28.025;

16 (I) special education programs under Subchapter
17 A, Chapter 29;

18 (J) bilingual education under Subchapter B,
19 Chapter 29;

20 (K) prekindergarten programs under Subchapter E,
21 Chapter 29;

22 (L) safety provisions relating to the
23 transportation of students under Sections 34.002, 34.003, 34.004,
24 and 34.008;

25 (M) computation and distribution of state aid
26 under Chapters 31, 42, and 43;

27 (N) extracurricular activities under Section

1 33.081;

2 (O) health and safety under Chapter 38;

3 (P) public school accountability under
4 Subchapters B, C, D, and G, Chapter 39;

5 (Q) equalization [~~equalized—wealth~~] under
6 Section 42.401 [~~Chapter 41~~];

7 (R) a bond or other obligation or tax rate under
8 Chapters 42, 43, and 45; and

9 (S) purchasing under Chapter 44.

10 SECTION 5B.03. Section 21.410(h), Education Code, is
11 amended to read as follows:

12 (h) A grant a school district receives under this section is
13 in addition to any funding the district receives under Chapter 42.
14 The commissioner shall distribute funds under this section with the
15 Foundation School Program payment to which the district is entitled
16 as soon as practicable after the end of the school year as
17 determined by the commissioner. A district to which Section 42.401
18 [~~Chapter 41~~] applies is entitled to the grants paid under this
19 section. The commissioner shall determine the timing of the
20 distribution of grants to a district that does not receive
21 Foundation School Program payments.

22 SECTION 5B.04. Section 21.411(h), Education Code, is
23 amended to read as follows:

24 (h) A grant a school district receives under this section is
25 in addition to any funding the district receives under Chapter 42.
26 The commissioner shall distribute funds under this section with the
27 Foundation School Program payment to which the district is entitled

1 as soon as practicable after the end of the school year as
2 determined by the commissioner. A district to which Section 42.401
3 [~~Chapter 41~~] applies is entitled to the grants paid under this
4 section. The commissioner shall determine the timing of the
5 distribution of grants to a district that does not receive
6 Foundation School Program payments.

7 SECTION 5B.05. Section 21.412(h), Education Code, is
8 amended to read as follows:

9 (h) A grant a school district receives under this section is
10 in addition to any funding the district receives under Chapter 42.
11 The commissioner shall distribute funds under this section with the
12 Foundation School Program payment to which the district is entitled
13 as soon as practicable after the end of the school year as
14 determined by the commissioner. A district to which Section 42.401
15 [~~Chapter 41~~] applies is entitled to the grants paid under this
16 section. The commissioner shall determine the timing of the
17 distribution of grants to a district that does not receive
18 Foundation School Program payments.

19 SECTION 5B.06. Section 21.413(h), Education Code, as added
20 by Section 2, Chapter 430, Acts of the 78th Legislature, Regular
21 Session, 2003, is amended to read as follows:

22 (h) A grant a school district receives under this section is
23 in addition to any funding the district receives under Chapter 42.
24 The commissioner shall distribute funds under this section with the
25 Foundation School Program payment to which the district is entitled
26 as soon as practicable after the end of the school year as
27 determined by the commissioner. A district to which Section 42.401

1 [~~Chapter 41~~] applies is entitled to the grants paid under this
2 section. The commissioner shall determine the timing of the
3 distribution of grants to a district that does not receive
4 Foundation School Program payments.

5 SECTION 5B.07. Section 21.453(b), Education Code, is
6 amended to read as follows:

7 (b) The commissioner may allocate funds from the account to
8 regional education service centers to provide staff development
9 resources to school districts that:

10 (1) are rated academically unacceptable;

11 (2) have one or more campuses rated academically
12 unacceptable [~~as low-performing~~]; or

13 (3) are otherwise in need of assistance as indicated
14 by the academic performance of students, as determined by the
15 commissioner.

16 SECTION 5B.08. Section 29.014(d), Education Code, is
17 amended to read as follows:

18 (d) The accreditation [~~basic~~] allotment for a student
19 enrolled in a district to which this section applies is adjusted by:

20 (1) the cost of education adjustment under Section
21 42.102 for the school district in which the district is
22 geographically located; and

23 (2) the weight for a homebound student under Section
24 42.151(a).

25 SECTION 5B.09. Section 29.087(j), Education Code, is
26 amended to read as follows:

27 (j) For purposes of funding under Chapters [~~41~~] 42[~~7~~] and

1 46, a student attending a program authorized by this section may be
2 counted in attendance only for the actual number of hours each
3 school day the student attends the program, in accordance with
4 Sections 25.081 and 25.082.

5 SECTION 5B.10. Section 29.202(a), Education Code, is
6 amended to read as follows:

7 (a) 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 academically unacceptable [~~low-performing~~] under
17 Section 39.132.

18 SECTION 5B.11. Section 29.203(b), Education Code, is
19 amended to read as follows:

20 (b) A school district is entitled to the allotment provided
21 by Section 42.157 for each eligible student using a public
22 education grant. [~~If the district has a wealth per student greater
23 than the guaranteed wealth level but less than the equalized wealth
24 level, a school district is entitled under rules adopted by the
25 commissioner to additional state aid in an amount equal to the
26 difference between the cost to the district of providing services
27 to a student using a public education grant and the sum of the state~~]

1 ~~aid received because of the allotment under Section 42.157 and~~
2 ~~money from the available school fund attributable to the student.]~~

3 SECTION 5B.12. Section 30.003, Education Code, is amended
4 by adding Subsection (f-1) to read as follows:

5 (f-1) The commissioner shall determine the total amount
6 that the Texas School for the Blind and Visually Impaired and the
7 Texas School for the Deaf would have received from school districts
8 pursuant to this section if H.B. No. 2, Acts of the 79th
9 Legislature, Regular Session, 2005, had not reduced the districts'
10 share of the cost of providing education services. That amount,
11 minus any amount the schools do receive from school districts,
12 shall be set apart as a separate account in the foundation school
13 fund and appropriated to those schools for educational purposes.

14 SECTION 5B.13. Section 37.0061, Education Code, is amended
15 to read as follows:

16 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
17 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
18 education services to pre-adjudicated and post-adjudicated
19 students who are confined by court order in a juvenile residential
20 facility operated by a juvenile board is entitled to count such
21 students in the district's average daily attendance for purposes of
22 receipt of state funds under the Foundation School Program. [~~If the~~
23 ~~district has a wealth per student greater than the guaranteed~~
24 ~~wealth level but less than the equalized wealth level, the district~~
25 ~~in which the student is enrolled on the date a court orders the~~
26 ~~student to be confined to a juvenile residential facility shall~~
27 ~~transfer to the district providing education services an amount~~

~~equal to the difference between the average Foundation School Program costs per student of the district providing education services and the sum of the state aid and the money from the available school fund received by the district that is attributable to the student for the portion of the school year for which the district provides education services to the student.]~~

SECTION 5B.14. Section 87.208, Education Code, is amended to read as follows:

Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of regents of The Texas A&M University System administers a program that is substantially similar to the Seaborne Conservation Corps as it was administered by the board during the 1998-1999 school year, the program is entitled, for each student enrolled, to allotments from the Foundation School Program under Chapter 42 as if the program were a school district, except that:

(1) the program has a local share applied that is equivalent to the local fund assignment of the school district in which the principal facilities of the program are located; and

(2) the district enrichment tax rate under Section 42.302 is the average district enrichment tax rate for the state.

SECTION 5B.15. Section 96.707(k), Education Code, is amended to read as follows:

(k) For each student enrolled in the academy, the academy is entitled to allotments from the Foundation School Program under Chapter 42 as if the academy were a school district, except that:

(1) the academy has a local share applied that is equivalent to the local fund assignment of the Beaumont Independent

1 School District; and

2 (2) the district enrichment tax rate under Section
3 42.302 is the average district enrichment tax rate for the state.

4 SECTION 5B.16. Section 105.301(e), Education Code, is
5 amended to read as follows:

6 (e) The academy is not subject to the provisions of this
7 code, or to the rules of the Texas Education Agency, regulating
8 public schools, except that:

9 (1) professional employees of the academy are entitled
10 to the limited liability of an employee under Section 22.0511,
11 22.0512, or 22.052;

12 (2) a student's attendance at the academy satisfies
13 compulsory school attendance requirements; ~~and~~

14 (3) for each student enrolled, the academy is entitled
15 to allotments from the foundation school program under Chapter 42
16 as if the academy were a school district without a basic program
17 ~~[tier one]~~ local share for purposes of Section 42.253; and

18 (4) in determining funding for the academy:

19 (A) the adjustment under Section 42.102 is the
20 adjustment of the school district in which the principal facilities
21 of the academy are located; and

22 (B) the district enrichment tax rate under
23 Section 42.302 is the average district enrichment tax rate for the
24 state.

25 SECTION 5B.17. Section 317.005(f), Government Code, is
26 amended to read as follows:

27 (f) The governor or board may adopt an order under this

1 section withholding or transferring any portion of the total amount
2 appropriated to finance the foundation school program for a fiscal
3 year. The governor or board may not adopt such an order if it would
4 result in an allocation of money between particular programs or
5 statutory allotments under the foundation school program contrary
6 to the statutory proration formula provided by Section 42.253(h),
7 Education Code. The governor or board may transfer an amount to the
8 total amount appropriated to finance the foundation school program
9 for a fiscal year and may increase the accreditation [~~basic~~]
10 allotment. The governor or board may adjust allocations of amounts
11 between particular programs or statutory allotments under the
12 foundation school program only for the purpose of conforming the
13 allocations to actual pupil enrollments or attendance.

14 SECTION 5B.18. Section 2175.304(c), Government Code, is
15 amended to read as follows:

16 (c) The procedures established under Subsection (b) must
17 give preference to transferring the property directly to a public
18 school or school district or to an assistance organization
19 designated by the school district before disposing of the property
20 in another manner. If more than one public school or school
21 district or assistance organization seeks to acquire the same
22 property on substantially the same terms, the system, institution,
23 or agency shall give preference to a public school that is
24 considered academically unacceptable under Section 39.132,
25 Education Code, [~~low-performing by the commissioner of education~~]
26 or to a school district that has a relatively low [~~taxable~~] wealth
27 per student, as determined by the commissioner of education [~~that~~

1 ~~entitles the district to an allotment of state funds under~~
2 ~~Subchapter F, Chapter 42, Education Code],~~ or to the assistance
3 organization designated by such a school district.

4 SECTION 5B.19. Section 1579.251(a), Insurance Code, is
5 amended to read as follows:

6 (a) The state shall assist employees of participating
7 school districts and charter schools in the purchase of group
8 health coverage under this chapter by providing for each covered
9 employee the amount of \$900 each state fiscal year or a greater
10 amount as provided by the General Appropriations Act. The state
11 contribution shall be distributed through the school finance
12 formulas under Chapter [~~Chapters 41 and~~] 42, Education Code, in a
13 manner the commissioner of education determines appropriate [~~and~~
14 ~~used by school districts and charter schools as provided by~~
15 ~~Sections 42.2514 and 42.260, Education Code)].~~

16 SECTION 5B.20. Section 302.006(c), Labor Code, is amended
17 to read as follows:

18 (c) To be eligible to receive a scholarship awarded under
19 this section, a person must:

20 (1) be employed in a child-care facility, as defined
21 by Section 42.002, Human Resources Code;

22 (2) intend to obtain a credential, certificate, or
23 degree specified in Subsection (b);

24 (3) agree to work for at least 18 additional months in
25 a child-care facility, as defined by Section 42.002, Human
26 Resources Code, that accepts federal Child Care Development Fund
27 subsidies and that, at the time the person begins to fulfill the

1 work requirement imposed by this subdivision, is located:

2 (A) within the attendance zone of a public school
3 campus considered academically unacceptable [~~low-performing~~] under
4 Section 39.132, Education Code; or

5 (B) in an economically disadvantaged community,
6 as determined by the commission; and

7 (4) satisfy any other requirements adopted by the
8 commission.

9 SECTION 5B.21. Section 6.02(b), Tax Code, is amended to
10 read as follows:

11 (b) A taxing unit that has boundaries extending into two or
12 more counties may choose to participate in only one of the appraisal
13 districts. In that event, the boundaries of the district chosen
14 extend outside the county to the extent of the unit's boundaries.
15 To be effective, the choice must be approved by resolution of the
16 board of directors of the district chosen. [~~The choice of a school
17 district to participate in a single appraisal district does not
18 apply to property annexed to the school district under Subchapter C
19 or G, Chapter 41, Education Code, unless:~~

20 [~~(1) the school district taxes property other than
21 property annexed to the district under Subchapter C or G, Chapter
22 41, Education Code, in the same county as the annexed property; or~~

23 [~~(2) the annexed property is contiguous to property in
24 the school district other than property annexed to the district
25 under Subchapter C or G, Chapter 41, Education Code.]~~

26 SECTION 5B.22. Section 21.02(a), Tax Code, is amended to
27 read as follows:

1 (a) Except as provided by [~~Subsection (b) and~~] Sections
2 21.021, 21.04, and 21.05, tangible personal property is taxable by
3 a taxing unit if:

4 (1) it is located in the unit on January 1 for more
5 than a temporary period;

6 (2) it normally is located in the unit, even though it
7 is outside the unit on January 1, if it is outside the unit only
8 temporarily;

9 (3) it normally is returned to the unit between uses
10 elsewhere and is not located in any one place for more than a
11 temporary period; or

12 (4) the owner resides (for property not used for
13 business purposes) or maintains the owner's [~~his~~] principal place
14 of business in this state (for property used for business purposes)
15 in the unit and the property is taxable in this state but does not
16 have a taxable situs pursuant to Subdivisions (1) through (3) [~~of~~
17 ~~this section~~].

18 SECTION 5B.23. Section 39.901(d), Utilities Code, is
19 amended to read as follows:

20 (d) Not later than May 1 of each year, subject to Section
21 39.903(b), the commission shall transfer from the system benefit
22 fund to the foundation school fund the amount determined by the
23 Texas Education Agency under Subsection (b) to the extent that
24 funds are available. Amounts transferred from the system benefit
25 fund under this section may be appropriated only for the support of
26 the Foundation School Program and are available, in addition to any
27 amounts allocated by the General Appropriations Act, to finance

1 actions under Section [~~41.002(b) or~~] 42.2521, Education Code.

2 SECTION 5B.24. This part applies beginning with the
3 2006-2007 school year.

4 ARTICLE 6. PROPERTY TAX COLLECTIONS

5 SECTION 6.01. Section 31.05(a), Tax Code, is amended to
6 read as follows:

7 (a) The governing body of a taxing unit [~~that collects its~~
8 ~~own taxes~~] may adopt the discounts provided by Subsection (b) or
9 Subsection (c) [~~of this section~~], or both, in the manner required by
10 law for official action by the body. The discounts, if adopted,
11 apply only to that taxing unit's taxes [~~for a taxing unit for which~~
12 ~~the adopting taxing unit collects taxes if the governing body of the~~
13 ~~other unit, in the manner required by law for official action by the~~
14 ~~body, adopts the discounts or approves of their application to its~~
15 ~~taxes by the collecting unit~~]. If a taxing unit adopts both
16 discounts under Subsections (b) and (c) [~~of this section~~], the
17 discounts adopted under Subsection (b) apply unless the [~~unit mails~~
18 ~~its~~] tax bills for the unit are mailed after September 30, in which
19 case only the discounts under Subsection (c) apply. A taxing unit
20 that collects taxes for another taxing unit that adopts the
21 discounts may prepare and mail separate tax bills on behalf of the
22 adopting taxing unit and may charge an additional fee for preparing
23 and mailing the separate tax bills and for collecting the taxes
24 imposed by the adopting taxing unit. If under an intergovernmental
25 contract a county assessor-collector collects taxes for a taxing
26 unit that adopts the discounts, the county assessor-collector may
27 terminate the contract if the county has adopted a discount policy

1 that is different from the discount policy adopted by the adopting
2 taxing unit.

3 SECTION 6.02. (a) Section 31.05, Tax Code, as amended by
4 this article, applies to the adoption of a discount by a taxing unit
5 beginning with the 2005 tax year, except as provided by Subsection
6 (b) of this section.

7 (b) If a taxing unit's tax bills for the 2005 tax year are
8 mailed before the effective date of this article, Section 31.05,
9 Tax Code, as amended by this article, applies to the adoption of a
10 discount by the taxing unit beginning with the 2006 tax year, and
11 the law in effect when the tax bills were mailed applies to the 2005
12 tax year with respect to that taxing unit.

13 ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION;
14 TRANSFER OF POWERS AND DUTIES

15 SECTION 7.01. Section 21.0031(a), Education Code, is
16 amended to read as follows:

17 (a) An employee's probationary, continuing, or term
18 contract under this chapter is void if the employee:

19 (1) does not hold a certificate or permit issued under
20 Subchapter B [~~by the State Board for Educator Certification~~]; or

21 (2) fails to fulfill the requirements necessary to
22 extend the employee's temporary or emergency certificate or permit.

23 SECTION 7.02. Sections 21.004(a)-(e), Education Code, are
24 amended to read as follows:

25 (a) To the extent that funds are available, the agency [~~the~~
26 ~~State Board for Educator Certification~~] and the Texas Higher
27 Education Coordinating Board shall develop and implement programs

1 to identify talented students and recruit those students and
2 persons, including high school and undergraduate students,
3 mid-career and retired professionals, honorably discharged and
4 retired military personnel, and members of underrepresented gender
5 and ethnic groups, into the teaching profession.

6 (b) From available funds, the agency[~~, the State Board for~~
7 ~~Educator Certification,~~] and the Texas Higher Education
8 Coordinating Board shall develop and distribute materials that
9 emphasize the importance of the teaching profession and inform
10 individuals about state-funded loan forgiveness and tuition
11 assistance programs.

12 (c) The commissioner, in cooperation with the commissioner
13 of higher education [~~and the executive director of the State Board~~
14 ~~for Educator Certification,~~], shall annually identify the need for
15 teachers in specific subject areas and geographic regions and among
16 underrepresented groups. The commissioner shall give priority to
17 developing and implementing recruitment programs to address those
18 needs from the agency's discretionary funds.

19 (d) The agency[~~, the State Board for Educator~~
20 ~~Certification,~~] and the Texas Higher Education Coordinating Board
21 shall encourage the business community to cooperate with local
22 schools to develop recruiting programs designed to attract and
23 retain capable teachers, including programs to provide summer
24 employment opportunities for teachers.

25 (e) The agency[~~, the State Board for Educator~~
26 ~~Certification,~~] and the Texas Higher Education Coordinating Board
27 shall encourage major education associations to cooperate in

1 developing a long-range program promoting teaching as a career and
2 to assist in identifying local activities and resources that may be
3 used to promote the teaching profession.

4 SECTION 7.03. Section 21.006, Education Code, is amended by
5 amending Subsections (a)-(c) and (e)-(g) and adding Subsection (h)
6 to read as follows:

7 (a) In this section:

8 (1) "Abuse" [~~,"abuse"~~] has the meaning assigned by
9 Section 261.001, Family Code, and includes any sexual conduct
10 involving an educator and a student or minor.

11 (2) "Board" means the Educators' Professional
12 Practices Board.

13 (b) In addition to the reporting requirement under Section
14 261.101, Family Code, the superintendent or director of a school
15 district, regional education service center, or shared services
16 arrangement shall notify the commissioner [~~State Board for Educator~~
17 ~~Certification~~] if the superintendent or director has reasonable
18 cause to believe that:

19 (1) an educator employed by or seeking employment by
20 the district, service center, or shared services arrangement has a
21 criminal record;

22 (2) an educator's employment at the district, service
23 center, or shared services arrangement was terminated based on a
24 determination that the educator:

25 (A) abused or otherwise committed an unlawful act
26 with a student or minor;

27 (B) possessed, transferred, sold, or distributed

1 a controlled substance, as defined by Chapter 481, Health and
2 Safety Code, or by 21 U.S.C. Section 801 et seq. [~~and its~~
3 ~~subsequent amendments~~];

4 (C) illegally transferred, appropriated, or
5 expended funds or other property of the district, service center,
6 or shared services arrangement;

7 (D) attempted by fraudulent or unauthorized
8 means to obtain or alter a professional certificate or license for
9 the purpose of promotion or additional compensation; or

10 (E) committed a criminal offense or any part of a
11 criminal offense on school property or at a school-sponsored event;
12 or

13 (3) the educator resigned and reasonable evidence
14 supports a recommendation by the superintendent or director to
15 terminate the educator based on a determination that the educator
16 engaged in misconduct described by Subdivision (2).

17 (c) The superintendent or director must notify the
18 commissioner [~~State Board for Educator Certification~~] by filing a
19 report with the commissioner [~~board~~] not later than the seventh day
20 after the date the superintendent or director first learns about an
21 alleged incident of misconduct described by Subsection (b). The
22 report must be:

23 (1) in writing; and

24 (2) in a form prescribed by the board.

25 (e) A superintendent or director who in good faith and while
26 acting in an official capacity files a report with the commissioner
27 [~~State Board for Educator Certification~~] under this section is

1 immune from civil or criminal liability that might otherwise be
2 incurred or imposed.

3 (f) The board, acting on a recommendation of the
4 commissioner, [State Board for Educator Certification] shall
5 determine whether to impose sanctions against a superintendent or
6 director who fails to file a report in violation of Subsection (c).

7 (g) The commissioner [State Board for Educator
8 Certification] shall propose rules as necessary to implement this
9 section.

10 (h) The commissioner shall forward a report received under
11 this section to the board for use as the commissioner determines
12 appropriate in the execution of the board's duties.

13 SECTION 7.035. Subchapter A, Chapter 21, Education Code, is
14 amended by adding Section 21.007 to read as follows:

15 Sec. 21.007. RECOMMENDATION TO SANCTION. The commissioner
16 shall determine whether to recommend a sanction against an educator
17 to the board under this chapter. The board shall make a final
18 determination regarding the imposition of a sanction under this
19 chapter.

20 SECTION 7.04. Sections 21.031 and 21.032, Education Code,
21 are amended to read as follows:

22 Sec. 21.031. PURPOSE. (a) The Educators' Professional
23 Practices [State] Board [for Educator Certification] is
24 established in the agency to [recognize public school educators as
25 professionals and to grant educators the authority to govern the
26 standards of their profession. The board shall] regulate and
27 oversee [all aspects of] the [certification, continuing education,

1 ~~and~~] standards of conduct of public school educators.

2 (b) The commissioner shall adopt rules governing the
3 certification of educators and continuing education for educators.
4 In adopting [~~In proposing~~] rules under this subchapter, the
5 commissioner [~~board~~] shall ensure that all candidates for
6 certification or renewal of certification demonstrate the
7 knowledge and skills necessary to improve the performance of the
8 diverse student population of this state.

9 Sec. 21.032. DEFINITION. In this subchapter, "board" means
10 the Educators' Professional Practices [~~State~~] Board [~~for Educator~~
11 ~~Certification~~].

12 SECTION 7.05. The heading to Section 21.033, Education
13 Code, is amended to read as follows:

14 Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES [~~STATE~~]
15 BOARD [~~FOR EDUCATOR CERTIFICATION~~].

16 SECTION 7.06. Section 21.033, Education Code, is amended by
17 amending Subsection (a) and adding Subsections (a-1), (d), (e), and
18 (f) to read as follows:

19 (a) The board [~~State Board for Educator Certification~~] is
20 composed of 11 [~~14~~] members[~~. The commissioner of education shall~~
21 ~~appoint an employee of the agency to represent the commissioner as a~~
22 ~~nonvoting member. The commissioner of higher education shall~~
23 ~~appoint an employee of the Texas Higher Education Coordinating~~
24 ~~Board to represent the commissioner as a nonvoting member. The~~
25 ~~governor shall appoint a dean of a college of education in this~~
26 ~~state as a nonvoting member. The remaining 11 members are]~~
27 appointed by the commissioner [~~governor with the advice and consent~~

1 ~~of the senate,~~] as follows:

2 (1) six [~~four~~] members must be classroom teachers,
3 appointed as provided by Subsection (a-1) [~~employed in public~~
4 ~~schools~~];

5 (2) not more than two members of the board may [~~must~~]
6 be [~~public~~] school administrators; and

7 (3) a number of other members consistent with this
8 subsection who the commissioner determines are qualified [~~one~~
9 ~~member must be a public school counselor; and~~

10 [~~(4) four members must be citizens, three of whom are~~
11 ~~not and have not, in the five years preceding appointment, been~~
12 ~~employed by a public school district or by an educator preparation~~
13 ~~program in an institution of higher education and one of whom is not~~
14 ~~and has not been employed by a public school district or by an~~
15 ~~educator preparation program in an institution of higher~~
16 ~~education~~].

17 (a-1) In appointing a board member under Subsection (a)(1),
18 the commissioner shall request a list of qualified candidates from
19 each of the four statewide professional educator associations in
20 this state with the largest membership of classroom teachers and
21 shall make appointments from the candidates listed. Not later than
22 the 30th day after the date on which the association receives notice
23 of the commissioner's request for candidate nominations, the
24 association shall submit a list of six candidates for membership on
25 the board. If the commissioner does not receive nominations for at
26 least 12 candidates the commissioner may appoint classroom teachers
27 not nominated by an association.

1 (d) The commissioner shall designate a member of the board
2 as the presiding officer of the board to serve in that capacity at
3 the pleasure of the commissioner.

4 (e) The agency shall provide administrative services for
5 the board as necessary.

6 (f) A reference in law to the State Board for Educator
7 Certification means the Educators' Professional Practices Board.

8 SECTION 7.07. Section 21.034, Education Code, is amended to
9 read as follows:

10 Sec. 21.034. TERMS; VACANCY. (a) The board members
11 [~~appointed by the governor~~] hold office for staggered terms of six
12 years with the terms of one-third, or as near to one-third as
13 possible, of the members expiring on February 1 of each
14 odd-numbered year. [~~A member appointed by the commissioner of~~
15 ~~education or the commissioner of higher education serves at the~~
16 ~~will of the appointing commissioner.~~]

17 (b) In the event of a vacancy during a term of a member
18 [~~appointed by the governor~~], the commissioner [~~governor~~] shall
19 appoint a replacement who meets the qualifications of the vacated
20 office to fill the unexpired portion of the term.

21 (c) A vacancy arises if a member [~~appointed by the governor~~]
22 no longer qualifies for the office to which the member was
23 appointed, as determined by the commissioner.

24 SECTION 7.075. Section 21.035(a), Education Code, is
25 amended to read as follows:

26 [~~(a)~~] The board is subject to Chapter 325, Government Code
27 (Texas Sunset Act). Unless continued in existence as provided by

1 that chapter, the board is abolished and this subchapter expires on
2 the date prescribed by Section 7.004 for abolishment of the agency
3 [September 1, 2005].

4 SECTION 7.08. Subchapter B, Chapter 21, Education Code, is
5 amended by adding Section 21.0391 to read as follows:

6 Sec. 21.0391. ADVISORY COMMITTEE. (a) The commissioner
7 shall appoint an advisory committee composed of holders of each
8 class of educator certificate and stakeholders as required under
9 Chapter 2008, Government Code.

10 (b) The advisory committee shall recommend educator
11 certification standards and educator preparation program standards
12 under Sections 21.044 and 21.045, and propose related rules to the
13 commissioner through negotiated rulemaking under Chapter 2008,
14 Government Code. For purposes of that chapter, the advisory
15 committee is considered to be the negotiated rulemaking committee
16 described by Section 2008.054.

17 (c) The commissioner may not finally adopt or amend a rule
18 subject to this section unless the State Board of Education has
19 failed to reject the rule or amendment by an affirmative vote of
20 two-thirds of its members. A vote under this subsection may be
21 conducted by mail ballot, provided that the State Board of
22 Education has at least 30 days' written notice of the proposed final
23 rule adoption.

24 (d) Members of the advisory committee serve at the will of
25 the commissioner.

26 SECTION 7.09. Sections 21.041, 21.044, and 21.045,
27 Education Code, are amended to read as follows:

1 Sec. 21.041. RULES; FEES. (a) The board may adopt rules as
2 necessary for its own procedures.

3 (a-1) The board shall adopt rules that provide for the
4 adoption and amendment of an educator's code of ethics.

5 (b) The commissioner [~~board~~] shall adopt [~~propose~~] rules
6 that:

7 (1) provide for the issuance and renewal of educator
8 certificates [~~regulation of educators and the general~~
9 ~~administration of this subchapter~~] in a manner consistent with this
10 subchapter;

11 (2) specify the classes of educator certificates to be
12 issued, including emergency certificates;

13 (3) specify the period for which each class of
14 educator certificate is valid;

15 (4) specify the requirements for the issuance and
16 renewal of an educator certificate;

17 (5) provide for the issuance of an educator
18 certificate to a person who holds a similar certificate issued by
19 another state or foreign country, subject to Section 21.052;

20 (6) provide for special or restricted certification of
21 educators, including certification of instructors of American Sign
22 Language;

23 (7) provide for disciplinary proceedings, including
24 the suspension or revocation of an educator certificate, as
25 provided by Chapter 2001, Government Code;

26 (8) [~~provide for the adoption, amendment, and~~
27 ~~enforcement of an educator's code of ethics,~~

1 ~~[(9)]~~ provide for continuing education requirements;

2 ~~[and]~~

3 (9) ~~[(10)]~~ provide for certification of persons
4 performing appraisals under Subchapter H; and

5 (10) provide for the regulation of educators in a
6 manner consistent with this subchapter.

7 (c) The commissioner by rule ~~[board]~~ shall set ~~[propose a~~
8 ~~rule adopting]~~ a fee for the issuance and maintenance of an educator
9 certificate that is adequate to cover the cost of administration of
10 this subchapter, including costs related to the operation of the
11 board.

12 Sec. 21.044. EDUCATOR PREPARATION. The commissioner
13 ~~[board]~~ shall adopt ~~[propose]~~ rules establishing the training
14 requirements a person must accomplish to obtain a certificate,
15 enter an internship, or enter an induction-year program. The
16 commissioner ~~[board]~~ shall specify the minimum academic
17 qualifications required for a certificate.

18 Sec. 21.045. ACCOUNTABILITY SYSTEM FOR EDUCATOR
19 PREPARATION PROGRAMS. (a) The commissioner ~~[board]~~ shall adopt
20 ~~[propose]~~ rules establishing standards to govern the approval and
21 continuing accountability of all educator preparation programs
22 based on information that is disaggregated with respect to sex and
23 ethnicity and that includes:

24 (1) results of the certification examinations
25 prescribed under Section 21.048(a); and

26 (2) performance based on the appraisal system for
27 beginning teachers adopted by the commissioner ~~[board]~~.

1 (b) Each educator preparation program shall submit data
2 elements as required by the commissioner [~~board~~] for an annual
3 performance report to ensure access and equity. At a minimum, the
4 annual report must contain the performance data from Subsection (a)
5 and the following information, disaggregated by sex and ethnicity:

- 6 (1) the number of candidates who apply;
7 (2) the number of candidates admitted;
8 (3) the number of candidates retained;
9 (4) the number of candidates completing the program;
10 (5) the number of candidates employed in the
11 profession after completing the program; and
12 (6) the number of candidates retained in the
13 profession.

14 (c) The commissioner [~~board~~] shall adopt [~~propose~~] rules
15 establishing performance standards for the Accountability System
16 for Educator Preparation for accrediting educator preparation
17 programs. At a minimum, performance standards must be based on
18 Subsection (a). The commissioner [~~board~~] shall adopt [~~propose~~]
19 rules for the sanction of educator preparation programs and shall
20 annually review the accreditation status of each educator
21 preparation program.

22 (d) The commissioner [~~executive director of the board~~]
23 shall appoint an oversight team of educators to make
24 recommendations and provide assistance to educator preparation
25 programs that do not meet accreditation standards. If, after one
26 year, an educator preparation program has not fulfilled the
27 recommendations of the oversight team, the commissioner [~~executive~~

1 ~~director~~] shall appoint a person to administer and manage the
2 operations of the program. If the program does not improve after
3 two years, the commissioner [~~board~~] shall revoke the approval of
4 the program to prepare educators for state certification.

5 SECTION 7.10. Sections 21.046(c) and (d), Education Code,
6 are amended to read as follows:

7 (c) Because an effective principal is essential to school
8 improvement, the commissioner [~~board~~] shall ensure that:

9 (1) each candidate for certification as a principal is
10 of the highest caliber; and

11 (2) multi-level screening processes, validated
12 comprehensive assessment programs, and flexible internships with
13 successful mentors exist to determine whether a candidate for
14 certification as a principal possesses the essential knowledge,
15 skills, and leadership capabilities necessary for success.

16 (d) In creating the qualifications for certification as a
17 principal, the commissioner [~~board~~] shall consider the knowledge,
18 skills, and proficiencies for principals as developed by relevant
19 national organizations and the State Board of Education.

20 SECTION 7.11. Section 21.048(a), Education Code, is amended
21 to read as follows:

22 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
23 prescribing comprehensive examinations for each class of
24 certificate issued by the board.

25 SECTION 7.12. Sections 21.0481, 21.0482, 21.0483, 21.0484,
26 and 21.049, Education Code, are amended to read as follows:

27 Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. (a)

1 To ensure that there are teachers with special training to work with
2 other teachers and with students in order to improve student
3 reading performance, the commissioner [~~board~~] shall establish a
4 master reading teacher certificate.

5 (b) The board shall issue a master reading teacher
6 certificate to each eligible person.

7 (c) To be eligible for a master reading teacher certificate,
8 a person must:

9 (1) hold a reading specialist certificate issued under
10 this subchapter and satisfactorily complete a course of instruction
11 as prescribed under Subdivision (2)(B); or

12 (2) hold a teaching certificate issued under this
13 subchapter and:

14 (A) have at least three years of teaching
15 experience;

16 (B) satisfactorily complete a knowledge-based
17 and skills-based course of instruction on the science of teaching
18 children to read that includes training in:

19 (i) effective reading instruction
20 techniques, including effective techniques for students whose
21 primary language is a language other than English;

22 (ii) identification of dyslexia and related
23 reading disorders and effective reading instruction techniques for
24 students with those disorders; and

25 (iii) effective professional peer
26 mentoring techniques;

27 (C) perform satisfactorily on the master reading

1 teacher certification examination prescribed by the commissioner
2 [~~board~~]; and

3 (D) satisfy any other requirements prescribed by
4 the commissioner [~~board~~].

5 Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION.

6 (a) To ensure that there are teachers with special training to work
7 with other teachers and with students in order to improve student
8 mathematics performance, the commissioner [~~board~~] shall establish:

9 (1) a master mathematics teacher certificate to teach
10 mathematics at elementary school grade levels;

11 (2) a master mathematics teacher certificate to teach
12 mathematics at middle school grade levels; and

13 (3) a master mathematics teacher certificate to teach
14 mathematics at high school grade levels.

15 (b) The board shall issue the appropriate master
16 mathematics teacher certificate to each eligible person.

17 (c) To be eligible for a master mathematics teacher
18 certificate, a person must:

19 (1) hold a teaching certificate issued under this
20 subchapter;

21 (2) have at least three years of teaching experience;

22 (3) satisfactorily complete a knowledge-based course
23 of instruction on the science of teaching children mathematics that
24 includes training in mathematics instruction and professional peer
25 mentoring techniques that, through scientific testing, have been
26 proven effective;

27 (4) perform satisfactorily on the appropriate master

1 mathematics teacher certification examination prescribed by the
2 commissioner [~~board~~]; and

3 (5) satisfy any other requirements prescribed by the
4 commissioner [~~board~~].

5 (d) The course of instruction prescribed under Subsection
6 (c)(3) shall be developed by the commissioner [~~board~~] in
7 consultation with mathematics and science faculty members at
8 institutions of higher education.

9 Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION. (a)
10 To ensure that there are teachers with special training to work with
11 other teachers and with students in order to increase the use of
12 technology in each classroom, the commissioner [~~board~~] shall
13 establish a master technology teacher certificate.

14 (b) The board shall issue a master technology teacher
15 certificate to each eligible person.

16 (c) To be eligible for a master technology teacher
17 certificate, a person must:

18 (1) hold a technology applications or Technology
19 Education certificate issued under this subchapter, satisfactorily
20 complete the course of instruction prescribed under Subdivision
21 (2)(B), and satisfactorily perform on the examination prescribed
22 under Subdivision (2)(C); or

23 (2) hold a teaching certificate issued under this
24 subchapter and:

25 (A) have at least three years of teaching
26 experience;

27 (B) satisfactorily complete a knowledge-based

1 and skills-based course of instruction on interdisciplinary
2 technology applications and the science of teaching technology that
3 includes training in:

4 (i) effective technology instruction
5 techniques, including applications designed to meet the
6 educational needs of students with disabilities;

7 (ii) classroom teaching methodology that
8 engages student learning through the integration of technology;

9 (iii) digital learning competencies,
10 including Internet research, graphics, animation, website
11 mastering, and video technologies;

12 (iv) curriculum models designed to prepare
13 teachers to facilitate an active student learning environment; and

14 (v) effective professional peer mentoring
15 techniques;

16 (C) satisfactorily perform on an examination
17 developed in cooperation with the Telecommunications
18 Infrastructure Fund Board and administered at the conclusion of the
19 course of instruction prescribed under Paragraph (B); and

20 (D) satisfy any other requirements prescribed by
21 the commissioner [~~board~~].

22 (d) The commissioner [~~board~~] may provide technology
23 applications training courses under Subsection (c)(2)(B) in
24 cooperation with:

25 (1) regional education service centers; and

26 (2) other public or private entities, including any
27 state council on technology.

1 Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION. (a)

2 To ensure that there are teachers with special training to work with
3 other teachers and with students in order to improve student
4 science performance, the commissioner [~~board~~] shall establish:

5 (1) a master science teacher certificate to teach
6 science at elementary school grade levels;

7 (2) a master science teacher certificate to teach
8 science at middle school grade levels; and

9 (3) a master science teacher certificate to teach
10 science at high school grade levels.

11 (b) The board shall issue the appropriate master science
12 teacher certificate to each eligible person.

13 (c) To be eligible for a master science teacher certificate,
14 a person must:

15 (1) hold a teaching certificate issued under this
16 subchapter;

17 (2) have at least three years of teaching experience;

18 (3) satisfactorily complete a knowledge-based course
19 of instruction on the science of teaching children science that
20 includes training in science instruction and professional peer
21 mentoring techniques that, through scientific testing, have been
22 proven effective;

23 (4) perform satisfactorily on the appropriate master
24 science teacher certification examination prescribed by the
25 commissioner [~~board~~]; and

26 (5) satisfy any other requirements prescribed by the
27 commissioner [~~board~~].

1 (d) The course of instruction prescribed under Subsection
2 (c)(3) shall be developed by the commissioner [~~board~~] in
3 consultation with science faculty members at institutions of higher
4 education.

5 Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a
6 continuing additional source of qualified educators, the
7 commissioner [~~board~~] shall adopt [~~propose~~] rules providing for
8 educator certification programs as an alternative to traditional
9 educator preparation programs. The rules may not provide that a
10 person may be certified under this section only if there is a
11 demonstrated shortage of educators in a school district or subject
12 area.

13 (b) The commissioner [~~board~~] may not require a person
14 employed as a teacher in a disciplinary [~~an~~] alternative education
15 program under Section 37.008 or a juvenile justice alternative
16 education program under Section 37.011 for at least three years to
17 complete an alternative educator certification program adopted
18 under this section before taking the appropriate certification
19 examination.

20 SECTION 7.13. Sections 21.050(a) and (b), Education Code,
21 are amended to read as follows:

22 (a) A person who applies for a teaching certificate for
23 which commissioner [~~board~~] rules require a bachelor's degree must
24 possess a bachelor's degree received with an academic major or
25 interdisciplinary academic major, including reading, other than
26 education, that is related to the curriculum as prescribed under
27 Subchapter A, Chapter 28.

1 (b) The commissioner [~~board~~] may not require more than 18
2 semester credit hours of education courses at the baccalaureate
3 level for the granting of a teaching certificate. The commissioner
4 [~~board~~] shall provide for a minimum number of semester credit hours
5 of internship to be included in the hours needed for certification.
6 The commissioner [~~board~~] may adopt [~~propose~~] rules requiring
7 additional credit hours for certification in bilingual education,
8 English as a second language, early childhood education, or special
9 education.

10 SECTION 7.14. Section 21.051, Education Code, is amended to
11 read as follows:

12 Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS.
13 The commissioner [~~board~~] shall adopt [~~propose~~] rules providing
14 flexible options for persons for any field experience or internship
15 required for certification.

16 SECTION 7.15. Section 21.054(a), Education Code, is amended
17 to read as follows:

18 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
19 establishing a process for identifying continuing education
20 courses and programs that fulfill educators' continuing education
21 requirements.

22 SECTION 7.16. Section 21.056, Education Code, is amended to
23 read as follows:

24 Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner
25 [~~board~~] by rule shall provide for a certified educator to qualify
26 for additional certification to teach at a grade level or in a
27 subject area not covered by the educator's certificate upon

1 satisfactory completion of an examination or other assessment of
2 the educator's qualification.

3 SECTION 7.17. Section 21.057(d), Education Code, is amended
4 to read as follows:

5 (d) For purposes of this section, "inappropriately
6 certified or uncertified teacher":

7 (1) includes:

8 (A) an individual serving on an emergency
9 certificate issued under Section 21.041(b)(2); or

10 (B) an individual who does not hold any
11 certificate or permit issued under this chapter and is not employed
12 as specified by Subdivision (2)(E); and

13 (2) does not include an individual:

14 (A) who is a certified teacher assigned to teach
15 a class or classes outside his or her area of certification, as
16 determined by rules adopted [~~proposed~~] by the commissioner [~~board~~]
17 in specifying the certificate required for each assignment;

18 (B) serving on a certificate issued due to a
19 hearing impairment under Section 21.048;

20 (C) serving on a certificate issued pursuant to
21 enrollment in an approved alternative certification program under
22 Section 21.049;

23 (D) certified by another state or country and
24 serving on a certificate issued under Section 21.052;

25 (E) serving on a school district teaching permit
26 issued under Section 21.055; or

27 (F) employed under a waiver granted by the

1 commissioner pursuant to Section 7.056.

2 SECTION 7.18. Section 21.058(d), Education Code, is amended
3 to read as follows:

4 (d) A person whose certificate is revoked under Subsection
5 (b) may reapply for a certificate in accordance with commissioner
6 ~~[board]~~ rules.

7 SECTION 7.19. Section 21.105(c), Education Code, is amended
8 to read as follows:

9 (c) On written complaint by the employing district and
10 recommendation by the commissioner, the Educators' Professional
11 Practices [State] Board [~~for Educator Certification~~] may impose
12 sanctions against a teacher employed under a probationary contract
13 who:

- 14 (1) resigns;
- 15 (2) fails without good cause to comply with Subsection
16 (a) or (b); and
- 17 (3) fails to perform the contract.

18 SECTION 7.20. Section 21.160(c), Education Code, is amended
19 to read as follows:

20 (c) On written complaint by the employing district and
21 recommendation by the commissioner, the Educators' Professional
22 Practices [State] Board [~~for Educator Certification~~] may impose
23 sanctions against a teacher who is employed under a continuing
24 contract that obligates the district to employ the person for the
25 following school year and who:

- 26 (1) resigns;
- 27 (2) fails without good cause to comply with Subsection

1 (a) or (b); and

2 (3) fails to perform the contract.

3 SECTION 7.21. Section 21.210(c), Education Code, is amended
4 to read as follows:

5 (c) On written complaint by the employing district and
6 recommendation by the commissioner, the Educators' Professional
7 Practices [State] Board [~~for Educator Certification~~] may impose
8 sanctions against a teacher who is employed under a term contract
9 that obligates the district to employ the person for the following
10 school year and who:

11 (1) resigns;

12 (2) fails without good cause to comply with Subsection
13 (a) or (b); and

14 (3) fails to perform the contract.

15 SECTION 7.22. Section 21.503, Education Code, is amended to
16 read as follows:

17 Sec. 21.503. ELIGIBILITY. A person is eligible for the
18 program if the person:

19 (1) has served in the armed forces of the United
20 States;

21 (2) is honorably discharged, retired, or released from
22 active duty on or after October 1, 1990, after at least six years of
23 continuous active duty service immediately before the discharge,
24 retirement, or release;

25 (3) has received a baccalaureate or advanced degree
26 from a public or private institution of higher education accredited
27 by a regional accrediting agency or group that is recognized by a

1 nationally recognized accreditation board; and

2 (4) satisfies any other criteria for selection
3 [~~jointly~~] prescribed by the agency [~~and the State Board for~~
4 ~~Educator Certification~~].

5 SECTION 7.23. Section 21.504(b), Education Code, is amended
6 to read as follows:

7 (b) The agency [~~and the State Board for Educator~~
8 ~~Certification~~] shall distribute the applications and information
9 regarding the program.

10 SECTION 7.24. Section 21.510(c), Education Code, is amended
11 to read as follows:

12 (c) For purposes of this section, a participant in the
13 program is not considered to be in violation of an agreement under
14 Section 21.508 during any period in which the participant:

15 (1) is pursuing a full-time course of study related to
16 the field of teaching at a public or private institution of higher
17 education approved by the agency [~~State Board for Educator~~
18 ~~Certification~~];

19 (2) is serving on active duty as a member of the armed
20 forces of the United States;

21 (3) is temporarily totally disabled for a period not
22 to exceed three years as established by sworn affidavit of a
23 qualified physician;

24 (4) is unable to secure employment for a period not to
25 exceed one year because of care required by a disabled spouse;

26 (5) is seeking and unable to find full-time employment
27 as a teacher in a public elementary or secondary school for a single

1 period not to exceed 27 months; or

2 (6) satisfies the provisions of any additional
3 reimbursement exception adopted by the agency.

4 SECTION 7.25. Sections 21.551, 21.552, and 21.553,
5 Education Code, are amended to read as follows:

6 Sec. 21.551. PURPOSES. The purposes of the alternative
7 certification Teach for Texas Pilot Program are to:

8 (1) attract to the teaching profession persons who
9 have expressed interest in teaching and to support the
10 certification of those persons as teachers;

11 (2) recognize the importance of the certification
12 process governed by the commissioner [~~State Board for Educator~~
13 ~~Certification~~] under Subchapter B, which requires verification of
14 competence in subject area and professional knowledge and skills;

15 (3) encourage the creation and expansion of educator
16 preparation programs that recognize the knowledge and skills gained
17 through previous educational and work-related experiences and that
18 are delivered in a manner that recognizes individual circumstances,
19 including the need to remain employed full-time while enrolled in
20 the Teach for Texas Pilot Program; and

21 (4) provide annual stipends to postbaccalaureate
22 teacher certification candidates.

23 Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [~~State~~
24 ~~Board for Educator Certification~~] by rule shall establish the Teach
25 for Texas Pilot Program consistent with the purposes provided by
26 Section 21.551.

27 Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program

1 must offer to participants financial incentives, including tuition
2 assistance and loan forgiveness. In offering a financial
3 incentive, the commissioner [~~State Board for Educator~~
4 ~~Certification~~] shall:

5 (1) require a contract between each participant who
6 accepts a financial incentive and the agency [~~State Board for~~
7 ~~Educator Certification~~] under which the participant is obligated to
8 teach in a public school in this state for a stated period after
9 certification;

10 (2) provide financial incentives in proportion to the
11 length of the period the participant is obligated by contract to
12 teach after certification; and

13 (3) give special financial incentives to a participant
14 who agrees in the contract to teach in an underserved area.

15 (b) Financial incentives may be paid only from funds
16 appropriated specifically for that purpose and from gifts, grants,
17 and donations solicited or accepted by the commissioner [~~State~~
18 ~~Board for Educator Certification~~] for that purpose.

19 (c) The commissioner [~~State Board for Educator~~
20 ~~Certification~~] shall adopt [~~propose~~] rules establishing criteria
21 for awarding financial incentives under this section, including
22 criteria for awarding financial incentives if there are more
23 participants than funds available to provide the financial
24 incentives.

25 SECTION 7.26. Section 21.604(b), Education Code, is amended
26 to read as follows:

27 (b) The agency [~~and the State Board for Educator~~

1 ~~Certification]~~ shall distribute the applications and information
2 regarding the program.

3 SECTION 7.27. Section 21.609(c), Education Code, is amended
4 to read as follows:

5 (c) For purposes of this section, a participant in the
6 program is not considered to be in violation of an agreement under
7 Section 21.607 during any period in which the participant:

8 (1) is pursuing a full-time course of study related to
9 the field of teaching at an institution of higher education
10 approved by the agency [~~State Board for Educator Certification~~];

11 (2) is serving on active duty as a member of the armed
12 forces of the United States;

13 (3) is temporarily totally disabled for a period not
14 to exceed three years as established by affidavit of a qualified
15 physician;

16 (4) is unable to secure employment for a period not to
17 exceed one year because of care required by a disabled spouse;

18 (5) is seeking and unable to find full-time employment
19 as a teacher in a public elementary or secondary school for a single
20 period not to exceed 27 months; or

21 (6) satisfies the provisions of any additional
22 reimbursement exception adopted by the agency.

23 SECTION 7.28. Section 22.0512(b), Education Code, is
24 amended to read as follows:

25 (b) In this section, "disciplinary proceeding" means:

26 (1) an action brought by the school district employing
27 a professional employee of a school district to discharge or

1 suspend the employee or terminate or not renew the employee's term
2 contract; or

3 (2) an action brought by the Educators' Professional
4 Practices [~~State~~] Board [~~for Educator Certification~~] to enforce the
5 educator's code of ethics adopted under Section 21.041(a-1)
6 [~~21.041(b)(8)~~].

7 SECTION 7.29. Section 22.082, Education Code, is amended to
8 read as follows:

9 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
10 EDUCATION AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~]. (a) The
11 agency [~~State Board for Educator Certification~~] shall obtain from
12 any law enforcement or criminal justice agency all criminal history
13 record information that relates to an applicant for or holder of a
14 certificate issued under Subchapter B, Chapter 21.

15 (b) The Educators' Professional Practices Board may obtain
16 from any law enforcement or criminal justice agency all criminal
17 history record information that relates to a holder of a
18 certificate issued under Subchapter B, Chapter 21.

19 SECTION 7.30. Section 22.083(d), Education Code, is amended
20 to read as follows:

21 (d) The superintendent of a district or the director of an
22 open-enrollment charter school, private school, regional education
23 service center, or shared services arrangement shall promptly
24 notify the Educators' Professional Practices [~~State~~] Board [~~for~~
25 ~~Educator Certification~~] in writing if the person obtains or has
26 knowledge of information showing that an applicant for or holder of
27 a certificate issued under Subchapter B, Chapter 21, has a reported

1 criminal history. The board shall notify the commissioner of the
2 reported criminal history.

3 SECTION 7.31. Sections 22.085 and 22.086, Education Code,
4 are amended to read as follows:

5 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.
6 A school district, open-enrollment charter school, private school,
7 regional education service center, or shared services arrangement
8 may discharge an employee if the district or school obtains
9 information of the employee's conviction of a felony or of a
10 misdemeanor involving moral turpitude that the employee did not
11 disclose to the agency [~~State Board for Educator Certification~~] or
12 the district, school, service center, or shared services
13 arrangement. An employee discharged under this section is
14 considered to have been discharged for misconduct for purposes of
15 Section 207.044, Labor Code.

16 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency,
17 the Educators' Professional Practices [~~State~~] Board [~~for Educator~~
18 ~~Certification~~], a school district, an open-enrollment charter
19 school, a private school, a regional education service center, a
20 shared services arrangement, or an employee of the agency, board,
21 district, school, service center, or shared services arrangement is
22 not civilly or criminally liable for making a report required under
23 this subchapter.

24 SECTION 7.32. Sections 29.061(a)-(c) and (e), Education
25 Code, are amended to read as follows:

26 (a) The commissioner [~~State Board for Educator~~
27 ~~Certification~~] shall provide for the issuance of teaching

1 certificates appropriate for bilingual education instruction to
2 teachers who possess a speaking, reading, and writing ability in a
3 language other than English in which bilingual education programs
4 are offered and who meet the general requirements of Chapter 21.
5 The commissioner [~~board~~] shall also provide for the issuance of
6 teaching certificates appropriate for teaching English as a second
7 language. The commissioner [~~board~~] may issue emergency
8 endorsements in bilingual education and in teaching English as a
9 second language.

10 (b) A teacher assigned to a bilingual education program must
11 be appropriately certified under Subchapter B, Chapter 21, for
12 bilingual education [~~by the board~~].

13 (c) A teacher assigned to an English as a second language or
14 other special language program must be appropriately certified
15 under Subchapter B, Chapter 21, for English as a second language [~~by~~
16 ~~the board~~].

17 (e) The agency [~~State Board for Educator Certification~~] and
18 the Texas Higher Education Coordinating Board shall develop a
19 comprehensive plan for meeting the teacher supply needs created by
20 the programs outlined in this subchapter.

21 SECTION 7.33. Sections 33.002(b) and (c), Education Code,
22 are amended to read as follows:

23 (b) A school district with 500 or more students enrolled in
24 elementary school grades shall employ a counselor certified under
25 the rules of the commissioner [~~State Board for Educator~~
26 ~~Certification~~] for each elementary school in the district. A
27 school district shall employ at least one counselor for every 500

1 elementary school students in the district.

2 (c) A school district with fewer than 500 students enrolled
3 in elementary school grades shall provide guidance and counseling
4 services to elementary school students by:

5 (1) employing a part-time counselor certified under
6 the rules of the commissioner [~~State Board for Educator~~
7 ~~Certification~~];

8 (2) employing a part-time teacher certified as a
9 counselor under the rules of the commissioner [~~State Board for~~
10 ~~Educator Certification~~]; or

11 (3) entering into a shared services arrangement
12 agreement with one or more school districts to share a counselor
13 certified under the rules of the commissioner [~~State Board for~~
14 ~~Educator Certification~~].

15 SECTION 7.34. Section 37.007(g), Education Code, is amended
16 to read as follows:

17 (g) A school district shall inform each teacher who has
18 regular contact with a student through a classroom assignment of
19 the conduct of a student who has engaged in any violation listed in
20 this section. A teacher shall keep the information received in this
21 subsection confidential. The Educators' Professional Practices
22 [~~State~~] Board on recommendation of the commissioner [~~for Educator~~
23 ~~Certification~~] may revoke or suspend the certification of a teacher
24 who intentionally violates this subsection.

25 SECTION 7.35. Section 61.0514, Education Code, is amended
26 to read as follows:

27 Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the

1 cooperation and advice of the commissioner of education [~~State~~
2 ~~Board for Educator Certification~~], shall adopt educator
3 preparation coursework guidelines that promote, to the greatest
4 extent practicable, the integration of subject matter knowledge
5 with classroom teaching strategies and techniques in order to
6 maximize the effectiveness and efficiency of coursework required
7 for certification under Subchapter B, Chapter 21.

8 SECTION 7.36. Section 61.077, Education Code, as amended by
9 Chapters 61, 818, and 820, Acts of the 78th Legislature, Regular
10 Session, 2003, is reenacted and amended to read as follows:

11 Sec. 61.077. P-16 COUNCIL. (a) The P-16 Council shall
12 advise the Texas Higher Education Coordinating Board and the State
13 Board of Education in coordinating postsecondary career and
14 technology activities, career and technology teacher education
15 programs offered or proposed to be offered in the colleges and
16 universities of this state, and other relevant matters, including
17 those listed in Section 61.076.

18 (b) The council is composed of the commissioner of
19 education, the commissioner of higher education, and the executive
20 director of the Texas Workforce Commission[~~, and the executive~~
21 ~~director of the State Board for Educator Certification~~]. Existing
22 members of the council may appoint additional members as the
23 members consider necessary. The position of presiding officer
24 rotates among the members of the council in the order the members
25 are listed in this subsection, with each member serving as the
26 presiding officer for one two-year term.

27 (c) The council shall meet at least once each calendar

1 quarter and may hold other meetings as necessary at the call of the
2 presiding officer. Each member of the council or the member's
3 designee shall make a report of the council's activities at least
4 twice annually to the governing body of the member's agency or, in
5 the case of the commissioner of education, to the State Board of
6 Education.

7 (d) The purposes of this council shall include the
8 following:

9 (1) to advise the two boards on the coordination of
10 postsecondary career and technology education and the articulation
11 between postsecondary career and technology education and
12 secondary career and technology education;

13 (2) to facilitate the transfer of responsibilities for
14 the administration of postsecondary career and technology
15 education from the State Board of Education to the board in
16 accordance with Section 111(a)(I) of the Carl D. Perkins Vocational
17 Education Act, Public Law 98-524;

18 (3) to cooperate with the commissioner of higher
19 education and the State Board of Education, when it acts as the
20 State Board for Career and Technology Education, on the following:

21 (A) the transfer of federal funds to the board
22 for allotment to eligible public postsecondary institutions of
23 higher education;

24 (B) the career and technology education funding
25 for projects and institutions as determined by the board when the
26 State Board for Career and Technology Education is required by
27 federal law to endorse such determinations;

1 (C) the development and updating of the state
2 plan for career and technology education and the evaluation of
3 programs, services, and activities of postsecondary career and
4 technology education and such amendments to the state plan for
5 career and technology education as may relate to postsecondary
6 education;

7 (D) other matters related to postsecondary
8 career and technology education; and

9 (E) the coordination of curricula, instructional
10 programs, research, and other functions as appropriate, including
11 areas listed in Section 61.076, school-to-work and
12 school-to-college transition programs, and professional
13 development activities;

14 (4) to advise the Texas Workforce Investment Council
15 on educational policy issues related to workforce preparation; and

16 (5) to examine and make recommendations regarding the
17 alignment of secondary and postsecondary education:

18 (A) curricula; and

19 (B) testing and assessment.

20 (e) Subsection (d)(5) does not require the council to
21 establish curriculum or testing or assessment standards.

22 SECTION 7.37. Section 1001.254(a), Education Code, is
23 amended to read as follows:

24 (a) A temporary driver education instructor license may be
25 issued authorizing a person to teach or provide classroom driver
26 education training if the person:

27 (1) has completed the educational requirements

1 prescribed by Section 1001.253(d)(1);

2 (2) holds a Texas teaching certificate with an
3 effective date before February 1, 1986;

4 (3) meets all license requirements, other than
5 successful completion of the examination required under rules
6 adopted by the commissioner [~~State Board for Educator~~
7 ~~Certification~~] to revalidate the teaching certificate; and

8 (4) demonstrates, in a manner prescribed by the
9 commissioner, the intention to comply with the examination
10 requirement at the first available opportunity.

11 SECTION 7.38. Article 15.27(a), Code of Criminal Procedure,
12 is amended to read as follows:

13 (a) A law enforcement agency that arrests any person or
14 refers a child to the office or official designated by the juvenile
15 board who the agency believes is enrolled as a student in a public
16 primary or secondary school, for an offense listed in Subsection
17 (h), shall attempt to ascertain whether the person is so enrolled.
18 If the law enforcement agency ascertains that the individual is
19 enrolled as a student in a public primary or secondary school, the
20 agency shall orally notify the superintendent or a person
21 designated by the superintendent in the school district in which
22 the student is enrolled of that arrest or referral within 24 hours
23 after the arrest or referral is made, or on the next school day. If
24 the law enforcement agency cannot ascertain whether the individual
25 is enrolled as a student, the agency shall orally notify the
26 superintendent or a person designated by the superintendent in the
27 school district in which the student is believed to be enrolled of

1 that arrest or detention within 24 hours after the arrest or
2 detention, or on the next school day. If the individual is a
3 student, the superintendent shall promptly notify all
4 instructional and support personnel who have responsibility for
5 supervision of the student. All personnel shall keep the
6 information received in this subsection confidential. The
7 Educators' Professional Practices [State] Board [~~for Educator~~
8 ~~Certification~~] may revoke or suspend the certification of personnel
9 who intentionally violate this subsection. Within seven days after
10 the date the oral notice is given, the law enforcement agency shall
11 mail written notification, marked "PERSONAL and CONFIDENTIAL" on
12 the mailing envelope, to the superintendent or the person
13 designated by the superintendent. Both the oral and written notice
14 shall contain sufficient details of the arrest or referral and the
15 acts allegedly committed by the student to enable the
16 superintendent or the superintendent's designee to determine
17 whether there is a reasonable belief that the student has engaged in
18 conduct defined as a felony offense by the Penal Code. The
19 information contained in the notice may be considered by the
20 superintendent or the superintendent's designee in making such a
21 determination.

22 SECTION 7.39. Article 42.018(b), Code of Criminal
23 Procedure, is amended to read as follows:

24 (b) Not later than the fifth day after the date a person who
25 holds a certificate issued under Subchapter B, Chapter 21,
26 Education Code, is convicted or granted deferred adjudication on
27 the basis of an offense, the clerk of the court in which the

1 conviction or deferred adjudication is entered shall provide to the
2 Texas Education Agency and the Educators' Professional Practices
3 ~~[State] Board [for Educator Certification]~~ written notice of the
4 person's conviction or deferred adjudication, including the
5 offense on which the conviction or deferred adjudication was based.

6 SECTION 7.40. Section 411.090, Government Code, is amended
7 to read as follows:

8 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD
9 INFORMATION: STATE EDUCATIONAL AUTHORITIES ~~[BOARD FOR EDUCATOR~~
10 ~~CERTIFICATION]~~. (a) The Texas Education Agency ~~[State Board for~~
11 ~~Educator Certification]~~ is entitled to obtain from the department
12 any criminal history record information maintained by the
13 department about a person who has applied to the commissioner
14 ~~[board]~~ for a certificate or holds a certificate under Subchapter
15 B, Chapter 21, Education Code.

16 (b) Criminal history record information obtained by the
17 agency ~~[board]~~ under Subsection (a):

18 (1) may be used for any purpose related to the issuance
19 or [7] denial ~~[, suspension, or cancellation]~~ of a certificate issued
20 under Subchapter B, Chapter 21, Education Code ~~[by the board];~~

21 (2) may be provided to the Educators' Professional
22 Practices Board to be used for any purpose related to the suspension
23 or revocation of a certificate issued under Subchapter B, Chapter
24 21, Education Code;

25 (3) may not be released to any other person except on
26 court order or with the consent of the applicant for a certificate;
27 and

1 (4) [~~3~~] shall be destroyed by the agency [~~board~~]
2 after the information is used for the authorized purposes.

3 (c) The Educators' Professional Practices Board is entitled
4 to obtain from the department any criminal history record
5 information maintained by the department about a person who holds a
6 certificate issued under Subchapter B, Chapter 21, Education Code.

7 (d) Criminal history record information obtained by the
8 board under Subsection (c):

9 (1) may be used for any purpose related to the
10 suspension or revocation of a certificate issued under Subchapter
11 B, Chapter 21, Education Code;

12 (2) may be provided to the Texas Education Agency to be
13 used for any purpose related to the issuance or denial of a
14 certificate under Subchapter B, Chapter 21, Education Code;

15 (3) may not be released to any other person except on
16 court order or with the consent of the holder of the certificate;
17 and

18 (4) shall be destroyed by the board after the
19 information is used for the authorized purposes.

20 SECTION 7.41. Section 411.097(d), Government Code, is
21 amended to read as follows:

22 (d) Criminal history record information obtained by a
23 school district, charter school, private school, service center,
24 commercial transportation company, or shared services arrangement
25 under Subsection (a), (b), or (c) may not be released or disclosed
26 to any person, other than the individual who is the subject of the
27 information, the Texas Education Agency, the Educators'

1 Professional Practices [~~State~~] Board [~~for Educator Certification~~],
2 or the chief personnel officer of the transportation company, if
3 the information is obtained under Subsection (a)(2).

4 SECTION 7.42. Section 654.011(a), Government Code, is
5 amended to read as follows:

6 (a) The position classification plan and the salary rates
7 and provisions in the General Appropriations Act apply to all
8 hourly, part-time, temporary, and regular, full-time salaried
9 employments in the state departments, agencies, or judicial
10 entities specified in the articles of the General Appropriations
11 Act that appropriate money to:

- 12 (1) general government agencies;
- 13 (2) health and human services agencies;
- 14 (3) the judiciary, except for judges, district
15 attorneys, and assistant district attorneys;
- 16 (4) public safety and criminal justice agencies;
- 17 (5) natural resources agencies;
- 18 (6) business and economic development agencies;
- 19 (7) regulatory agencies; and
- 20 (8) agencies of public education, but only the Texas
21 Education Agency, the Texas School for the Blind and Visually
22 Impaired, [~~the State Board for Educator Certification~~], the
23 Telecommunications Infrastructure Fund, and the Texas School for
24 the Deaf.

25 SECTION 7.43. Section 821.001(7), Government Code, is
26 amended to read as follows:

- 27 (7) "Employer" means any agents or agencies in the

1 state responsible for public education, including the governing
2 board of any school district created under the laws of this state,
3 any county school board, the board of trustees, the board of regents
4 of any college or university, or any other legally constituted
5 board or agency of any public school, but excluding the State Board
6 of Education and~~[7]~~ the Texas Education Agency~~[7, and the State~~
7 ~~Board for Educator Certification]~~.

8 SECTION 7.44. Section 821.103, Government Code, is amended
9 to read as follows:

10 Sec. 821.103. CANCELLATION OF TEACHER CERTIFICATE. (a)
11 After receiving notice from the board of trustees of an offense
12 under Section 821.101 and after complying with Chapter 2001 and
13 rules adopted by the Educators' Professional Practices [~~State~~
14 Board [~~for Educator Certification~~], the board [~~State Board for~~
15 ~~Educator Certification~~] may cancel the teacher certificate of a
16 person if the board [~~State Board for Educator Certification~~]
17 determines that the person committed the offense.

18 (b) The Educators' Professional Practices [~~executive~~
19 ~~director of the State~~] Board [~~for Educator Certification~~] may enter
20 into an agreed sanction.

21 (c) A criminal prosecution of an offender under Section
22 821.101 is not a prerequisite to action by the Educators'
23 Professional Practices [~~State~~] Board [~~for Educator Certification~~
24 ~~or its executive director~~].

25 SECTION 7.45. Section 2054.352(a), Government Code, is
26 reenacted and amended to conform to Chapters 553, 1216, and 1275,
27 Acts of the 78th Legislature, Regular Session, 2003, and further

1 amended to read as follows:

2 (a) The following licensing entities shall participate in
3 the system established under Section 2054.353[~~, as added by Chapter~~
4 ~~353, Acts of the 77th Legislature, Regular Session, 2001~~]:

- 5 (1) State Board of Barber Examiners;
- 6 (2) Texas Board of Chiropractic Examiners;
- 7 (3) Texas Cosmetology Commission;
- 8 (4) Court Reporters Certification Board;
- 9 (5) State Board of Dental Examiners;
- 10 (6) Texas Funeral Service Commission;
- 11 (7) Texas Board of Professional Land Surveying;
- 12 (8) Texas State Board of Medical Examiners;
- 13 (9) Board of Nurse Examiners;
- 14 (10) Texas Optometry Board;
- 15 (11) Texas Structural Pest Control Board;
- 16 (12) Texas State Board of Pharmacy;
- 17 (13) Executive Council of Physical Therapy and
18 Occupational Therapy Examiners;
- 19 (14) Texas State Board of Plumbing Examiners;
- 20 (15) Texas State Board of Podiatric Medical Examiners;
- 21 (16) Board of Tax Professional Examiners;
- 22 (17) Polygraph Examiners Board;
- 23 (18) Texas State Board of Examiners of Psychologists;
- 24 (19) State Board of Veterinary Medical Examiners;
- 25 (20) Texas Real Estate Commission;
- 26 (21) Texas Appraiser Licensing and Certification
27 Board;

1 (22) Texas Department of Licensing and Regulation;

2 (23) [~~(24)~~] Texas State Board of Public Accountancy;

3 (24) Texas Education Agency;

4 (25) Educators' Professional Practices [~~State~~] Board
5 [~~for Educator Certification~~];

6 (26) Texas Board of Professional Engineers;

7 (27) Texas Department of Health;

8 (28) Texas Board of Architectural Examiners;

9 (29) Texas Racing Commission;

10 (30) Commission on Law Enforcement Officer Standards
11 and Education; and

12 (31) Texas Commission on Private Security.

13 SECTION 7.46. Section 2165.104(c), Government Code, is
14 amended to read as follows:

15 (c) To the extent possible without sacrificing critical
16 public or client services, the commission may not allocate usable
17 office space, as defined by the commission, to a state agency under
18 Article I, II, V, VI, VII, or VIII of the General Appropriations Act
19 or to the Texas Higher Education Coordinating Board, the Texas
20 Education Agency, the Educators' Professional Practices [~~State~~]
21 Board [~~for Educator Certification~~], the Telecommunications
22 Infrastructure Fund Board, or the Office of Court Administration of
23 the Texas Judicial System in an amount that exceeds an average of
24 135 square feet per agency employee for each agency site. To the
25 extent that any of those agencies allocates its own usable office
26 space, as defined by the commission, the agency shall allocate the
27 space to achieve the required ratio. This subsection does not apply

1 to:

2 (1) an agency site at which there are so few employees
3 that it is not practical to apply this subsection to that site, as
4 determined by the commission; and

5 (2) an agency site at which it is not practical to
6 apply this subsection because of the site's type of space or use of
7 space, as determined by the commission.

8 SECTION 7.47. Section 504.002(b), Occupations Code, is
9 amended to read as follows:

10 (b) This chapter does not apply to an activity or service of
11 a person who:

12 (1) is employed as a counselor by a federal
13 institution and is providing chemical dependency counseling within
14 the scope of the person's employment;

15 (2) except as provided by Section 504.057, is a
16 student, intern, or trainee pursuing a supervised course of study
17 in counseling at a regionally accredited institution of higher
18 education or training institution, if the person:

19 (A) is designated as a "counselor intern"; and

20 (B) is engaging in the activity or providing the
21 service as part of the course of study;

22 (3) is not a resident of this state, if the person:

23 (A) engages in the activity or provides the
24 service in this state for not more than 30 days during any year; and

25 (B) is authorized to engage in the activity or
26 provide the service under the law of the state of the person's
27 residence;

1 (4) is a licensed physician, psychologist,
2 professional counselor, or social worker;

3 (5) is a religious leader of a congregation providing
4 pastoral chemical dependency counseling within the scope of the
5 person's duties;

6 (6) is working for or providing counseling with a
7 program exempt under Subchapter C, Chapter 464, Health and Safety
8 Code; or

9 (7) is a school counselor certified under Subchapter
10 B, Chapter 21, Education Code [~~by the State Board for Educator~~
11 ~~Certification~~].

12 SECTION 7.48. Sections 21.035(b) and (c), 21.039, 21.040,
13 and 21.042, Education Code, are repealed.

14 SECTION 7.49. (a) The State Board for Educator
15 Certification is abolished, and all powers, duties, personnel,
16 property, assets, and obligations of the board are transferred to
17 the Educators' Professional Practices Board and the Texas Education
18 Agency, as determined appropriate by the commissioner of education.
19 The validity of a prior action of the State Board for Educator
20 Certification is not affected by the abolishment and any pending
21 activities of the State Board for Educator Certification shall be
22 deemed to have continued without interruption or material change.

23 (b) The powers and duties of the Educators' Professional
24 Practices Board, as created by this Act, shall continue to be
25 exercised by the State Board for Educator Certification until the
26 initial appointees of the Educators' Professional Practices Board
27 assume their offices, which may not be later than January 1, 2006.

1 (c) All rules of the State Board for Educator Certification
2 relating to a transferred power or duty remain in effect as rules of
3 the Educators' Professional Practices Board or commissioner of
4 education, as appropriate, until amended or repealed by the board
5 or commissioner.

6 (d) A contested case, rulemaking procedure, program, test,
7 fee, contract, review, evaluation, sanction, act, or decision of
8 the State Board for Educator Certification that is pending,
9 completed, or in effect on the effective date of this Act shall be
10 deemed that of the commissioner of education or the Educators'
11 Professional Practices Board to the extent authorized by Subchapter
12 B, Chapter 21, Education Code, as amended by this Act, or other law,
13 until and unless a change is expressly made by the commissioner or
14 the board, as appropriate.

15 (e) As soon as practicable after the effective date of this
16 article and not later than November 1, 2005, the commissioner shall
17 make initial appointments to the Educators' Professional Practices
18 Board. In making the initial appointments, the commissioner shall
19 designate four members to serve terms expiring February 1, 2007,
20 four members to serve terms expiring February 1, 2009, and three
21 members to serve terms expiring February 1, 2011.

22 (f) A person who holds a certificate issued under Subchapter
23 B, Chapter 21, Education Code, as it existed on January 1, 2005, may
24 continue to practice under that certificate until the certificate
25 is renewed or replaced under Subchapter B, Chapter 21, Education
26 Code, as amended by this article.

27 (g) The code of ethics adopted under Subchapter B, Chapter

1 21, Education Code, by the State Board for Educator Certification
 2 and in effect on the effective date of this article remains in
 3 effect until superseded by rules of the Educators' Professional
 4 Practices Board.

5 ARTICLE 8. APPROPRIATION FOR TEXAS EDUCATION AGENCY

6 SECTION 8.01. The several sums of money herein specified,
 7 or so much thereby as may be necessary, are appropriated out of any
 8 funds in the State Treasury not otherwise appropriated, or out of
 9 special funds as indicated, for the support, maintenance, or
 10 improvement of the Texas Education Agency:

	For the Years Ending	
	<u>August 31, 2006</u>	<u>August 31, 2007</u>
11 Method of Financing:		
12 <u>General Revenue Fund</u>		
13 General Revenue Fund	\$ 523,690,734	\$ 524,368,466
14 Available School Fund No. 002, estimated	1,271,000,000	1,622,000,000
15 State Textbook Fund No. 003, estimated	329,057,832	1,971,597
16 Foundation School Fund No. 193, estimated	8,556,398,505	7,979,015,981
17 Certification and Assessment Fees (General	18,359,121	18,378,121
18 Revenue Fund)		
19 GR MOE for Temporary Assistance for Needy	2,000,000	2,000,000
20 Families		
21 Lottery Proceeds, estimated	1,045,000,000	1,046,000,000
22		
23 Subtotal, General Revenue Fund	<u>\$ 11,745,506,192</u>	<u>\$ 11,193,734,165</u>
24		
25 <u>General Revenue Fund - Dedicated</u>		
26 Telecommunications Infrastructure Fund No. 345	115,000,000	115,000,000
27 Read to Succeed Account No. 5027	42,960	42,960
28 Subtotal, General Revenue Fund - Dedicated	<u>\$ 115,042,960</u>	<u>\$ 115,042,960</u>
29		
30 <u>Federal Funds</u>		
31 Federal Funds	13,153,500	13,153,500
32 Federal Health, Education and Welfare Fund No.	2,939,024,866	2,938,215,169
33 148		
34 Federal School Lunch Fund No. 171	1,058,000,000	1,104,000,000
35 Subtotal, Federal Funds	<u>\$ 4,010,178,366</u>	<u>\$ 4,055,368,669</u>
36		
37 <u>Other Funds</u>		
Appropriated Receipts (Redistributed Local	1,133,000,000	1,284,000,000
Revenue), estimated		

1	State Highway Fund No. 006	50,000,000	50,000,000
2	Permanent School Fund	6,851,389	6,914,804
3	Interagency Contracts	451,636	448,905
4	Subtotal, Other Funds	<u>\$ 1,190,303,025</u>	<u>\$ 1,341,363,709</u>
5	Total, Method of Financing	<u>\$17,061,030,543</u>	<u>\$16,705,509,503</u>
6	Other Direct and Indirect Costs Appropriated		
7	Elsewhere in this Act	\$ 1,340,119	\$ 1,319,693
8	This bill pattern represents an estimated 100% of		
9	this agency's estimated total available funds		
10	for the biennium.		
11	Number of Full-Time-Equivalents (FTE):	797.0	797.0
12	Schedule of Exempt Positions:		
13	Commissioner, Group 6	\$164,748	\$164,748
14	Executive Director, State Board for Educator	78,000	78,000
15	Certification, Group 3		
16	Items of Appropriation:		
17	A. Goal: PROGRAM LEADERSHIP		
18	A.1.1. Strategy: FSP - EQUALIZED	\$ 11,633,000,000	\$ 11,224,000,000
19	OPERATIONS Foundation School Program -		
20	Equalized Operations.		
21	A.1.2. Strategy: FSP - EQUALIZED	\$ 765,000,000	\$ 774,000,000
22	FACILITIES		
23	Foundation School Program - Equalized		
24	Facilities.		
25	A.2.1. Strategy: STUDENT SUCCESS	\$ 411,502,833	\$ 411,513,111
26	Statewide Initiatives to Further Student		
27	Achievement.		
28	A.2.2. Strategy: ACHIEVEMENT OF STUDENTS AT	\$ 1,317,068,251	\$ 1,317,121,454
29	RISK		
30	Resources for Low-income and Other At-risk		
31	Students.		
32	A.2.3. Strategy: STUDENTS WITH DISABILITIES	\$ 961,715,519	\$ 961,715,519
33	Resources for Mentally/Physically Disabled		
34	Students.		
35	A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT	\$ 159,084,132	\$ 159,085,478
36	PGMS		
37	Grants for School and Program Improvement and		
38	Innovation.		
39	A.2.5. Strategy: ADULT EDUCATION & FAMILY		
40	LITERACY	<u>\$ 74,894,091</u>	<u>\$ 74,894,091</u>
41	Total, Goal A: PROGRAM LEADERSHIP	<u>\$15,322,264,826</u>	<u>\$14,922,329,653</u>
42			
43	B. Goal: OPERATIONAL EXCELLENCE		
44	B.1.1. Strategy: ASSESSMENT & ACCOUNTABILITY		
45	SYSTEM	\$ 61,207,441	\$ 61,207,441

1	B.2.1. Strategy: EDUCATIONAL TECHNOLOGY	\$ 42,220,916	\$ 42,245,510
2	B.2.2. Strategy: SAFE SCHOOLS	\$ 56,696,728	\$ 57,460,542
3	School Safety Programs and Education in		
4	Disciplinary Programs.		
5	B.2.3. Strategy: CHILD NUTRITION PROGRAMS	\$ 1,072,400,000	\$ 1,118,400,000
6	B.2.4. Strategy: WINDHAM SCHOOL DISTRICT	\$ 57,569,745	\$ 57,569,745
7	Educational Resources for Prison Inmates.		
8	B.3.1. Strategy: IMPROVING TEACHER QUALITY	\$ 372,311,979	\$ 372,396,121
9	Funds for Teacher Training and Education		
10	Service Centers.		
11	B.3.2. Strategy: AGENCY OPERATIONS	\$ 31,552,314	\$ 31,653,501
12	B.3.3. Strategy: CENTRAL ADMINISTRATION	\$ 10,337,833	\$ 10,338,027
13	B.3.4. Strategy: INFORMATION SYSTEMS -		
14	TECHNOLOGY	<u>\$ 16,025,761</u>	<u>\$ 13,446,963</u>
15	Total, Goal B: OPERATIONAL EXCELLENCE	<u>\$ 1,720,322,717</u>	<u>\$ 1,764,717,850</u>
16			
17	C. Goal: EDUCATOR CERTIFICATION		
18	State Board for Educator Certification.		
19	C.1.1. Strategy: EDUCATOR QUALITY AND		
20	CREDENTIALING	\$ 4,165,093	\$ 4,165,093
21	Educator Credentialing and Educator		
22	Preparation Program Review.		
23	C.1.2. Strategy: CERTIFICATION EXAM		
24	ADMINISTRATION	\$ 10,381,994	\$ 10,400,994
25	Educator Certification Exam Services.		
26	Estimated and nontransferable.		
27	C.1.3. Strategy: RETENTION, RECRUITMENT	\$ 83,879	\$ 83,879
28	Retention, Recruitment, and Continuing		
29	Professional Development.		
30	C.1.4. Strategy: EDUCATOR PROFESSIONAL	<u>\$ 3,812,034</u>	<u>\$ 3,812,034</u>
31	CONDUCT		
32	Total, Goal C: EDUCATOR CERTIFICATION	<u>\$ 18,443,000</u>	<u>\$ 18,462,000</u>
33	Grand Total, TEXAS EDUCATION AGENCY	<u><u>\$17,061,030,543</u></u>	<u><u>\$16,705,509,503</u></u>
34	Supplemental Appropriations Made in Riders:	\$ (145,000,000)	\$ 0
35			
36	Object-of-Expense Informational Listing:		
37	Salaries and Wages	\$ 29,279,613	\$ 29,280,996
38	Other Personnel Costs	2,089,648	2,089,648
39	Professional Fees and Services	95,960,793	94,324,102
40	Fuels and Lubricants	3,570	3,570
41	Consumable Supplies	338,153	338,153
42	Utilities	162,046	162,045
43	Travel	868,079	868,079
44	Rent - Building	546,720	546,720
45	Rent - Machine and Other	1,265,644	1,265,644
46	Other Operating Expense	14,230,663	14,225,201
47	Client Services	3,100,500	3,100,500
48	Grants	16,766,611,825	16,558,549,202
49	Capital Expenditures	<u>1,573,289</u>	<u>755,643</u>
50			

1	Total, Object-of-Expense Informational Listing	<u>\$16,916,030,543</u>	<u>\$16,705,509,503</u>
2			
3	Estimated Allocations for Employee Benefits and		
4	Debt Service Appropriations Made Elsewhere in		
5	this Act:		
6			
7	<u>Employee Benefits</u>		
8	Retirement	\$ 1,812,504	\$ 1,848,754
9	Group Insurance	6,276,877	6,870,441
10	Social Security	2,483,220	2,532,885
11	Benefits Replacement	<u>297,586</u>	<u>282,707</u>
12			
13	Subtotal, Employee Benefits	<u>\$ 10,870,187</u>	<u>\$ 11,534,787</u>
14			
15	Total, Estimated Allocations for Employee		
16	Benefits and Debt Service Appropriations		
17	Made Elsewhere in this Act	<u>\$ 10,870,187</u>	<u>\$ 11,534,787</u>
18			

19 **1. Performance Measure Targets.** The following is a listing of the
 20 key performance target levels for the Texas Education Agency. It is
 21 the intent of the Legislature that appropriations made by this Act
 22 be utilized in the most efficient and effective manner possible to
 23 achieve the intended mission of the Texas Education Agency. In
 24 order to achieve the objectives and service standards established
 25 by this Act, the Texas Education Agency shall make every effort to
 26 attain the following designated key performance target levels
 27 associated with each item of appropriation.

28		<u>2006</u>	<u>2007</u>
29			
30	A. Goal: PROGRAM LEADERSHIP		
31	Outcome (Results/Impact):		
32	Percent of Students Completing High School	95.5%	96.2%
33	Percent of African-American Students	93.9%	94.2%
34	Completing High School		
35	Percent of Hispanic Students Completing High	92.9%	93.2%
36	School		
37	Percent of White Students Completing High	97.8%	97.8%
38	School		
39	Percent of Asian-American Students Completing	98.1%	98.1%
40	High School		
41	Percent of Native American Students Completing	96.8%	97%
42	High School		

1	Percent of Economically Disadvantaged Students	93.4%	93.6%
2	Completing High School		
3	Percent of Equalized Revenue in the Foundation	98%	98%
4	School Program		
5	Percent of Students in Districts with	85%	85%
6	Substantially Equal Access to Revenues		
7	Percent of Students Graduating under the	60%	65%
8	Recommended or Distinguished Achievement		
9	High School Program		
10	Percent of Students with Auditory Impairment	92%	92%
11	in Regional Day Schools for the Deaf Who		
12	Graduate from High School		
13	Percent of Students with Disabilities Who	92.5%	93%
14	Complete High School		
15	Percent of Eligible Students Taking Advanced	25%	28%
16	Placement/International Baccalaureate Exams		
17	Percentage of AP/IB Exams Taken on Which the	60%	61%
18	Score Qualifies for College Credit or		
19	Advanced Placement		
20	Percent of Students Exiting Bilingual/English	75%	75%
21	as a Second Language Programs Successfully		
22	Percent of Students Retained in Grade 3	2.6%	2.6%
23	Percent of Students Retained in Grade	4.4%	4.4%
24	Percent of Students in State-funded Optional	91.5%	92%
25	Extended-year Programs Promoted to the Next		
26	Grade Level as a Result of the Program		
27	Percent of Adult Learners Who Complete the	42%	44%
28	Level in Which They Are Enrolled		
29	Percent of Parents Participating in AVANCE	65%	67%
30	Programs Who Complete the Adult Education		
31	Level at Which They Are Enrolled		
32	Percent Campuses That Meet Adequate Yearly	73.7%	66.4%
33	Progress		
34	Percent of Total Developmental Disabilities	93.5%	93.5%
35	Plan Activities Initiated		
36	A.1.1. Strategy: FSP - EQUALIZED OPERATIONS		
37	Output (Volume):		
38	Total Average Daily Attendance (ADA) -	4,190,426	4,284,617
39	Includes Regular and Charter Schools		
40	Total Average Daily Attendance (ADA) -		
41	Open-enrollment Charter Schools Only	61,891	63,981
42	Number of Students Served by Compensatory		
43	Education Programs and Services	1,811,199	1,847,255
44	Number of Textbooks and Digital Content		
45	Purchased from Conforming Lists	6,447,310	5,027,830
46	Number of Textbooks and Digital Content		
47	Purchased from Nonconforming Lists	55,927	44,126
48	Efficiencies:		
49	Average Cost Per Textbook and Digital Content		
50	Purchased	22.16	19.57
51	Explanatory:		
52	Special Education Full-time Equivalent (FTEs)	170,749	174,069
53	Compensatory Education Average Daily		
54	Attendance	2,376,589	2,447,887

1	Career and Technology Education Full-time		
2	Equivalentents (FTEs)	171,394	174,650
3	Bilingual Education/English as a Second		
4	Language Average Daily Attendance	590,872	620,415
5	Gifted and Talented Average Daily Attendance	206,117	210,419
6	A.1.2. Strategy: FSP - EQUALIZED		
7	FACILITIES		
8	Output (Volume):		
9	Number of Districts Receiving IFA	425	445
10	Total Amount of State and Local Funds		
11	Allocated for Debt for Facilities		
12	(Billions)	2.7	2.7
13	A.2.1. Strategy: STUDENT SUCCESS		
14	Output (Volume):		
15	Number of Students Served by the		
16	Prekindergarten Grant Programs	47,000	47,000
17	Number of Students Participating in the		
18	Student Success Initiative Accelerated		
19	Reading Program	423,027	423,027
20	Number of Students in Tech-prep Programs	158,000	168,000
21	Number of Students Served in Summer School		
22	Programs for Limited English-proficient		
23	Students	46,500	48,500
24	A.2.2. Strategy: ACHIEVEMENT OF STUDENTS		
25	AT RISK		
26	Output (Volume):		
27	Number of Title I Campuses Rated Exemplary		
28	or Recognized	1,211	1,223
29	A.2.3. Strategy: STUDENTS WITH DISABILITIES		
30	Output (Volume):		
31	Number of Students Served by Regional Day		
32	Schools for the Deaf	4,670	4,680
33	Number of Students Served by Statewide		
34	Programs for the Visually Impaired	7,642	7,819
35	A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT		
36	PGMS		
37	Output (Volume):		
38	Number of Pregnant Teens and Teen Parents		
39	Served by Teen Pregnancy and		
40	Parenting Programs	22,000	22,000
41	Number of Students Served by State-funded		
42	Optional Extended-year Programs	189,211	192,995
43	Number of Case-managed Students Participating		
44	in Communities in Schools	73,762	73,762
45	Efficiencies:		
46	Average State Cost Per Communities in		
47	Schools Participant	296	296
48	Explanatory:		
49	Number of Open-enrollment Charter Schools	202	204
50	A.2.5. Strategy: ADULT EDUCATION & FAMILY		
51	LITERACY		
52	Output (Volume):		
53	Number of Students Served through State		
54	Adult Education Cooperatives	150,000	160,000

1	B. Goal: OPERATIONAL EXCELLENCE		
2	Outcome (Results/Impact):		
3	Percent of Students Passing All Tests Taken	70%	72%
4	Percent of African-American Students Passing		
5	All Tests Taken	60%	63%
6	Percent of Hispanic Students Passing All		
7	Tests Taken	60%	63%
8	Percent of White Students Passing All		
9	Tests Taken	84%	85%
10	Percent of Asian-American Students Passing		
11	All Tests Taken	87%	88%
12	Percent of Native American Students Passing	73%	75%
13	All Tests Taken		
14	Percent of Economically Disadvantaged		
15	Students Passing All Tests Taken	60%	63%
16	Percent of Students Reading at Grade Level		
17	(3rd Grade Only)	93%	94%
18	Percent of Students Passing TAKS Reading	87%	88%
19	Percent of Students Passing TAKS Mathematics	78%	80%
20	Percent of Students Whose Assessment Results		
21	Are Included in the Accountability System	90%	90%
22	Percent of Special Education Students Who Are		
23	Tested and Included in the Accountability		
24	System	80%	80%
25	Percent of Limited English-proficient Students		
26	Who Are Tested and Included in the		
27	Accountability System	80%	80%
28	Annual Statewide Dropout Rate for All Students	1.1%	2.9%
29	Percent of Districts Rated Exemplary or		
30	Recognized	40%	50%
31	Percent of Campuses Rated Exemplary or		
32	Recognized	45%	50%
33	Percent of Districts Rated Academically		
34	Unacceptable in the Prior Year Which Earn an		
35	Academically Acceptable or Higher		
36	Accreditation Rating in the Current Year	70%	65%
37	Percent of Campuses Rated Low-performing in		
38	the Prior Year Which Earn an Academically		
39	Acceptable or Higher Accreditation Rating in		
40	the Current Year	60%	55%
41	Percent of Charter Schools Rated Academically		
42	Unacceptable	8%	7%
43	Annual Drug Use and Violence Incident Rate on		
44	School Campuses, Per 1,000 Students	21.5	21
45	Percent of Incarcerated Students Who Complete		
46	the Level in Which They Are Enrolled	34%	34%
47	Percent of Eligible Windham Inmates Who Have		
48	Been Served by a Windham Education Program		
49	during the Past Five Years	87%	87%
50	Percent of High-need Campuses That Receive a		
51	Master Reading Teacher Grant	30%	35%
52	Percent of Highly Qualified Teachers	100%	100%
53	Percent of Grant Applications Processed within		

1	60 Days	80%	85%
2	Percent of School District Annual Textbook		
3	Orders Processed by May 31	90%	91%
4	B.2.1. Strategy: EDUCATIONAL TECHNOLOGY		
5	Output (Volume):		
6	Number of Students Receiving Course Credit		
7	through Distance Learning	8,500	9,500
8	B.2.2. Strategy: SAFE SCHOOLS		
9	Output (Volume):		
10	Number of Students in Disciplinary		
11	Alternative Education Programs (DAEPs)	101,350	101,450
12	B.2.4. Strategy: WINDHAM SCHOOL DISTRICT		
13	Output (Volume):		
14	Number of Contact Hours Received by Inmates		
15	within the Windham School District	16,638,655	16,638,655
16	Number of Offenders Passing General		
17	Education Development (GED) Tests	4,397	4,397
18	Efficiencies:		
19	Average Cost Per Contact Hour in the		
20	Windham School District	3.52	3.52
21	B.3.1. Strategy: IMPROVING TEACHER		
22	QUALITY		
23	Output (Volume):		
24	Number of Teachers Who Participate in		
25	Mathcounts Training	275	275
26	Number of Teachers Receiving Training in		
27	Dyslexia and Related Disorders Services	24,500	24,500
28	B.3.2. Strategy: AGENCY OPERATIONS		
29	Output (Volume):		
30	Number of Campuses Investigated for		
31	Exemption Rates	50	50
32	Number of Complaint Investigations		
33	Conducted	1,600	1,600
34	Number of Certificates of High School		
35	Equivalency (GED) Issued	47,078	47,078
36	Efficiencies:		
37	Average Cost of Accreditation Onsite		
38	Review	4,000	4,000
39	Performance in Excess of Assigned		
40	Benchmark (Internal Managers)	101%	101%
41	Explanatory:		
42	Average Percent Equity Holdings in the		
43	Permanent School Fund (PSF)	75%	75%
44	Market Value of the Permanent		
45	School Fund (Billions)	20.4	21.3
46	C. Goal: EDUCATOR CERTIFICATION		
47	Outcome (Results/Impact):		
48	Percent of Teachers Who Are Fully		
49	Certified	90.3%	90.3%
50	Percent of Teachers Who Are		
51	Employed/Assigned to Teaching Positions		
52	for Which They Are Fully Certified	84.5%	84.5%
53	Percent of Documented Complaints		

1	Resolved within Six Months	85%	75%
2	Percent of Educator Preparation Programs		
3	Rated "Accredited"	90%	90%
4	Percent of Surveyed Customer Respondents		
5	Expressing Overall Satisfaction with		
6	Services Received	90%	95%
7	Percent of Certification Examinations		
8	That Are Computer Administered	16.5%	21.5%
9	C.1.1. Strategy: EDUCATOR QUALITY		
10	AND CREDENTIALING		
11	Output (Volume):		
12	Number of Educator Preparation		
13	Programs Reviewed	139	139
14	Number of Individuals Issued Initial		
15	Teacher Certificate	36,058	39,500
16	Number of Temporary Credentials		
17	Issued	25,566	29,657
18	Efficiencies:		
19	Average Days for Credential Issuance	20	20
20	C.1.2. Strategy: CERTIFICATION EXAM		
21	ADMINISTRATION		
22	Output (Volume):		
23	Number of Certification Examinations		
24	Administered	119,512	119,731
25	Efficiencies:		
26	Average Cost Per Certification		
27	Examination Administered	86.87	89.48
28	C.1.3. Strategy: RETENTION, RECRUITMENT		
29	Output (Volume):		
30	Number of Previously Degreed Individuals		
31	Issued Initial Teacher Certificate	24,885	29,462
32	Number of Individuals Issued Initial		
33	Teacher Certificate Concurrent with		
34	Receiving Baccalaureate Degree	12,826	13,611
35	C.1.4. Strategy: EDUCATOR PROFESSIONAL		
36	CONDUCT		
37	Output (Volume):		
38	Number of Complaints Resolved	1,200	1,700
39	Number of Complaints Pending	800	800
40	Efficiencies:		
41	Average Time for Resolving		
42	Complaints (Days)	220	250

43 **2. Capital Budget.** None of the funds appropriated above may be
44 expended for capital budget items except as listed below. The
45 amounts shown below shall be expended only for the purposes shown
46 and are not available for expenditure for other purposes. Amounts
47 appropriated above and identified in this provision as
48 appropriations either for "Lease payments to the Master Lease

1 Purchase Program" or for items with an "(MLPP)" notation shall be
 2 expended only for the purposes of making lease-purchase payments to
 3 the Texas Public Finance Authority pursuant to the provisions of
 4 Government Code Sec. 1232.103.

	<u>2006</u>	<u>2007</u>
5 a. Acquisition of Information		
6 Resource Technologies		
7 (1) Mainframe, Servers and Client		
8 Infrastructure	\$5,517,248	\$2,904,072
9		
10 Total, Capital Budget	<u>\$5,517,248</u>	<u>\$2,904,072</u>
11 Method of Financing (Capital Budget):		
12 General Revenue Fund	\$2,590,818	\$1,268,550
13 State Textbook Fund No. 003	180,434	94,199
14 Permanent School Fund No. 044	76,548	39,963
15 Federal Health, Education and Welfare Fund No.	2,156,535	1,134,785
16 148		
17 Foundation School Fund No. 193	482,027	335,689
18		
19 Certification and Assessment Fees (General	<u>30,886</u>	<u>30,886</u>
20 Revenue Fund)		
21 Total, Method of Financing	<u>\$5,517,248</u>	<u>\$2,904,072</u>

22 **3. Chapter 42 and 46 Formula Funding.** Out of the funds appropriated
 23 above, a total of \$12,524,000,000 in fiscal year 2006 and
 24 \$12,124,000,000 in fiscal year 2007 shall represent the sum-certain
 25 appropriation to the Foundation School Program under Sec. 42.253
 26 and under Chapter 46 of the Texas Education Code. (The total
 27 appropriation may not exceed the sum-certain amount.) The
 28 Commissioner shall make allocations to local school districts under
 29 Sec. 42.253 and under Chapter 46 based on the March 2005 estimates
 30 of average daily attendance and local district tax rates as
 31 determined by the Legislative Budget Board and the final 2004
 32 property values. Property values shall be increased by 5.03
 33 percent for fiscal year 2007.

1 Notwithstanding any other provision of this Act, the Texas
2 Education Agency may make transfers as appropriate between Strategy
3 A.1.1, FSP-Equalized Operations, and Strategy A.1.2, FSP-Equalized
4 Facilities. The TEA shall notify the Legislative Budget Board and
5 the Governor of any such transfers at least 45 days prior to the
6 transfer.

7 The funds appropriated above in Strategy A.1.1, FSP -
8 Equalized Operations, include appropriations for the following
9 items:

10 a. State Textbook Funds for instructional materials, any
11 balances of which as of August 31, 2006 are hereby appropriated for
12 fiscal year 2007 for the same purposes;

13 b. Telecommunications Infrastructure Funds for the
14 technology allotment;

15 c. General Revenue for an annual compensation supplement
16 (pass-through). Contingent on passage and enactment of House Bill
17 3540, or similar legislation by the Seventy-ninth Legislature,
18 Regular Session, the annual rate at which supplemental compensation
19 is paid shall be \$500 for eligible full-time employees and \$250 for
20 eligible part-time employees for the 2006-07 biennium.

21 **4. Transportation Cost Allotment.** Pursuant to § 42.155 of the Texas
22 Education Code, the appropriation for funding regular
23 transportation programs for the 2005-06 and 2006-07 school years
24 shall be calculated on the following basis:

25	Linear Density	Allocation Per Mile
26	Grouping	of Approved Route
27	2.40 and above	\$1.43

1	1.65 to 2.40	1.25
2	1.15 to 1.65	1.11
3	.90 to 1.15	.97
4	.65 to .90	.88
5	.40 to .65	.79
6	up to .40	.68

7 Pursuant to § 42.155 of the Texas Education Code, the maximum
 8 mileage rate for special education transportation shall be \$1.08
 9 per mile. Private transportation rates shall be \$0.25 per mile or a
 10 maximum of \$816 per pupil for both special education and isolated
 11 areas as defined in sub-sections 42.155(g) and 42.155(e).

12 **5. Education Service Centers.** The Commissioner shall furnish
 13 reports as required by § 8.102 of the Texas Education Code to the
 14 State Board of Education for transmittal, along with
 15 recommendations for change, modification, or improvement, to the
 16 Legislative Budget Board and the Governor. Regional Education
 17 Service Centers shall be prohibited from purchasing land and
 18 acquiring buildings without prior authorization from the
 19 Commissioner of Education.

20 **6. Windham Schools.** The funds appropriated above in Strategy
 21 B.2.4, Windham School District, are to be expended only for
 22 academic and vocational educational programs approved by the Texas
 23 Education Agency. The Commissioner of Education shall allocate
 24 funds to the Windham Schools based on contact hours for the best 180
 25 of 210 school days in each year of the biennium. The contact hour
 26 rates for the 2006-07 biennium are the following: \$3.97558 for
 27 academic education, \$3.24582 for vocational education.

1 Funds appropriated above for fiscal year 2007 for the Windham
2 School District are made contingent on the continuation of the
3 Windham School District by the Legislature. In the event that the
4 agency is not continued, the funds appropriated for fiscal year
5 2006 or as much thereof as may be necessary are to be used to provide
6 for the phase out of Windham School District operations.

7 **7. Appropriation of Audit Adjustments, Settle-Up Funds and**
8 **Attendance Credit Revenues.** When reviews and audits of allocations
9 to school districts reveal the allocations previously made were
10 greater or less than the amounts found to be due, the Texas
11 Education Agency is authorized to recover or pay the sums necessary
12 to adjust to the correct amounts. All such amounts recovered shall
13 become a part of the Foundation School Fund or General Revenue Fund,
14 and the amounts necessary to make such additional payments to the
15 school districts are hereby appropriated from the Foundation School
16 Fund or General Revenue Fund.

17 All funds received from local school districts as recovery
18 for overpayment pursuant to the provisions of § 42.258 of the Texas
19 Education Code are hereby appropriated to the Texas Education
20 Agency for distribution to local school districts for Foundation
21 School Program purposes.

22 All unexpended balances and all funds received from the
23 payment of school districts for attendance credits in excess of the
24 amounts appropriated above pursuant to the provisions of § 41.094
25 of the Texas Education Code, are hereby appropriated to the Texas
26 Education Agency for distribution to school districts for
27 Foundation School Program purposes.

1 **8. State Textbook Fund.** Except as explicitly allowed elsewhere in
2 this Act, any amount expended for Textbook Administration,
3 including new textbooks, rebinding, and other related expenses,
4 shall be paid out of the State Textbook Fund. A transfer of funds
5 from the Available School Fund to the State Textbook Fund is
6 authorized in an amount which, together with other revenues of the
7 State Textbook Fund, is sufficient to finance the sum-certain
8 appropriation from the State Textbook Fund for each fiscal year.
9 Penalties assessed by the State Board of Education shall be
10 deposited to the credit of the Textbook Fund.

11 **9. Day-care Expenditures.** It is expressly provided that the
12 pre-school day care programs, such as the Early Childhood Program
13 for Educationally Disadvantaged Children and Special Education and
14 Training for Pre-School Children with Disabilities administered by
15 the Texas Education Agency, are day-care programs. The funds
16 expended in those programs on behalf of children meeting
17 eligibility requirements in accordance with interagency contracts
18 with the Texas Education Agency under the day care program of the
19 Social Security Act shall be considered as expenditures for day
20 care.

21 **10. Loss Due to Property Value Decline.**

22 a. The Commissioner of Education is authorized to
23 distribute no more than \$26,000,000 in each fiscal year under §
24 42.2521 of the Texas Education Code, to the extent that excess funds
25 are available under the Foundation School Program.

26 It is the intent of the Legislature that, in expending these
27 funds by making adjustments in the local share under § 42.2521, that

1 the Commissioner shall consider only the amount of property value
2 decline in each school district that is in excess of 4 percent in
3 taxable values.

4 b. Except as expressly provided by this rider, and
5 notwithstanding the limitations in Rider 33, Limitation: Transfer
6 Authority, none of the funds in this rider may be expended for any
7 other purpose.

8 c. It is the intent of the Legislature that any excess funds
9 available under the Foundation School Program be applied first to
10 fund adjustments under § 42.2521 of the Texas Education Code,
11 second to fund adjustments under § 42.2522, and third to fund
12 adjustments under § 42.2531.

13 **11. Training Programs for School Personnel and Parents of Students**
14 **with Autism.** It is the intent of the Legislature that the Texas
15 Education Agency continue to implement a program of professional
16 development for school personnel and parents of students with
17 autism. A sum not to exceed \$50,000 in each fiscal year shall be
18 expended for this purpose.

19 **12. Student Testing Program.** The Commissioner shall use the
20 Federal Funds appropriated above in Strategy B.1.1, Assessment and
21 Accountability System, to cover the cost of preparing,
22 administering and grading assessment instruments in the student
23 testing program. In accordance with the provisions of § 42.152 and
24 Chapter 39, Subchapter B of the Texas Education Code, the funds
25 appropriated from the Foundation School Fund for the compensatory
26 education allotment may be used for any remaining assessment costs.
27 The expenditure of such funds shall not be subject to the limitation

1 in Rider 33, Limitation: Transfer Authority.

2 **13. Reimbursement of Advisory Committee Members.** Pursuant to
3 Government Code § 2110.004 reimbursement of expenses for advisory
4 committee members, out of the funds appropriated above, is limited
5 to the following advisory committees:

- 6 a. Title 1, Committee of Practitioners/Ed Flex State Panel
- 7 b. Continuing Advisory Committee for Special Education
- 8 c. Communities in Schools State Advisory Committee
- 9 d. State Textbook Advisory Committee

10 It is the intent of the Legislature that advisory committees
11 of the Texas Education Agency use videoconferencing technology to
12 conduct meetings in lieu of physical assembly whenever possible.

13 **14. Vacation Leave for Commissioner of Education.** Notwithstanding
14 any provision of the General Appropriations Act to the contrary,
15 the Commissioner of Education is entitled to accrue and carry
16 forward vacation leave at the highest rate authorized for employees
17 by the General Provisions of this Act.

18 **15. Limits on Allocations and Expenditures.** Except as explicitly
19 allowed elsewhere in this Act, the Commissioner shall not contract
20 with Regional Education Service Centers to administer all or part
21 of general revenue-funded programs or services without prior
22 approval from the Governor and the Legislative Budget Board. The
23 Commissioner shall submit to the Governor and Legislative Budget
24 Board for review a summary of the programs and services to be
25 transferred and the funding level associated with the proposed
26 transfer. No funds transferred to Regional Education Service
27 Centers or to school districts may be used to hire a registered

1 lobbyist.

2 **16. Regional Day Schools for the Deaf.** Funds appropriated above for
3 Regional Day Schools for the Deaf shall be allocated on a weighted
4 full time equivalent basis. Notwithstanding other provisions of
5 this Act, if the allocations total more than \$33,133,200 in each
6 fiscal year, the Commissioner shall transfer sufficient amounts
7 from other available funds to provide the full allocation.

8 **17. Summer School for Children with Limited English Proficiency.**
9 Out of Federal Funds appropriated for Strategy A.2.2, Achievement
10 of Students at Risk, \$3,800,000 in each fiscal year is allocated for
11 summer school programs for children with limited English
12 proficiency as authorized under § 29.060 of the Texas Education
13 Code.

14 **18. Engineering and Science Recruitment Fund.** Out of funds
15 appropriated for Strategy A.2.1, Student Success, \$394,920 in each
16 fiscal year is allocated to the Engineering and Science Recruitment
17 Fund for programs outlined in Subchapter M of Chapter 51 of the
18 Texas Education Code.

19 **19. Statewide Services for Students With Visual Impairments.** Out of
20 funds appropriated for Strategy A.2.3, Students with Disabilities,
21 \$5,655,268 in each fiscal year is allocated for statewide services
22 for students with visual impairments as authorized under § 30.002
23 of the Texas Education Code.

24 **20. Non-educational Community-based Support Services.** Out of funds
25 appropriated for Strategy A.2.3, Students with Disabilities,
26 \$987,300 in each fiscal year is allocated for non-educational
27 community-based support services for certain students with

1 disabilities as authorized under § 29.013 of the Texas Education
2 Code.

3 **21. Professional Development for Serving Students with Disabilities**
4 **in Integrated Settings.** Out of the federal discretionary funds
5 awarded to the Texas Education Agency through the Individuals with
6 Disabilities Education Act (IDEA), Part B and appropriated above,
7 the Commissioner shall set aside 10.5 percent during the biennium
8 to fund capacity building projects, including follow-up
9 professional development and support, for school districts to serve
10 students with disabilities in integrated settings.

11 **22. Appropriation for State Schools.** Out of General Revenue
12 related funds appropriated above in Strategy A.2.3, Students with
13 Disabilities, an amount not to exceed \$110,000 in each fiscal year
14 is allocated for payments to state operated schools under §§ 30.025
15 and 30.056 of the Texas Education Code.

16 **23. Estimated Appropriation for Incentive Aid.** Out of Foundation
17 School Program funds appropriated above, the Commissioner may
18 allocate an estimated amount of \$1,500,000 in each fiscal year for
19 incentive aid payments under Subchapter G of Chapter 13 of the Texas
20 Education Code.

21 **24. Payments to Texas School for the Blind and Visually Impaired and**
22 **Texas School for the Deaf.** Pursuant to § 30.003(g) of the Texas
23 Education Code, the State Board of Education shall adopt rules that
24 ensure that all local school districts whose students are placed at
25 the Texas School for the Blind and Visually Impaired and the Texas
26 School for the Deaf shall share in the cost of each student's
27 education as required by § 30.003(a). It is the intent of the

1 Legislature that school districts subject to Chapter 41, Texas
2 Education Code, reimburse the Texas School for the Blind and
3 Visually Impaired and the Texas School for the Deaf from the General
4 Operating Fund of those districts within 60 days of receipt of a
5 voucher from the receiving school.

6 For all discretionary grants of state or federal funds by the
7 Texas Education Agency, the Texas School for the Blind and Visually
8 Impaired and the Texas School for the Deaf shall be considered
9 independent school districts for purposes of eligibility
10 determination, unless the Commissioner of Education and the school
11 Superintendents mutually agree to an alternate consideration.

12 Contingent upon the enactment of House Bill 2, or similar
13 legislation related to the reduction of local school district
14 property taxes and replacement of the reduced revenues with state
15 funds by the 79th Legislature, Regular Session, the Commissioner
16 shall, for each year of the 2006-07 biennium, calculate the amount
17 of local revenue that would have been received by the Texas School
18 for the Blind and Visually Impaired and the Texas School for the
19 Deaf under § 30.003, Texas Education Code, had those reductions in
20 revenues not occurred. At the beginning of each fiscal year of the
21 2006-07 biennium, out of the funds appropriated above in Strategy
22 A.1.1., FSP - Equalized Operations, the Commissioner shall allocate
23 to each school an amount equal to the difference between the
24 calculated revenue and the amount of local revenue to be received by
25 the school during that year.

26 **25. Notification of Changed Accreditation Status or Internal**
27 **Investigation Findings.** At the time a school district is notified

1 of a change in its accreditation status, the Texas Education Agency
2 shall also notify the State Senators and Representatives that
3 represent the affected school district. The agency also shall
4 notify the State Senators and Representatives that represent
5 districts directed by the Texas Education Agency to perform
6 internal investigations of the findings of such investigations
7 prior to the agency release of the findings.

8 **26. Permanent School Fund.** In its annual report on the Permanent
9 School Fund, completed by February 28 of each year, the Texas
10 Education Agency shall report on the actual and projected costs of
11 administering the Permanent School Fund for the year covered by the
12 report and the following three years.

13 **27. Texas Advanced Placement Incentive Program.** Out of the funds
14 appropriated above in Strategy A.2.1, Student Success, \$13,500,000
15 in fiscal year 2006 and \$13,500,000 in fiscal year 2007 is allocated
16 for both the pre-Advanced Placement/International Baccalaureate
17 activities and for the Advanced Placement Incentive Program. Any
18 balances on August 31, 2006 are appropriated for the 2007 fiscal
19 year.

20 In using funds allocated by this rider, the Texas Education
21 Agency shall prioritize the examination fee subsidies for students.
22 For funds allocated by this rider that are used for teacher
23 training, the Texas Education Agency shall give funding priority to
24 teachers at public school campuses that do not offer Advanced
25 Placement/International Baccalaureate courses.

26 It shall be the goal of the Texas Education Agency that
27 Advanced Placement/International Baccalaureate courses are

1 available at as many public school campuses as possible, without
2 regard to the rural/urban status of the campus and the
3 socioeconomic characteristics of its students. For campus
4 incentive awards given under this program, consideration may be
5 given to school districts and charter schools in their 1st or 2nd
6 year of operating an Advanced Placement/International
7 Baccalaureate program.

8 **28. MATHCOUNTS and Academic Competitions.** Out of Foundation School
9 Program Gifted and Talented funds appropriated in B.3.1, Improving
10 Teacher Quality, the Commissioner shall set aside \$200,000 in each
11 year of the biennium for the MATHCOUNTS Program. In addition, out
12 of funds appropriated in A.2.1, Student Success, not less than
13 \$500,000 in each fiscal year of 2006-07 biennium shall be allocated
14 to programs that foster academic competition for predominantly high
15 school students.

16 **29. Communities in Schools.** Out of funds appropriated above for
17 Strategy A.2.4, School Improvement and Support Programs,
18 \$12,788,865 in State Compensatory Education Funds and \$4,842,342 in
19 TANF funds in fiscal year 2006, and \$12,788,865 in State
20 Compensatory Education Funds and \$4,842,341 in TANF funds in fiscal
21 year 2007 are allocated for the Communities in Schools Program.

22 In addition to the amounts above, out of State Compensatory
23 Education Funds appropriated above for Strategy A.2.4, School
24 Improvement and Support Programs, \$3,000,000 in fiscal year 2006
25 and \$3,000,000 in fiscal year 2007 are allocated for the
26 Communities in Schools Program. It is the intent of Legislature
27 that the commissioner and representatives of the Communities in

1 Schools program mutually agree upon and implement performance
2 measures related to the effectiveness of new Communities in Schools
3 programs provided by these funds.

4 **30. Extended Year Programs.** Out of Foundation School Program
5 Compensatory Education Funds appropriated in Strategy A.2.4,
6 School Improvement and Support Programs, the Commissioner shall
7 distribute an amount not to exceed \$16,500,000 in fiscal year 2006
8 and \$16,500,000 in fiscal year 2007 to finance extended year
9 programs under § 42.152(p), Texas Education Code.

10 **31. Allocation of Funds to South Texas Independent School District.**
11 Out of funds appropriated above for Strategy A.1.1, FSP - Equalized
12 Operations, the Commissioner of Education shall provide the South
13 Texas Independent School District with adequate access to funding
14 under Tier 2 of the Foundation School Program. The Commissioner
15 shall adjust payments to the South Texas Independent School
16 District to equal an amount to which the district would be entitled
17 at the average effective tax rate in other school districts in
18 Cameron County less the tax rate set by the district itself.

19 **32. Appropriations Limited to Revenue Collections.** It is the intent
20 of the Legislature that, for the following fee-supported programs
21 in Goals A, Program Leadership, and B, Operational Excellence,
22 fees, fines, and other miscellaneous revenues as authorized and
23 generated by the Texas Education Agency cover, at a minimum, the
24 cost of the appropriations made to support the programs, as well as
25 the "other direct and indirect costs" associated with those
26 functions appropriated elsewhere in this Act. "Other direct and
27 indirect costs" for these programs are estimated to be \$486,481 in

1 fiscal year 2006 and \$477,029 in fiscal year 2007 including
2 employee matching costs and other indirect operating costs:

3 Guaranteed Program for School District Bonds

4 General Education Development (GED)

5 Driver Training

6 Electronic Course Pilot Program

7 For each individual fee program listed above, all fees
8 collected in excess of the Comptroller of Public Accounts Biennial
9 Revenue Estimate are hereby appropriated to the Texas Education
10 Agency.

11 In the event that actual and/or projected fee revenue
12 collections are insufficient to offset program costs, the
13 Legislative Budget Board may direct that the Comptroller of Public
14 Accounts reduce the appropriation authority provided herein to be
15 within the amount of fee revenue expected to be available.

16 In Strategy C.1.1, Educator Quality and Credentialing,
17 Strategy C.1.2, Certification Exam Administration, Strategy C.1.3,
18 Retention, Recruitment, and Strategy C.1.4, Educator Professional
19 Conduct above, it is the intent of the Legislature that fees, fines,
20 and other miscellaneous revenues as authorized and generated by
21 this agency cover, at a minimum, the cost of the appropriations made
22 in Goal C, as well as the "other direct and indirect costs"
23 associated with these functions, appropriated elsewhere in this
24 Act. "Other direct and indirect costs" for these functions are
25 estimated to be \$853,638 in fiscal year 2006 and \$842,664 in fiscal
26 year 2007. In the event that actual and/or projected revenue
27 collections are insufficient to offset the cost identified by this

1 provision, the Legislative Budget Board may direct that the
2 Comptroller of Public Accounts reduce the appropriation authority
3 above to be within the amount of revenue expected to be available.

4 **33. Limitation: Transfer Authority.** Notwithstanding the General
5 Provisions of this Act, none of the funds appropriated above or in
6 any other legislation passed by the Seventy-ninth Legislature in
7 Goal A, Program Leadership, Strategies A.1.1, FSP-Equalized
8 Operations, and A.1.2, FSP-Equalized Facilities, with the
9 exception of appropriations from the State Textbook Fund, and not
10 more than one percent of the General Revenue Funds appropriated
11 above or in any other legislation passed by the Seventy-ninth
12 Legislature in Goal A, Strategies A.2.1. - A.2.5, and Goal B,
13 Operational Excellence, Strategies B.1.1.-B.3.1., and State
14 Textbook Funds appropriated in Strategy A.1.1, may be transferred
15 to Goal B, Strategies B.3.2.-B.3.4. This transfer may not exceed
16 \$8.1 million for each year of the 2006-07 biennium.

17 The Commissioner shall notify the Governor and the
18 Legislative Budget Board of any planned transfer between program
19 and administrative strategies allowed by the provisions of this
20 rider at least 45 days prior to the execution of the transfer.

21 None of the funds appropriated to the Texas Education Agency
22 for the purpose of funding the Foundation School Program under
23 Chapter 42 and 46, Texas Education Code, may be transferred to any
24 other item of appropriation or expended for any other purpose
25 unless the Commissioner of Education provides written notice to the
26 Legislative Budget Board and to the Governor of intent to transfer
27 such funds at least 45 days prior to the execution of the transfer.

1 Such transfers from the Foundation School Program to other items of
2 appropriation shall not exceed \$10 million in each fiscal year of
3 the 2006-07 biennium. Any unexpended and unencumbered balances
4 remaining after the last day of a fiscal year in any of the
5 appropriations made for a purpose described by this provision shall
6 lapse and accrue to the benefit of the unappropriated balance of the
7 General Revenue Fund after taking into account the "settle-up"
8 provision found in § 42.253 (i), Texas Education Code.

9 To the extent necessary to avoid reductions in state aid as
10 authorized by § 42.253(h), Texas Education Code, the Commissioner
11 of Education is authorized to transfer Foundation School Program
12 funds from fiscal year 2007 to fiscal year 2006. Such transfers are
13 subject to prior approval by the Governor and the Legislative
14 Budget Board. The Comptroller of Public Accounts shall cooperate as
15 necessary to assist the completion of a transfer and spending made
16 under this section.

17 **34. Additional Funding Sources.** If the appropriations provided by
18 this Act for the Foundation School Program are not sufficient to
19 provide for expenditures for enrollment growth, district tax rate
20 or taxable value of property, after accounting for any other
21 appropriations made to the TEA and available for transfer for this
22 purpose, the Legislative Budget Board and the Governor may provide
23 for, and are hereby authorized to direct, the transfer of
24 sufficient amounts of funds to the TEA from appropriations made
25 elsewhere in this Act.

26 **35. Reduction in Districts Tier One Allotment.** To fund
27 appropriations for programs from compensatory education

1 allotments, the Commissioner of Education shall reduce each
2 district's tier one allotment. The reductions shall be made in the
3 same manner as described for a reduction in allotments under §
4 42.253, Texas Education Code, and the Commissioner shall allocate
5 funds to each district accordingly.

6 **36. Disciplinary Alternative Education Programs.** Out of the funds
7 appropriated above in Strategy B.2.2, Safe Schools, there is hereby
8 allocated the amount of \$4,750,000 for each fiscal year of the
9 biennium for safe schools programs under Texas Education Code §
10 37.008.

11 **37. Funding for Juvenile Justice Alternative Education Programs.**
12 Out of the funds appropriated above in Strategy B.2.2, Safe
13 Schools, \$8,187,641 in fiscal year 2006 and \$8,951,455 in fiscal
14 year 2007 shall be set aside from the Compensatory Education
15 Allotment in each year and transferred to the Juvenile Probation
16 Commission for the support of Juvenile Justice Alternative
17 Education Programs. This set-aside shall not effect the calculation
18 of the number of students in weighted average daily attendance
19 under Texas Education Code § 42.302.

20 **38. FSP Funding for the Texas Youth Commission.** Out of the funds
21 appropriated above in Strategy B.2.2, Safe Schools, the Texas
22 Education Agency shall allocate to the Texas Youth Commission the
23 basic allotment of the Foundation School Program minus the amounts
24 allocated to the commission pursuant to Texas Education Code §
25 30.102 (a) for each student in average daily attendance. These
26 amounts are estimated to be \$9,811,899 in fiscal year 2006 and
27 \$9,811,899 in fiscal year 2007. This transfer shall not be subject

1 to the limitation in Rider 33, Limitation: Transfer Authority.

2 **39. Early Childhood Education and Care Coordination.** It is the
3 intent of the Legislature that the Texas Education Agency
4 participate to the extent practicable in interagency early
5 childhood education and care coordination initiatives. This
6 includes but is not limited to participation in the Head Start
7 collaboration project or any other interagency entity formed to
8 address the coordination of early childhood care and education
9 service delivery and funding.

10 **40. Regional Education Service Center Dyslexia and Related Disorders**
11 **Coordinators.** It is the intent of the Legislature that the Regional
12 Education Service Centers establish a joint program of coordinators
13 for dyslexia and related disorders services pursuant to § 38.003 of
14 the Texas Education Code. The joint program shall not include
15 regulatory oversight functions. The Regional Education Service
16 Centers shall ensure that the program uses resources efficiently to
17 provide a coordinator to any school district or charter school that
18 needs one. Out of the funds appropriated above in Strategy B.3.1,
19 Improving Teacher Quality, the Commissioner of Education may direct
20 \$150,000 in each year of the biennium to assist in the funding of
21 such coordinators.

22 **41. School Improvement and Parental Involvement Initiative.** Out of
23 the funds appropriated above in Strategy A.2.4, School Improvement
24 and Support Programs, the Commissioner shall allocate \$850,000 in
25 each fiscal year of the 2006-07 biennium to the AVANCE family
26 support and education program.

27 **42. Special Foundation School Program Payments.** The Texas Academy

1 of Leadership in Humanities is entitled to Foundation School
2 Program (FSP) allotments for each student enrolled in the academy
3 as if it were a school district, except that the local share applied
4 is equal to the Beaumont ISD's local share. The same methodology
5 shall apply to the Texas Academy of Mathematics and Science with a
6 local share equal to Denton ISD's and to the Seaborne Conservation
7 Corps, with a local share equal to Galveston ISD's.

8 **43. Texas Reading, Math and Science Initiatives.** Out of the funds
9 appropriated above in Strategy A.2.1, Student Success, \$9,000,000
10 in General Revenue Funds in fiscal year 2006 and \$9,000,000 in
11 General Revenue Funds in fiscal year 2007, with \$14,650,000 in
12 Federal Funds in fiscal year 2006 and \$14,650,000 in Federal Funds
13 in fiscal year 2007, shall be allocated to the Texas Reading, Math
14 and Science Initiatives. These funds shall be allocated in the
15 following manner:

16 a. The Commissioner shall fund reading, math, and science
17 diagnostic instruments to be made available to independent school
18 districts and charter schools. The Commissioner may fund the
19 distribution of non-consumable materials, to include electronic
20 formats, in reading, math, and science.

21 b. Out of the Federal Funds identified above, the
22 Commissioner shall allocate funds for the development and
23 implementation of research-based educator training programs and
24 materials in reading, math, and science. Out of the funds
25 appropriated for this part, the Commissioner may allocate an amount
26 not to exceed \$5,000,000 in each fiscal year of the biennium for the
27 development of educator training programs at regional education

1 service centers, in a manner that ensures access to training for
2 small and mid-sized school districts and charter schools.

3 Funds shall be distributed by the Commissioner on a
4 competitive grant basis to be used by schools for the
5 implementation of scientific, research-based science programs
6 designed to improve the academic science performance of students,
7 including programs designed to address the gender gap in
8 performance. To be eligible for funding, schools must demonstrate a
9 high need for additional intervention as evidenced by student
10 performance, and must partner with a science department of an
11 institution of higher education.

12 c. The Commissioner may transfer up to 10 percent of the
13 appropriation among strategies in Goals A and B, Strategies B.1.1,
14 Assessment and Accountability System, to B.3.1, Improving Teacher
15 Quality.

16 d. Out of funds identified above, an amount not to exceed
17 \$1,000,000 each year of the biennium may be distributed to schools
18 by the Commissioner on a noncompetitive grant basis for the
19 purchase of non-consumable materials to be used in teaching
20 Integrated Physics and Chemistry in high school. The materials must
21 be appropriate for use in class time dedicated to lab
22 investigations. The Commissioner shall develop criteria for
23 distribution of grant funds and for materials eligible for
24 purchase. The criteria must give priority to districts with high
25 percentages of economically disadvantaged students.

26 e. Out of the amounts identified above, the Commissioner may
27 use funds to support the State Marine Science Center in Palacios.

1 f. The Texas Education Agency shall collect data on the
2 implementation of educator professional development programs at
3 the local and regional level and report to the Legislature on the
4 best practices of these programs by December 1, 2006.

5 g. Out of the amounts identified above, the Commissioner may
6 use funds to evaluate the effectiveness of the Master Teacher
7 programs and National Board Certification in improving student
8 performance.

9 h. Any balances as of August 31, 2006, are appropriated for
10 the 2007 fiscal year.

11 **44. Funding for Tuition Credit Program.** Out of the funds
12 appropriated above there is hereby transferred via interagency
13 contract to the Texas Higher Education Coordinating Board an amount
14 of funds, estimated to be \$7,525,000 in each fiscal year of the
15 biennium, from the Foundation School Fund sufficient to pay for the
16 Early High School Graduation Scholarship Program, and tuition and
17 fee exemptions in accordance with Texas Education Code, §§ 54.212
18 and 54.214.

19 **45. Certification of Pre-kindergarten Expenditures.** Out of the
20 funds appropriated above in Strategy A.1.1, FSP - Equalized
21 Operations, and Strategy A.2.1, Student Success, the Texas
22 Education Agency shall certify each year of the biennium the
23 maximum pre-kindergarten expenditures allowable under federal law
24 as maintenance of effort for Temporary Assistance for Needy
25 Families (TANF) and state match for the Child Care Development
26 Fund.

27 **46. Early Childhood School Readiness Program.** Out of the funds

1 appropriated in Strategy A.2.1, Student Success, \$7,500,000 in
2 fiscal year 2006 and \$7,500,000 in fiscal year 2007 shall be used
3 for the Early Childhood School Readiness Program, for programs
4 providing an educational component to public pre-kindergarten,
5 Head Start, university early childhood programs, or private
6 non-profit early childhood care programs that have entered into an
7 integrated program with a public school. The Texas Education Agency
8 shall expend these funds in accordance with the following
9 provisions and the provisions of Texas Education Code § 29.156,
10 Grants for Educational Components of Head Start, and with the
11 following provisions:

12 a. Funds shall be distributed on a competitive grant basis
13 to preschool programs to provide scientific, research-based,
14 pre-reading instruction, with the goal of directly improving the
15 pre-reading skills of three- and four-year-old children and
16 identifying cost-effective models for pre-reading interventions.
17 To be eligible for the grants, applicants must serve at least 75
18 percent low-income students, as determined by the Commissioner.
19 Grants may be awarded in two or more consecutive grant periods to an
20 applicant provided the monies are used to expand the grant programs
21 to additional facilities previously not receiving Early Childhood
22 School Readiness grant funds in the immediate past grant cycle.

23 b. The Commissioner shall set aside up to \$225,000 in each
24 fiscal year of the biennium for research and evaluation of the
25 program. A report describing the findings shall be delivered to the
26 Legislature no later than January 1, 2007.

27 c. Any balances as of August 31, 2006, are appropriated for

1 the 2007 fiscal year.

2 47. **Master Reading, Mathematics, and Science Teachers.** Out of the
3 funds appropriated above in Strategy B.3.1, Improving Teacher
4 Quality, \$4,000,000 in General Revenue in each fiscal year of the
5 2006-07 biennium is allocated for Master Reading, Master
6 Mathematics, and Master Science Teacher stipends for school
7 districts with certified Master Reading, Master Mathematics,
8 and/or Master Science Teachers. Any balances as of August 31, 2006
9 are appropriated for the 2007 fiscal year.

10 48. **Student Success Initiative.** Out of the funds appropriated
11 above in Strategy A.2.1, Student Success, \$158,005,369 in General
12 Revenue in fiscal year 2006 and \$158,005,369 in General Revenue in
13 fiscal year 2007 are allocated for the Student Success Initiative.
14 The Commissioner shall expend these funds for allocations to
15 schools for the purpose of implementation of scientific,
16 research-based programs for students who have been identified as
17 unlikely to achieve the third grade TAKS reading standard by the end
18 of the third grade, including those students with dyslexia and
19 related disorders, students unlikely to achieve the TAKS reading or
20 math standards by the end of the fifth grade, and/or students
21 unlikely to achieve TAKS reading or math standards in the eighth
22 grade assessments administered in 2008.

23 a. From funds appropriated for the Student Success
24 Initiative, the Commissioner may set aside \$15 million for
25 intensive reading or math instruction programs for schools that
26 have failed to improve student performance in reading or math. The
27 Commissioner shall determine which schools have achieved the least

1 gains in reading or math performance, and shall require those
2 schools to submit a reading or math improvement plan detailing
3 proposed efforts to improve reading or math performance as a
4 condition of receiving funding. The reading or math improvement
5 plan must establish the performance outcome of literacy or numeracy
6 among its student population and outline specific steps that will
7 be taken to achieve that goal. The plan may include the use of
8 technology to achieve reading or math goals. A school identified as
9 in need of improvement in reading or math instruction shall
10 implement only those assessments, progress monitoring instruments,
11 reading or math strategies and programs approved by the
12 Commissioner. Programs must demonstrate a record of proven success
13 in improving student reading or math achievement.

14 b. Adolescent Literacy Initiative. Out of any funds
15 appropriated to the agency, the Commissioner shall set aside \$2
16 million for each year of the 2006-2007 biennium for the development
17 of a supplemental diagnostic screening instrument and intensive
18 reading instruction programs for students determined at risk to not
19 perform at proficient levels on the 8th grade TAKS reading
20 assessment. It is the intent of the legislature that the Texas
21 Education Agency pursue federal funds to provide training in the
22 use of the diagnostic instrument and distribution of the instrument
23 to school districts and charter schools. Any balances as of August
24 31, 2006 are appropriated for fiscal year 2007 for the same purpose.

25 c. Any balances as of August 31, 2006, are appropriated for
26 fiscal year 2007 for the same purposes.

27 **49. Coordination of Assistance to School Districts.** The Texas

1 Education Agency shall work in cooperation with the Texas
2 Comptroller of Public Accounts to assist school districts in the
3 investment of funds and with the Bond Review Board to assist school
4 districts entering into bonded indebtedness or lease purchase
5 agreements.

6 **50. Arts Education.** Out of the Foundation School Program funds
7 appropriated to the Texas Education Agency in this Act, \$300,000 in
8 fiscal year 2006, and \$300,000 in fiscal year 2007 shall be directed
9 to and expended by the Commission on the Arts under the commission's
10 Strategy A.1.2, Arts Education Grants, for the purpose of awarding
11 grants for arts education. It is the intent of the Legislature that
12 grantees receiving funds under this program fulfill a 1:1 match
13 requirement. These amounts shall be directed and expended in
14 addition to funds separately appropriated under this Act to the
15 Commission on the Arts under Strategy A.1.2, Arts Education Grants.

16 **51. Learning Through Listening.** Out of the funds appropriated
17 above in Strategy A.2.3, Students with Disabilities, the
18 Commissioner shall expend \$200,000 in fiscal year 2006 and \$200,000
19 in fiscal year 2007 to continue a program of providing
20 state-adopted textbooks using recorded material technology for
21 students with visual impairment, reading disabilities and other
22 disabilities as appropriate in kindergarten through 12th grade.

23 **52. Pre-kindergarten Early Start Grant Programs.** Out of the funds
24 appropriated above in Strategy A.2.1, Student Success, the
25 Commissioner of Education shall allocate \$92,500,000 in fiscal year
26 2006 and \$92,500,000 in fiscal year 2007 for the purpose of
27 providing grants for pre-kindergarten programs consistent with the

1 provisions of Texas Education Code § 29.155. Any unexpended
2 balances as of August 31, 2006, are appropriated for any early
3 childhood programs authorized by this Act for the 2007 fiscal year,
4 subject to the approval of the Commissioner of Education.

5 a. Out of any state or federal funds available to the agency
6 for this purpose, the Commissioner may set aside an amount not to
7 exceed \$3 million to implement a competitive procurement system to
8 award two-year contracts to government organizations, public
9 nonprofit agencies, or community-based organizations to implement
10 multi-age programs serving 3-, 4-, and 5-year olds that assure that
11 English language learning children receive appropriate activities
12 to enter school prepared to succeed. The pilot programs must
13 provide many opportunities for the acquisition of English, while
14 supporting the child's first language including social services,
15 appropriate training and modeling, and research-based curricula
16 and supplies to enhance the development of both languages.
17 Instruction must be in both languages so children can learn
18 concepts in the language they understand while developing their
19 English skills. Programs must include bilingual education
20 specialists and continued professional education to support the
21 teachers. Priority shall be given to entities that serve a high
22 percentage of limited English proficient children.

23 b. A portion of the funds received by entities participating
24 in this pilot shall be used to perform an evaluation and review of
25 student performance and improvement. These results shall be
26 reported to the Legislature by the agency no later than January 1,
27 2007.

1 53. **Windham School District Priorities.** It is the intent of the
2 Legislature that the Windham School District target its programs to
3 serve those students whose participation will help achieve the
4 goals of reduced recidivism and the increased success of former
5 inmates in obtaining and maintaining employment. To achieve these
6 goals, younger offenders with the lowest educational levels should
7 receive high priority. This policy shall not preclude the Windham
8 School District from serving other populations according to needs
9 and resources. The Windham School District will report to the
10 Eightieth Legislature regarding their effort and success in
11 implementing this prioritization.

12 54. **Adult Education.** Priority shall be given to adult literacy
13 programs in the expenditure of adult education funds appropriated
14 above. It is the intent of the Legislature that, in providing
15 educational programs, the administering agency or agencies shall
16 provide appropriate training to recipients of Temporary Assistance
17 for Needy Families (TANF) in accordance with the Personal
18 Responsibility and Work Opportunity Reconciliation Act of 1996. Out
19 of the \$8,885,700 in General Revenue Funds appropriated each year
20 above in Strategy A.2.5, Adult Education and Family Literacy, an
21 amount not less than \$2,000,000 each fiscal year shall be allocated
22 to TEA's adult education cooperatives to provide education and
23 training services to TANF recipients. In addition, out of the
24 Federal TANF funds appropriated above in Strategy A.2.5, \$3,800,000
25 in fiscal year 2006 and \$3,800,000 in fiscal year 2007 shall be
26 directed for services for adults who are eligible for TANF.
27 Families that include a child living at home are deemed eligible for

1 TANF-funded adult education services if a family member receives
2 any of the following forms of assistance: Food Stamps, Medicaid,
3 Children's Health Insurance Program, Child Care and Development
4 Fund, or Free or Reduced Priced Child Nutrition Program meals. To
5 implement these provisions, TEA shall enter into contracts or
6 arrangements with the agency or agencies administering welfare
7 reform and may work with other community-based organizations to
8 offer services directly to adult TANF recipients. All providers of
9 adult education shall meet the requirements defined in the Texas
10 Education Code. Federal funds appropriated for this purpose shall
11 be used for administrative expenditures only to the extent
12 allowable under Federal regulations.

13 **55. Local Educational Agency Risk Pool.** Out of the funds
14 appropriated in above Strategy A.2.3, Students with Disabilities,
15 the Commissioner shall implement the provisions of the Individuals
16 with Disabilities Education Improvement Act (IDEIA) of 2004,
17 pertaining to a local educational agency risk pool. The
18 Commissioner shall allocate allowable amounts under the Act for the
19 2006 fiscal year and the 2007 fiscal year to establish the high cost
20 fund to assist districts with high need students with disabilities.
21 It is the intent of the Legislature that the use of these funds by
22 school districts and charter schools does not violate the least
23 restrictive environment requirements of IDEIA of 2004, relating to
24 placement and state funding systems that distribute funds based on
25 type of setting.

26 **56. Early Childhood Intervention.** Out of the funds appropriated
27 above in Strategy A.2.3, Students with Disabilities, \$16,498,102 in

1 2006 and \$16,498,102 in 2007 shall be set aside from the Special
2 Education Allotment and transferred to the Department of Assistive
3 and Rehabilitative Services to support Early Childhood
4 Intervention eligibility determination, and comprehensive and
5 transition services. This set-aside shall not affect the
6 calculation of the number of students on weighted average daily
7 attendance under Texas Education Code § 42.302.

8 **57. Average Daily Attendance Decline.** Out of the funds
9 appropriated above in Strategy A.1.1, FSP-Equalized Operations,
10 \$11 million in each year of the 2006-07 biennium shall be used to
11 implement § 42.005, Texas Education Code. Expenditures pursuant to
12 this provision shall not exceed \$22 million for the 2006-07
13 biennium.

14 **58. Academic Enrichment.** Out of funds appropriated in Strategy
15 A.2.4, School Improvement and Support Programs, the Commissioner
16 shall distribute the amount appropriated in Federal 21st Century
17 Community Learning Centers (CCLC) funds, estimated to be
18 \$166,074,792, for the 2006-07 biennium to be distributed through
19 competitive grants to support the establishment and implementation
20 of supplemental services, programs, and activities designed to
21 enrich or extend student learning experiences outside of the
22 regular school day. In awarding grants pursuant to this rider, the
23 Commissioner shall give emphasis to schools with high
24 concentrations of economically disadvantaged students.

25 Entities eligible to receive Federal 21st CCLC Funds are
26 those entities identified in the 21st CCLC statute, including, but
27 not limited to, districts that qualify for the Optional Extended

1 Year Program, districts that contain zip codes with high juvenile
2 crime rates, the Alliance Organizations, AVANCE, Do Something,
3 Communities in Schools, Area Interfaith, and One Community/One
4 Child, as well as other organizations identified as eligible by
5 statute, provided all entities comply with the 21st CCLC statutory
6 requirements. It is the intent of the Legislature that the
7 Commissioner give funding priority to existing collaborations
8 between school districts and community organizations.

9 In addition to the amount identified above, the Commissioner
10 shall allocate an amount not to exceed \$4,650,000 in each year of
11 the biennium to the Investment Capital Fund. Of that total, an
12 amount not to exceed \$2,500,000 in each year shall be set aside from
13 the Compensatory Education allotment, and an amount not to exceed
14 \$2,150,000 in each year shall be allocated directly from the
15 Foundation School Program. Grants made from the Investment Capital
16 Fund pursuant to this rider are subject to the provisions contained
17 in § 7.024 of the Texas Education Code, and grants may only be made
18 to entities that meet the criteria set forth in that section.

19 **59. Texas High School Initiative.** Out of the funds appropriated
20 above in Strategy A.2.1, Student Success, the Commissioner shall
21 allocate \$29,000,000 in General Revenue in each fiscal year to
22 support the establishment and implementation of sustainable
23 comprehensive high school completion and success initiatives.
24 Funds shall be expended in accordance with the following
25 provisions:

26 a. Schools that receive funds under this program must ensure
27 that all students have an individualized graduation plan. Available

1 sources of student-level performance data should be utilized in the
2 development of individualized graduation plans. Graduation plans
3 must also ensure that students at risk of not graduating from high
4 school are afforded instruction from highly qualified teachers,
5 have access to online diagnostic and assessment instruments, and
6 are provided accelerated instruction in areas of academic weakness
7 identified in the plan.

8 b. Funds must be expended on programs that show the most
9 potential to improve high school completion and success and that
10 encourage students toward post-secondary education and training,
11 including programs for high school students who have not earned
12 sufficient credit to advance to the next grade, after-school
13 programs designed to promote high school completion, literacy
14 programs for struggling high school readers, ninth-grade
15 acceleration or enrichment programs, programs to improve the
16 academic achievement of limited English-proficient high school
17 students, and middle-college or early-college programs that
18 encourage at-risk students and students who wish to accelerate
19 their education undertake courses of study that allow both high
20 school and college level work.

21 c. Funds may also be expended on programs for high school
22 students that create flexible scheduling; personalized learning
23 environments; and, multiple pathways to post-secondary education
24 and training, including partnerships with institutions of higher
25 education, businesses, and community organizations. Funds may also
26 be expended on the implementation of sustainable innovative models
27 for school restructuring and reform in academically unacceptable

1 high schools participating in an innovative redesign of the campus
2 to improve campus performance.

3 d. The Commissioner may set aside no more than five percent
4 of total program funds for the purpose of research and evaluation of
5 innovative programs that support high school completion and
6 success. The agency shall deliver a report to the Legislature
7 summarizing expenditures made with program funds as well as
8 research and evaluation findings no later than December 1, 2006.

9 e. The Commissioner is authorized to receive grants from
10 private sources and foundations for the provision of jointly funded
11 high school completion and restructuring programs and may use a
12 portion of appropriate state and federal funds as matching funds
13 for such programs. School districts receiving funds may contract
14 with private sector organizations for all or part of the program.
15 The Commissioner is authorized to use a portion of appropriated
16 state and federal funds to support technical assistance services
17 for school restructuring and reform programs. The agency may
18 contract with private sector organizations for all or part of such
19 services.

20 **60. Reimbursement for Classroom Supplies.** The Commissioner shall
21 establish a program to reimburse classroom teachers and campus
22 library media specialists for personal funds spent on classroom
23 supplies. It is the intent of the legislature that funds shall be
24 provided to school districts that match local funds expended for
25 this purpose. Funds allocated are intended for the direct benefit
26 of students and use of the funds is solely the discretion of the
27 classroom teacher or campus library media specialist. The Texas

1 Education Agency shall establish rules by which matching funds are
2 allocated to individual teachers within the school district. These
3 funds may not be used to supplant local funds being provided for
4 classroom supplies.

5 Funds for this purpose may be allocated out of available
6 federal consolidated administrative funds and from funds subject to
7 the federal "Ed-Flex" statute. The agency and local school
8 districts may also use any allowable unexpended balances in federal
9 funds at the end of each fiscal year of the biennium to provide
10 these reimbursements.

11 **61. Life Skills Program for Student Parents.** Out of Foundation
12 School Program funds appropriated above in Strategy A.2.4, School
13 Improvement and Support Programs, \$10,000,000 in each fiscal year
14 of the biennium is allocated for the Life Skills Program for Student
15 Parents, Texas Education Code § 29.085. The Texas Education Agency
16 shall distribute funds for this program directly to eligible school
17 districts. Any balances as of August 31, 2006 are appropriated to
18 the 2007 fiscal year for the same purpose.

19 **62. Funding for Regional Education Service Centers.** Out of the
20 funds appropriated above in Strategy B.3.1, Improving Teacher
21 Quality, the Commissioner shall distribute \$21,375,000 in fiscal
22 year 2006 and \$21,375,000 in fiscal year 2007 to Regional Education
23 Service Centers to provide professional development and other
24 technical assistance services to school districts. The formula for
25 distribution shall be determined by the Commissioner but shall
26 provide enhanced funding to Regional Education Service Centers that
27 primarily serve small and rural school districts. The Commissioner

1 shall obtain approval for the distribution formula from the
2 Legislative Budget Board and the Governor.

3 **63. Computation of Aid for Certain Educational Entities.**

4 Notwithstanding the provisions of Texas Education Code § 42.304,
5 the Commissioner of Education shall compute state aid under the
6 Foundation School Program for the following districts and schools
7 using the average tax rate and property value per student of school
8 districts in the county in which the district or school is located:

9 (1) school district located on a federal military
10 installation;

11 (2) the Moody State School; and

12 (3) Masonic Home Independent School District.

13 The state aid distributed to Masonic Home Independent School
14 District pursuant to Texas Education Code, Chapter 42, Subchapter F
15 (Guaranteed Yield Program) shall not exceed \$90,000 for each fiscal
16 year of the 2006-07 biennium.

17 **64. Career and Technology Education Allotment Programs Eligibility.**

18 Funds appropriated above in Strategy A.1.1, FSP-Equalized
19 Operations, for the Career and Technology Education allotment shall
20 not be used to provide weighted funding for programs identified by
21 the Commissioner as least in need of the additional funding
22 provided by the allotment. Courses to be excluded from weighted
23 funding include, but are not limited to, Business Law, Crime in
24 America, Career Studies, Principles of Marketing, Business
25 Communication, Entrepreneurship, Family & Career Management,
26 Retailing, Family Health Needs, Banking & Financial Systems, Courts
27 & Criminal Procedure, and Introduction to Criminal Justice Careers.

1 Additionally, it is the intent of the Legislature that no
2 more than 10 percent of each school district's Foundation School
3 Program Career and Technology Education allotment under the Texas
4 Education Code § 42.154 may be expended for indirect costs related
5 to the career and technology education programs.

6 **65. Textbook Purchases.** Of the Federal Funds appropriated above in
7 A.2.3, Students with Disabilities, \$8,500,000 in the 2006-07
8 biennium shall be used for the purchase of Braille, large-type and
9 related materials for students with special needs.

10 In accordance with Texas Education Code § 31.103(b), the
11 Commissioner shall use a school district's enrollment growth or
12 decline for the prior three years as the basis for determining the
13 additional percentage of attendance for which a school district may
14 requisition textbooks.

15 **66. Title II, Improving Teacher Quality Federal Funds.** The Texas
16 Education Agency and the Higher Education Coordinating Board shall
17 coordinate the distribution of Title II federal funds for improving
18 teacher quality to ensure compatibility between these two agencies'
19 activities. Prior to the implementation of or the awarding of
20 federal funds for improving teacher quality activities, the two
21 agencies shall submit a joint plan to the Legislative Budget Board
22 and the Governor.

23 **67. Windham School District Cost Savings.** It is the intent of the
24 Legislature that, in implementing any reductions to programs or
25 staff, the Windham School District achieve cost savings through
26 reductions in administrative costs, attrition, early retirement
27 options, voluntary benefit reductions or other strategies that

1 preserve direct services in programs such as literacy and
2 vocational education. The Windham School District shall provide
3 written notification to the Governor and the Legislative Budget
4 Board on proposed savings at least 45 days prior to implementation.

5 **68. Receipt and Use of Grants, Federal Funds, and Royalties.** The
6 Commissioner of Education is authorized to apply for, receive and
7 disburse funds in accordance with plans or applications acceptable
8 to the responsible federal agency or other public or private entity
9 that are made available to the State of Texas for the benefit of
10 education and such funds are appropriated to the specific purpose
11 for which they are granted. It is the intent of the Legislature that
12 when entering into any contract or plan with the federal government
13 or other entity, prime consideration shall be given to preserving
14 maximum local control for school districts. It is also the intent of
15 the Legislature that any contract or plan entered into with any
16 entity, excluding the federal government, shall be non-exclusive.
17 For the 2006-07 biennium, the Texas Education Agency is
18 appropriated any royalties and license fees from the sale or use of
19 education products developed through federal and state funded
20 contracts managed by the agency. The Texas Education Agency shall
21 report on a quarterly basis to the Legislative Budget Board and to
22 the Governor on grants or earnings received pursuant to the
23 provisions of this rider, and on the planned use of those funds.

24 Any grant or royalty balances as of August 31, 2006 are
25 appropriated for the 2007 fiscal year for the same purpose.

26 **69. Guaranteed Yield and Per Pupil Allotment.** Funds allocated above
27 in Strategy A.1.1, FSP - Equalized Operations, include funds

1 sufficient to ensure an increase to the Guaranteed Yield Program
2 and maintenance, for districts not eligible for the Guaranteed
3 Yield Program, of the \$110 per weighted student allocation
4 authorized in Rider 82, page III-23, 2003 General Appropriations
5 Act.

6 a. Pursuant to Texas Education Code § 42.302, the Guaranteed
7 Yield per weighted student per penny of tax effort is hereby set at
8 \$29.12 in fiscal year 2006 and at \$29.85 in fiscal year 2007.

9 b. School districts not receiving state aid as provided in
10 subsection (a) are hereby entitled to receive an allocation of
11 General Revenue to maintain per pupil funding levels pursuant to
12 the \$110 per WADA allocation authorized in Rider 82, page III-23,
13 General Appropriations Act, 2003, as they received in the 2004-05
14 biennium.

15 c. The total amount of payment under this section is subject
16 to reduction to the extent that districts not otherwise entitled to
17 state aid from the Foundation School Fund receive a benefit from the
18 change in the distributions from the Available School Fund caused
19 by the adoption of amendments to the Texas Constitution, Article
20 VII, § 5, at the election held September 13, 2003.

21 The Texas Education Agency shall develop and promulgate rules
22 as necessary to carry out this provision. Such rules are subject to
23 prior approval by the Legislative Budget Board and the Governor.

24 **70. Foundation School Program Set-Asides.** The programs and their
25 funding levels identified in this rider represent all programs at
26 the Texas Education Agency and other state agencies that are funded
27 with amounts set aside from the Foundation School Program. The

1 amounts listed in this rider are for informational purposes only,
 2 and do not constitute an appropriation:

	<u>2006</u>	<u>2007</u>
3		
4 Gifted and Talented Performance	\$437,500	\$437,500
5 Standards		
6 Residential Placement	\$1,000,000	\$1,000,000
7 Juvenile Justice Alternative	\$8,187,641	\$8,951,455
8 Education Program		
9 Early Childhood Intervention	\$16,498,102	\$16,498,102
10 Extended Year Programs	\$16,500,000	\$16,500,000
11 Investment Capital Fund	\$4,650,000	\$4,650,000
12 LEP Student Success Initiative	\$10,000,000	\$10,000,000
13 Communities in Schools	\$15,788,865	\$15,788,865
14 Teen Parenting Education Programs	\$10,000,000	\$10,000,000
15 TAKS Assessments and Study Guides	\$42,326,350	\$42,326,350
16 <u>MATHCOUNTS Program</u>	<u>\$200,000</u>	<u>\$200,000</u>
17 TOTAL, FSP Set-Asides	\$125,588,458	\$126,352,272

18 **71. Motor Vehicle Fees for Specially Designed License Plates.**
 19 Pursuant to the Texas Transportation Code, Chapter 504, Subchapter
 20 G, revenues generated from the sale of specialty license plates
 21 identified below are hereby appropriated to the agency for the
 22 purpose of distribution as required by that statute:

- 23 Read to Succeed -- § 504.607
- 24 Texas YMCA -- § 504.623
- 25 100th Football Season of Stephen F Austin High School -- §
- 26 504.624
- 27 Share the Road -- § 504.633

1 Knights of Columbus -- § 504.638

2 Texas Music -- § 504.639

3 Star Day School Library Readers Are Leaders -- § 504.643

4 Keeping Texas Strong -- § 504.650

5 Any remaining balances as of August 31, 2005 are appropriated
6 for the 2006-07 biennium. Any remaining balances as of August 31,
7 2006 are appropriated for fiscal year 2007.

8 **72. Audio Webcast of State Board of Education Meetings.** Out of funds
9 appropriated above in Strategy B.3.4, Information Systems -
10 Technology, the agency shall allocate funds as necessary to provide
11 a live audio broadcast, freely available on the internet, of all
12 public meetings of the State Board of Education held in the William
13 B. Travis Building in Austin, Texas.

14 **73. Notification of Use of Federal Discretionary and Consolidated**
15 **Administrative Funds.** The Commissioner shall notify the
16 Legislative Budget Board and the Governor at least 45 days prior to
17 allocations of federal state-level discretionary and consolidated
18 administrative funds for particular programs or purposes that are
19 not explicitly identified in this Act.

20 **74. LEP Student Success Initiative.** Out of the funds appropriated
21 above in Strategy A.2.1, Student Success, \$10,000,000 in each
22 fiscal year of the 2006-07 biennium shall be set aside from the
23 Compensatory Education allotment and allocated for the purpose of
24 funding intensive programs of instruction for limited
25 English-proficient (LEP) students and teacher training resources
26 specific to instruction of LEP students, pursuant to Texas
27 Education Code § 39.024(e).

1 **75. FTE Designation: Texas Council for Developmental Disabilities.**

2 It is the intent of the Legislature that, out of the full-time
3 equivalent positions authorized above, in each fiscal year 17 are
4 designated for the Texas Council for Developmental Disabilities.

5 **76. Sunset Contingency.** Funds appropriated above for fiscal year
6 2007 for the Texas Education Agency are made contingent on the
7 continuation of the Texas Education Agency by the Legislature. In
8 the event that the agency is not continued, the funds appropriated
9 for fiscal year 2006 or as much thereof as may be necessary are to be
10 used to provide for the phase out of agency operations.

11 **77. Internet-based System for School District Waiver Submissions.**

12 Out of funds appropriated to Strategy B.3.4, Information Systems -
13 Technology, the agency shall allocate funds as necessary to provide
14 an Internet-based system to allow school districts to submit waiver
15 requests and related information electronically to the agency. The
16 agency shall collect class-size waiver data at the district, campus
17 and classroom level. The data collected by this system shall be
18 linked with the Public Education Information Management System
19 (PEIMS) to facilitate data accuracy, waiver monitoring, and
20 analysis.

21 **78. Textbook Proclamations.** It is the intent of the Legislature
22 that the State Board of Education forego the issuance of all
23 Proclamations of textbook purchases until such time as the
24 Legislature has implemented reforms to the system by which the
25 state and school districts procure and purchase textbooks.

26 **79. Study of the Windham School District.** The Texas Education
27 Agency shall update its limited purpose review of the Windham

1 School District to include an evaluation of the structure,
2 management, and operations of the district, and the impact of its
3 programs. The agency shall report the results of the review to the
4 Eightieth Legislature no later than December 1, 2006.

5 **80. Instructional Materials for Juvenile Justice Alternative**
6 **Education Programs.** The Commissioner shall provide juvenile
7 justice alternative education programs with instructional
8 materials necessary to support classroom instruction in those
9 programs. The cost of the instructional materials shall be covered
10 by State Textbook Funds appropriated to the agency for the 2006-07
11 biennium.

12 **81. Child Nutrition Program.** It is the intent of the Seventy-ninth
13 Legislature that the Child Nutrition Program payments to
14 independent school districts be budgeted at the Texas Education
15 Agency. Included in the amounts appropriated above to the Texas
16 Education Agency for the 2006-07 biennium is \$2,162,000,000 out of
17 Federal Funds and \$28,800,000 out of the General Revenue Fund to
18 provide reimbursements for the School Lunch, Breakfast, and After
19 School Snack programs.

20 It is also the intent of the Legislature that the Texas
21 Department of Agriculture administer the Child Nutrition Program.
22 Included in the amounts appropriated elsewhere in this Act to the
23 Texas Department of Agriculture for the 2006-07 biennium is
24 \$20,600,000 out of Federal Funds and \$398,248 out of the General
25 Revenue Fund in Strategy D.1.1, Support Nutrition Programs, to
26 administer the Child Nutrition Program.

27 **82. Development of Workplace and Workforce Literacy Curriculum.** Out

1 of Federal Funds appropriated above in Strategy A.2.5, Adult
2 Education and Family Literacy, the Commissioner shall allocate an
3 amount not to exceed \$850,000 in fiscal year 2006 for the
4 development of a demand-driven workplace literacy and basic skills
5 curriculum. The Texas Workforce Commission shall provide
6 resources, industry-specific information and expertise identified
7 as necessary by the Texas Education Agency to support the
8 development and implementation of the curriculum.

9 **83. Assessment of Contract Controls.** The State Auditor's Office
10 (SAO) shall assess controls over contract management and procedures
11 on payments for purchasing contracts at the Texas Education Agency
12 (TEA). In the assessment, the SAO shall answer the following
13 questions:

14 a. Does the TEA effectively monitor and control contract
15 payments?

16 b. Does the TEA have the information necessary to support
17 contract decision-making?

18 c. Has the TEA established and maintained a database that
19 documents specific information about vendor contracts at all
20 independent school districts throughout the State of Texas?

21 The SAO shall report its findings to the Legislature no later
22 than December 1, 2006.

23 **84. Programs to Encourage Certification to Teach Bilingual**
24 **Education, English as a Second Language, or Spanish.** From funds
25 appropriated above that may be used for educator training or
26 support in bilingual education, English as a second language, or
27 Spanish, the Texas Education Agency, in consultation with the

1 affected institutions of higher education and the Texas Higher
2 Education Coordinating Board, shall develop and operate a program
3 to assist students enrolled at institutions of higher education in
4 educator preparation programs in bilingual education, English as a
5 second language, or Spanish by providing financial incentives, such
6 as tuition assistance, to encourage those students to become
7 certified to teach bilingual education, English as a second
8 language, or Spanish.

9 **85. Intensive Reading Instruction and English Language Proficiency**
10 **Pilot Program.** From the funds appropriated for the Student Success
11 Initiative and from state and Federal ESL/LEP funds, the
12 Commissioner may set aside an amount not to exceed \$1 million for
13 establishing an intensive reading instruction and English language
14 proficiency pilot program for schools that have failed to improve
15 student performance in reading and English language proficiency.
16 The pilot program shall require the use of neuroscience based,
17 scientifically validated programs, interventions of instructional
18 tools that are proven to accelerate learning, cognitive ability and
19 English language proficiency. The pilot program shall provide for
20 participating schools to perform assessments on participating
21 students prior to entering the program, and upon completion of the
22 program to measure improvements in both their reading and English
23 language proficiency. A school identified as eligible to
24 participate in the pilot program shall implement only those
25 interventions, programs or instructional tools approved by the
26 Commissioner.

27 **86. Exam Locations.** The State Board for Educator Certification

1 shall continue to ensure that sites in the state of Texas that
2 provide the main certification examination for educators (a.k.a.
3 ExCET or TExES) are located such that there is a site within 50
4 miles of every Board-approved educator preparation program.

5 **87. Integrated Reporting System.** The State Board for Educator
6 Certification, the Texas Education Agency, and the Higher Education
7 Coordinating Board shall coordinate regarding sharing,
8 integrating, and housing pre-kindergarten through grade 16 (P-16)
9 public education data. The three agencies shall work together to
10 ensure that common and related data held by each agency is
11 maintained in standardized, compatible formats to enable the
12 efficient exchange of information between agencies and for matching
13 of individual student records for longitudinally-based studies and
14 analysis. It is the intent of the Legislature that individual
15 initiatives interact seamlessly across agency systems to
16 facilitate efforts to integrate the relevant data from each agency
17 into a longitudinal public education data resource to provide a
18 widely accessible P-16 public education data warehouse.

19 **88. Test Development.** The State Board for Educator Certification
20 shall continue to consider the use of standard exams that are not
21 specific to Texas curricula to complement a core of Texas-specific
22 exams and/or replace certain Texas-specific exams planned or under
23 development. The board shall consider the following factors when
24 determining whether a Texas-specific exam is necessary - the number
25 of Texas educators likely to take the exam; the extent to which
26 educators from states that use a standard exam pass similar
27 Texas-specific exams; the similarity of content covered in a

1 standard exam versus the planned Texas-specific exam,
2 understanding that 100 percent of alignment is not necessary; and
3 the relative cost to the state and to examinees of a standard exam
4 versus a Texas-specific exam.

5 The State Board for Educator Certification is hereby authorized to
6 expend funds appropriated in Strategy C.1.2, Certification Exam
7 Administration, for test development or for the evaluation and
8 purchase of standard exams, if the Board finds that a standard exam
9 is appropriate.

10 **89. Federal Funds for Test Development.** In coordination with the
11 Texas Education Agency, the State Board for Educator Certification
12 shall seek federal funds to provide for the development of new
13 certification examinations. Any federal funds received by the State
14 Board for Educator Certification for this purpose are hereby
15 appropriated to the agency.

16 **90. Communication of New Rules.** It is the intent of the Legislature
17 that the State Board for Educator Certification communicate the
18 adoption of new rules directly to school districts and institutions
19 of higher education by electronic mail or regular mail in a timely
20 manner. The Board will also post newly adopted rules on the Internet
21 for review.

22 **91. Reporting of Teacher Misconduct.** From funds appropriated, the
23 State Board for Educator Certification, the Texas Education Agency,
24 and the University of Texas System shall coordinate to work with
25 school districts to ensure timely and accurate reporting of teacher
26 misconduct as required by statute or rule.

27 **92. Sunset Contingency.** Funds appropriated above in Goal C, for

1 fiscal year 2007 for the State Board for Educator Certification are
2 made contingent on the continuation of the State Board for Educator
3 Certification by the Legislature. In the event that the agency is
4 not continued, the funds appropriated for fiscal year 2006 or as
5 much thereof as may be necessary are to be used to provide for the
6 phase out of agency operations.

7 **93. Review of Bilingual Education Certification Standards.** The
8 State Board for Educator Certification shall review the Bilingual
9 Education certification examinations to determine whether the
10 content and passing standard is appropriate. If the content or the
11 passing standard is determined to be inappropriate, the State Board
12 for Educator Certification shall take immediate steps to realign
13 the examinations to the appropriate standard either through test
14 redevelopment or other appropriate and cost-effective means. The
15 State Board for Educator Certification is directed to make a report
16 to the legislature on the findings of its review not later than
17 January 31, 2006.

18 **94. Items Funded by House Bill 10 or Similar Legislation.**
19 Contingent on the enactment of House Bill 10 or similar legislation
20 increasing appropriations for the purchase of textbooks by
21 \$145,000,000 by the Seventy-ninth Legislature, Regular Session,
22 the appropriation of State Textbook Fund 003 made above in Strategy
23 A.1.1, FSP-Equalized Operations, shall be reduced by \$145,000,000
24 in fiscal year 2006.

25 ARTICLE 9. REPEALER; TRANSITION; EFFECTIVE DATE

26 SECTION 9.01. (a) Effective September 1, 2005, the
27 following laws are repealed:

1 (1) Sections 1-3 and 57, Chapter 201, Acts of the 78th
2 Legislature, Regular Session, 2003;

3 (2) Chapter 313, Acts of the 78th Legislature, Regular
4 Session, 2003;

5 (3) Section 1.01, Chapter 366, Acts of the 78th
6 Legislature, Regular Session, 2003; and

7 (4) Sections 7.006, 8.010, 29.056(h), 37.004(g),
8 39.027(b), (c), and (f), 39.051(d), 39.073, 39.074, and
9 42.253(e-1), Education Code.

10 (b) Effective September 1, 2006, Sections 25.0811(b) and
11 (c), Education Code, are repealed.

12 SECTION 9.02. Effective September 1, 2006, the following
13 laws are repealed:

14 (1) the following provisions of the Education Code:

15 (A) Subchapters B, C, E, F, and G, Chapter 41;

16 (B) Subchapter F, Chapter 42, as it existed on
17 November 1, 2005;

18 (C) Sections 21.402(b), 29.203(c) and (g),
19 31.025, 31.1031, 41.001, 41.002, 41.003, 41.0031, 41.007,
20 41.009(b), 41.011, 41.092, 41.099, 41.252(b), 42.103(b) and (e),
21 42.2514, 42.2517, 42.259, 42.260, 42.4101; and

22 (D) Sections 42.2512(a-1) and 42.2541, as added
23 by Part A, Article 1, of this Act;

24 (2) the following provisions of the Insurance Code:

25 (A) Section 1581.053(b); and

26 (B) Subchapter C, Chapter 1581; and

27 (3) Sections 6.02(g), 6.03(m), 21.02(b), and

1 25.25(k), Tax Code.

2 SECTION 9.03. A school district maintenance tax rate
3 imposed under Sections 45.002 and 45.003, Education Code, before
4 September 1, 2005, is void.

5 SECTION 9.04. (a) Except as provided by Subsection (b) of
6 this section, if two or more sections of this Act amend the same
7 provision of law, the sections of the Act should be harmonized, if
8 possible, so that effect may be given to each section.

9 (b) If a section of this Act repeals a provision of Chapter
10 12, Education Code, that section prevails over a section of this Act
11 that amends the same provision.

12 SECTION 9.05. A change in law made by this Act relating to a
13 school district maintenance tax or enrichment tax under Chapter 41
14 or Chapter 42, Education Code, prevails over any similar provision
15 of __.B. No. __, Acts of the 79th Legislature, 1st Called Session,
16 2005.

17 SECTION 9.06. Except as otherwise specifically provided by
18 this Act, this Act applies beginning with the 2005-2006 school
19 year.

20 SECTION 9.07. Except as otherwise specifically provided by
21 this Act, this Act takes effect September 1, 2005, but only if __.B.
22 No. __, Acts of the 79th Legislature, 1st Called Session, 2005,
23 becomes law. If __.B. No. __ does not become law, this Act has no
24 effect.