

1-1 By: Shapiro S.B. No. 2
1-2 (In the Senate - Filed June 21, 2005; June 21, 2005, read
1-3 first time and referred to Committee on Education; June 23, 2005,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 6, Nays 2; June 23, 2005, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 2 By: Shapiro

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to public education and public school finance matters;
1-10 making an appropriation; imposing criminal penalties.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 ARTICLE 1. PUBLIC SCHOOL FINANCE

1-13 PART A. EDUCATION FUNDING

1-14 SECTION 1A.01. Subtitle I, Title 2, Education Code, is
1-15 amended by adding Chapter 42 to read as follows:

1-16 CHAPTER 42. FOUNDATION SCHOOL PROGRAM

1-17 SUBCHAPTER A. GENERAL PROVISIONS

1-18 Sec. 42.001. STATE POLICY. (a) It is the policy of this
1-19 state that the provision of public education is a state
1-20 responsibility and that a thorough and efficient system be provided
1-21 and substantially financed through state revenue sources so that
1-22 each student enrolled in the public school system shall have access
1-23 to programs and services that are appropriate to the student's
1-24 educational needs and that are substantially equal to those
1-25 available to any similar student, notwithstanding varying local
1-26 economic factors.

1-27 (b) The public school finance system of this state shall
1-28 adhere to a standard of neutrality that provides for substantially
1-29 equal access to similar revenue per student at similar tax effort,
1-30 considering all state and local revenues of districts after
1-31 acknowledging all legitimate student and district cost
1-32 differences.

1-33 Sec. 42.002. PURPOSES OF FOUNDATION SCHOOL PROGRAM.

1-34 (a) The purposes of the Foundation School Program set forth in
1-35 this chapter are to guarantee that each school district in the state
1-36 has:

1-37 (1) adequate resources to provide each eligible
1-38 student an accredited instructional program and facilities
1-39 suitable to the student's educational needs; and

1-40 (2) access to substantially equalized financing for an
1-41 enriched program.

1-42 (b) The Foundation School Program consists of:

1-43 (1) two tiers that in combination provide for:

1-44 (A) sufficient financing for all school
1-45 districts to provide an accredited program of education that is
1-46 rated academically acceptable or higher under Section 39.072 and
1-47 meets other applicable legal standards; and

1-48 (B) substantially equal access to funds to
1-49 provide an enriched program; and

1-50 (2) a facilities component as provided by Chapter 46.

1-51 Sec. 42.003. STUDENT ELIGIBILITY. (a) A student is
1-52 entitled to the benefits of the Foundation School Program if the
1-53 student is five years of age or older and under 21 years of age on
1-54 September 1 of the school year and has not graduated from high
1-55 school.

1-56 (b) A student to whom Subsection (a) does not apply is
1-57 entitled to the benefits of the Foundation School Program if the
1-58 student is enrolled in a prekindergarten class under Section
1-59 29.153.

1-60 (c) A child may be enrolled in the first grade if the child
1-61 is at least six years of age at the beginning of the school year of
1-62 the district or has been enrolled in the first grade or has
1-63 completed kindergarten in the public schools in another state

2-1 before transferring to a public school in this state.

2-2 (d) Notwithstanding Subsection (a), a student younger than
2-3 five years of age is entitled to the benefits of the Foundation
2-4 School Program if:

2-5 (1) the student performs satisfactorily on the
2-6 assessment instrument administered under Section 39.023(a) to
2-7 students in the third grade; and

2-8 (2) the district has adopted a policy for admitting
2-9 students younger than five years of age.

2-10 Sec. 42.004. ADMINISTRATION OF PROGRAM. (a) The
2-11 commissioner shall take such action and require such reports
2-12 consistent with this chapter as may be necessary to implement and
2-13 administer the Foundation School Program.

2-14 (b) The commissioner may adopt rules necessary to implement
2-15 and administer the Foundation School Program.

2-16 Sec. 42.005. AVERAGE DAILY ATTENDANCE. (a) In this
2-17 chapter, average daily attendance is:

2-18 (1) the quotient of the sum of attendance for each day
2-19 of the minimum number of days of instruction as described under
2-20 Section 25.081(a) divided by the minimum number of days of
2-21 instruction;

2-22 (2) for a district that operates under a flexible year
2-23 program under Section 29.0821, the quotient of the sum of
2-24 attendance for each actual day of instruction as permitted by
2-25 Section 29.0821(b)(1) divided by the number of actual days of
2-26 instruction as permitted by Section 29.0821(b)(1); or

2-27 (3) for a district that operates under a flexible
2-28 school day program under Section 29.0822, the sum of:

2-29 (A) average daily attendance as determined under
2-30 Subdivision (1), for students who are not served under Section
2-31 29.0822; and

2-32 (B) the average daily attendance as calculated by
2-33 the commissioner in accordance with Section 29.0822(d), for
2-34 students served under Section 29.0822.

2-35 (b) A school district that experiences a decline of more
2-36 than two percent in average daily attendance shall be funded on the
2-37 basis of:

2-38 (1) the actual average daily attendance of the
2-39 preceding school year, if the decline is the result of the closing
2-40 or reduction in personnel of a military base; or

2-41 (2) an average daily attendance equal to 98 percent of
2-42 the actual average daily attendance of the preceding school year,
2-43 if the decline is not the result of the closing or reduction in
2-44 personnel of a military base.

2-45 (c) The commissioner shall adjust the average daily
2-46 attendance of a school district that has a significant percentage
2-47 of students who are migratory children as defined by 20 U.S.C.
2-48 Section 6399.

2-49 (d) The commissioner may adjust the average daily
2-50 attendance of a school district in which a disaster, flood, extreme
2-51 weather condition, fuel curtailment, or other calamity has a
2-52 significant effect on the district's attendance.

2-53 (e) A public charter district is not entitled to funding
2-54 based on an adjustment under Subsection (b).

2-55 Sec. 42.006. EQUALIZED FUNDING ELEMENTS. (a) The
2-56 Legislative Budget Board shall adopt rules, subject to appropriate
2-57 notice and opportunity for public comment, for the calculation for
2-58 each year of a biennium of the equalized funding elements, in
2-59 accordance with Subsection (c), necessary to achieve the state
2-60 policy under Section 42.001.

2-61 (b) Before each regular session of the legislature, the
2-62 board shall, as determined by the board, report the equalized
2-63 funding elements to the commissioner and the legislature.

2-64 (c) The funding elements must include:

2-65 (1) an accreditation allotment amount for the purposes
2-66 of Section 42.101 that represents the cost per student of a regular
2-67 education program that meets all mandates of law and regulation;

2-68 (2) adjustments designed to reflect the variation in
2-69 known resource costs and costs of education beyond the control of

3-1 school districts;
3-2 (3) appropriate program cost differentials and other
3-3 funding elements for the programs authorized under Subchapter C,
3-4 with the program funding level expressed as total dollar amounts
3-5 for each program and the specific dollar amount to be provided for
3-6 each eligible student or course for the appropriate year;
3-7 (4) the maximum tax rate to be used in determining a
3-8 school district's local share under Section 42.306(a);
3-9 (5) the maximum district enrichment tax rate for
3-10 purposes of Section 42.252; and
3-11 (6) the amount to be appropriated for the school
3-12 facilities assistance program under Chapter 46.
3-13 (d) The board shall conduct a study of the funding elements
3-14 each biennium, as appropriate. The study must include a
3-15 determination of the projected cost to the state in the next state
3-16 fiscal biennium of ensuring the ability of each school district to
3-17 comply with all legal mandates and regulations without increasing
3-18 district tax rates.
3-19 (e) Notwithstanding Subsection (d), the board shall
3-20 contract for a comprehensive study of the funding elements. The
3-21 board shall report the results of the study to the commissioner and
3-22 the legislature not later than December 1, 2008. This subsection
3-23 expires January 1, 2009.
3-24 Sec. 42.007. REFERENCE TO FOUNDATION SCHOOL FUND. A
3-25 reference in law to the foundation school fund means the Texas
3-26 education fund.
3-27 Sec. 42.008. REPORT ON EDUCATION SPENDING. Before each
3-28 regular session of the legislature, the Legislative Budget Board
3-29 shall submit to the commissioner and the legislature a report that
3-30 includes:
3-31 (1) a description of the amount of all spending on
3-32 primary and secondary education in this state, disaggregated by
3-33 federal, state, and local spending and spending by private
3-34 entities; and
3-35 (2) an analysis of the state's portion of spending.
3-36 [Sections 42.009-42.100 reserved for expansion]
3-37 SUBCHAPTER B. BASIC PROGRAM
3-38 Sec. 42.101. ACCREDITATION ALLOTMENT AND SPECIAL STUDENT
3-39 ALLOTMENTS. (a) For each student in average daily attendance, a
3-40 school district is entitled to an accreditation allotment of
3-41 \$4,600.
3-42 (b) An accreditation allotment in a greater amount for any
3-43 school year may be provided by appropriation.
3-44 (c) In addition to the accreditation allotment, a school
3-45 district is entitled to special student allotments in the manner
3-46 specified under Subchapter C.
3-47 [Sections 42.102-42.150 reserved for expansion]
3-48 SUBCHAPTER C. SPECIAL STUDENT ALLOTMENTS
3-49 Sec. 42.151. SPECIAL EDUCATION ALLOTMENTS. (a) In this
3-50 section:
3-51 (1) "Full-time equivalent student" means 30 hours of
3-52 contact a week between a student and special education program
3-53 personnel.
3-54 (2) "Special education program" means a program under
3-55 Subchapter A, Chapter 29.
3-56 (b) For each student in average daily attendance in a
3-57 special education program in a mainstream instructional
3-58 arrangement, a school district is entitled to an annual allotment
3-59 of \$4,822.
3-60 (c) For each full-time equivalent student in average daily
3-61 attendance in a special education program in an instructional
3-62 arrangement other than a mainstream instructional arrangement, a
3-63 school district is entitled to an annual allotment in the following
3-64 amount, based on the student's instructional arrangement:
3-65 (1) \$17,370, for a student in a homebound
3-66 instructional arrangement;
3-67 (2) \$8,602, for a student in a hospital class
3-68 instructional arrangement;
3-69 (3) \$17,370, for a student in a speech therapy

- 4-1 instructional arrangement;
- 4-2 (4) \$8,602, for a student in a resource room
- 4-3 instructional arrangement;
- 4-4 (5) \$8,602, for a student in a self-contained, mild
- 4-5 and moderate, regular campus instructional arrangement;
- 4-6 (6) \$8,602, for a student in a self-contained, severe,
- 4-7 regular campus instructional arrangement;
- 4-8 (7) \$7,287, for a student in an off-home-campus
- 4-9 instructional arrangement;
- 4-10 (8) \$2,903, for a student in a nonpublic day school;
- 4-11 (9) \$5,533, for a student in a vocational adjustment
- 4-12 class;
- 4-13 (10) \$12,986, for a student who resides in a
- 4-14 residential care and treatment facility, other than a state school,
- 4-15 whose parent or guardian does not reside in the district, and who
- 4-16 receives educational services from a local school district; and
- 4-17 (11) \$7,726, for a student who resides in a state
- 4-18 school.

4-19 (d) The allotment for each instructional arrangement may
 4-20 not be less than the amounts per full-time equivalent student in
 4-21 average daily attendance as determined by multiplying the following
 4-22 percentages by the accreditation allotment under Section 42.101:

<u>Instructional arrangement</u>	<u>Percentage</u>
4-24 <u>Mainstream</u>	105%
4-25 <u>Homebound</u>	378%
4-26 <u>Hospital class</u>	187%
4-27 <u>Speech therapy</u>	378%
4-28 <u>Resource room</u>	187%
4-29 <u>Self-contained mild and moderate</u>	187%
4-30 <u>Self-contained severe</u>	187%
4-31 <u>Off-home-campus</u>	158%
4-32 <u>Nonpublic day school</u>	63%
4-33 <u>Vocational adjustment class</u>	120%
4-34 <u>Residential care and treatment</u>	282%
4-35 <u>State school</u>	168%

4-36 (e) For funding purposes, the number of contact hours
 4-37 credited per day for each special education student in the
 4-38 off-home-campus instructional arrangement may not exceed the
 4-39 contact hours credited per day for the multidistrict class
 4-40 instructional arrangement in the 1992-1993 school year.

4-41 (f) For funding purposes, the contact hours credited per day
 4-42 for each special education student in the resource room;
 4-43 self-contained, mild and moderate, regular campus; and
 4-44 self-contained, severe, regular campus instructional arrangements
 4-45 may not exceed the average of the statewide total contact hours
 4-46 credited per day for those three instructional arrangements in the
 4-47 1992-1993 school year.

4-48 (g) The commissioner by rule shall prescribe the
 4-49 qualifications a special education instructional arrangement must
 4-50 meet in order to be funded as a particular instructional
 4-51 arrangement under this chapter. In prescribing the qualifications
 4-52 that a mainstream instructional arrangement must meet, the
 4-53 commissioner shall require that students with disabilities and
 4-54 their teachers receive the direct, indirect, and support services
 4-55 that are necessary to enrich the regular classroom and enable
 4-56 student success.

4-57 (h) The commissioner shall adopt rules and procedures
 4-58 governing contracts for residential placement of special education
 4-59 students. The legislature shall provide by appropriation for the
 4-60 state's share of the costs of those placements.

4-61 (i) Funds allocated under this section, other than an
 4-62 indirect cost allotment established under commissioner rule, must
 4-63 be used in the special education program under Subchapter A,
 4-64 Chapter 29.

4-65 (j) The agency shall encourage the placement of students in
 4-66 special education programs, including students in residential
 4-67 instructional arrangements, in the least restrictive environment
 4-68 appropriate for students' educational needs.

4-69 (k) Each year, the agency shall make and disseminate to each

5-1 school district a list of those districts that maintain for two
 5-2 successive years a ratio of full-time equivalent special education
 5-3 students placed in partially or totally self-contained classrooms
 5-4 to the number of full-time equivalent students placed in resource
 5-5 room or mainstream instructional arrangements that is 25 percent
 5-6 higher than the statewide average ratio.

5-7 (l) A school district that provides an extended year program
 5-8 required by federal law for special education students who may
 5-9 regress is entitled to receive, for each full-time equivalent
 5-10 student in average daily attendance, funds in an amount equal to 75
 5-11 percent, or a lesser percentage determined by the commissioner, of
 5-12 the sum of the accreditation allotment and the additional allotment
 5-13 for the student's instructional arrangement under this section for
 5-14 each day the program is provided divided by the number of days in
 5-15 the minimum school year. The total amount of state funding for
 5-16 extended year services under this subsection may not exceed \$10
 5-17 million per year. A school district may use funds received under
 5-18 this subsection only in providing an extended year program.

5-19 (m) From the total amount of funds appropriated for special
 5-20 education under this chapter, the commissioner shall withhold an
 5-21 amount specified in the General Appropriations Act and distribute
 5-22 that amount to school districts for programs under Section 29.014.
 5-23 The program established under that section is required only in
 5-24 school districts in which the program is financed by funds
 5-25 distributed under this subsection and any other funds available for
 5-26 the program. After deducting the amount withheld under this
 5-27 subsection from the total amount appropriated for special
 5-28 education, the commissioner shall reduce each district's
 5-29 allocation proportionately.

5-30 Sec. 42.152. ACCELERATED PROGRAMS ALLOTMENT. (a) A
 5-31 district is entitled to:

5-32 (1) for each student who is educationally
 5-33 disadvantaged or who is a student who does not have a disability and
 5-34 resides in a residential placement facility in a district in which
 5-35 the student's parent or legal guardian does not reside, an annual
 5-36 allotment equal to \$877, but not less than the amount equal to 19
 5-37 percent of the accreditation allotment under Section 42.101; and

5-38 (2) for each full-time equivalent student who is in a
 5-39 remedial and support program under Section 29.081 because the
 5-40 student is pregnant, an annual allotment equal to \$10,563.

5-41 (b) For purposes of this section, the number of
 5-42 educationally disadvantaged students is determined:

5-43 (1) by averaging the best six months' enrollment in the
 5-44 national school lunch program of free or reduced-price lunches for
 5-45 the preceding school year; or

5-46 (2) in the manner provided by commissioner rule, if no
 5-47 campus in the district participated in the national school lunch
 5-48 program of free or reduced-price lunches during the preceding
 5-49 school year.

5-50 (c) The legislature may provide by appropriation for a
 5-51 greater allotment than the amounts prescribed by Subsection (a).

5-52 (d) From the total amount of funds appropriated for
 5-53 allotments under this section, the commissioner may, each fiscal
 5-54 year:

5-55 (1) withhold an amount determined by the commissioner
 5-56 as appropriate to finance activities under Section 39.024(d); and

5-57 (2) withhold an amount not exceeding \$1 million each
 5-58 fiscal year and distribute the funds to school districts that incur
 5-59 unanticipated expenditures resulting from a significant increase
 5-60 in the enrollment of students who do not have disabilities and who
 5-61 reside in residential placement facilities.

5-62 (e) From the total amount of funds appropriated for
 5-63 allotments under this section, the commissioner shall, each fiscal
 5-64 year:

5-65 (1) withhold an amount determined by the commissioner
 5-66 as appropriate to finance activities under Section 39.024(c);

5-67 (2) withhold an amount to be determined by the
 5-68 commissioner, but not less than \$10 million, and distribute that
 5-69 amount for programs under Section 29.085, giving preference to a

6-1 school district that received funds for a program under that
 6-2 section for the preceding school year;

6-3 (3) withhold the amount of \$7.5 million, or a greater
 6-4 amount as determined in the General Appropriations Act, and
 6-5 distribute that amount for programs under Subchapter A, Chapter 33,
 6-6 giving preference to a school district that received funds for a
 6-7 program under that subchapter for the preceding school year;

6-8 (4) withhold the amount of \$2.5 million for transfer
 6-9 to the investment capital fund under Section 7.024; and

6-10 (5) withhold an amount sufficient to finance extended
 6-11 year programs under Section 29.082, not to exceed five percent of
 6-12 the amounts allocated under this section, giving preference to
 6-13 extended year programs in districts with high concentrations of
 6-14 educationally disadvantaged students.

6-15 (f) After deducting the amounts withheld under Subsections
 6-16 (d) and (e) from the total amount appropriated for the allotments
 6-17 under this section, the commissioner shall reduce each district's
 6-18 allocation proportionately.

6-19 Sec. 42.153. TRANSITIONAL PROGRAM ALLOTMENT. (a) For each
 6-20 student in average daily attendance in a bilingual education or
 6-21 special language program under Subchapter B, Chapter 29, a district
 6-22 is entitled to an annual allotment of:

6-23 (1) if the student is enrolled below the ninth grade
 6-24 level, \$500, but not less than the amount equal to 10.86 percent of
 6-25 the accreditation allotment under Section 42.101; or

6-26 (2) if the student is enrolled at or above the ninth
 6-27 grade level, \$1,000, but not less than the amount equal to 21
 6-28 percent of the accreditation allotment under Section 42.101.

6-29 (b) The legislature may provide by appropriation for a
 6-30 greater allotment than the amounts prescribed by Subsection (a).

6-31 Sec. 42.154. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT. For
 6-32 each student in average daily attendance in an approved career and
 6-33 technology education program in grades nine through 12 or in career
 6-34 and technology education programs for students with disabilities in
 6-35 grades seven through 12, a district is entitled to an annual
 6-36 allotment of \$178 for each annual credit hour the student is
 6-37 enrolled in the program, or a greater amount for any school year
 6-38 provided by appropriation.

6-39 Sec. 42.1541. CAREER AND TECHNOLOGY EDUCATION ALLOTMENT
 6-40 PILOT PROJECT. (a) In this section, "pilot project" means the
 6-41 career and technology education allotment pilot project described
 6-42 by this section.

6-43 (b) During the 2006-2007 and 2007-2008 school years, for
 6-44 each student in average daily attendance in an approved career and
 6-45 technology education program in grade eight, a school district that
 6-46 is selected by the commissioner to participate in the pilot project
 6-47 under Subsection (c) is entitled to an annual allotment of \$178 for
 6-48 each annual credit hour the student is enrolled in the program. A
 6-49 school district is not entitled to an allotment under this section
 6-50 for a student for whom the district receives an allotment under
 6-51 Section 42.154.

6-52 (c) The commissioner shall select five school districts to
 6-53 participate in the pilot project. In selecting the participating
 6-54 districts, the commissioner must select at least one urban, one
 6-55 midsized, and one rural district.

6-56 (d) The commissioner shall conduct a study on the impact, if
 6-57 any, of the pilot project on the dropout rates of school districts
 6-58 that participate in the pilot project. The commissioner shall
 6-59 deliver a report describing the results of the study to the
 6-60 legislature not later than January 1, 2009.

6-61 (e) This section expires March 1, 2009.

6-62 Sec. 42.155. PUBLIC EDUCATION GRANT ALLOTMENT. (a) Except
 6-63 as provided by Subsection (b), for each student in average daily
 6-64 attendance who is using a public education grant under Subchapter
 6-65 G, Chapter 29, to attend school in a district other than the
 6-66 district in which the student resides, the district in which the
 6-67 student attends school is entitled to an annual allotment of \$250 or
 6-68 a greater amount for any school year provided by appropriation.

6-69 (b) The total number of allotments under this section to

7-1 which a school district is entitled may not exceed the number by
 7-2 which the number of students using public education grants to
 7-3 attend school in the district exceeds the number of students who
 7-4 reside in the district and use public education grants to attend
 7-5 school in another district.

7-6 Sec. 42.156. GIFTED AND TALENTED ALLOTMENT. (a) For each
 7-7 identified student a school district serves in a program for gifted
 7-8 and talented students that the district certifies to the
 7-9 commissioner as complying with Subchapter D, Chapter 29, a district
 7-10 is entitled to an annual allotment of \$526, or a greater amount for
 7-11 any school year provided by appropriation.

7-12 (b) Not more than five percent of a district's students in
 7-13 average daily attendance are eligible for funding under this
 7-14 section.

7-15 (c) After each district has received allotted funds for this
 7-16 program, the commissioner may use up to \$500,000 of the funds
 7-17 allocated under this section for programs such as MATHCOUNTS,
 7-18 Future Problem Solving, Odyssey of the Mind, and Academic
 7-19 Decathlon, as long as these funds are used to train personnel and
 7-20 provide program services. To be eligible for funding under this
 7-21 subsection, a program must be determined by the commissioner to
 7-22 provide services that are effective and consistent with the state
 7-23 plan for gifted and talented education.

7-24 [Sections 42.157-42.170 reserved for expansion]

7-25 Sec. 42.171. RESTRICTIONS ON USE OF ALLOTMENTS.

7-26 (a) Unless specifically provided otherwise by this code, but
 7-27 subject to Section 42.172, a school district is not required to use
 7-28 amounts allotted under this subchapter for the program for which
 7-29 the amounts were allotted.

7-30 (b) Any restriction specifically imposed under this
 7-31 subchapter on a school district's use of an amount allotted under
 7-32 this subchapter applies equally to the amount by which the
 7-33 allotment is adjusted under Section 42.301 or 42.302.

7-34 Sec. 42.172. MAINTENANCE OF EFFORT. (a) Notwithstanding
 7-35 any other provision of this code, but subject to Subsection (b), a
 7-36 school district may not spend in any school year for a program or
 7-37 service listed below an amount per student in average daily
 7-38 attendance that is less than the amount the district spent for that
 7-39 program or service per student in average daily attendance during
 7-40 the 2004-2005 school year:

7-41 (1) a special education program under Subchapter A,
 7-42 Chapter 29;

7-43 (2) supplemental programs and services designed to
 7-44 eliminate any disparity in performance on assessment instruments
 7-45 administered under Subchapter B, Chapter 39, or disparity in the
 7-46 rates of high school completion between students at risk of
 7-47 dropping out of school, as defined by Section 29.081, and all other
 7-48 students;

7-49 (3) a bilingual education or special language program
 7-50 under Subchapter B, Chapter 29;

7-51 (4) a career and technology education program in
 7-52 grades nine through 12 or a career and technology education program
 7-53 for students with disabilities in grades seven through 12 under
 7-54 Sections 29.182, 29.183, and 29.184; or

7-55 (5) a gifted and talented program under Subchapter D,
 7-56 Chapter 29.

7-57 (b) The commissioner may authorize a school district to
 7-58 spend less than the amount required by this section if the
 7-59 commissioner, considering the district's unique circumstances,
 7-60 determines that the requirement imposes an undue hardship on the
 7-61 district.

7-62 [Sections 42.173-42.200 reserved for expansion]

7-63 SUBCHAPTER D. TRANSPORTATION ALLOTMENT

7-64 Sec. 42.201. TRANSPORTATION ALLOTMENT. (a) Each school
 7-65 district or county operating a regular transportation system is
 7-66 entitled to an allotment of \$1.50 per mile for each approved route
 7-67 mile traveled by the system.

7-68 (b) If the amount of an allotment under this section that a
 7-69 school district or county receives exceeds the district's or

8-1 county's cost of operating the transportation system, the district
8-2 or county may use the excess funds for any legal purpose.

8-3 [Sections 42.202-42.220 reserved for expansion]

8-4 SUBCHAPTER E. NEW INSTRUCTIONAL FACILITY ALLOTMENT

8-5 Sec. 42.221. NEW INSTRUCTIONAL FACILITY ALLOTMENT. A
8-6 school district is entitled to an additional allotment as provided
8-7 by this subchapter for operational expenses associated with opening
8-8 a new instructional facility.

8-9 Sec. 42.222. DEFINITIONS. In this subchapter:

8-10 (1) "Fast growth school district" means a school
8-11 district that during the five school years preceding the opening of
8-12 a new instructional facility has experienced an increase in
8-13 enrollment of:

8-14 (A) greater than 10 percent; or

8-15 (B) more than 3,500 students.

8-16 (2) "Instructional facility" has the meaning assigned
8-17 by Section 46.001.

8-18 Sec. 42.223. ALLOTMENT FOR FIRST YEAR OF OPERATION.

8-19 (a) For the first school year in which students attend a new
8-20 instructional facility, a school district other than a fast growth
8-21 school district is entitled to an allotment of \$250 for each student
8-22 in average daily attendance at the facility or a greater amount
8-23 provided by appropriation.

8-24 (b) For the first school year in which students attend a new
8-25 instructional facility, a fast growth school district is entitled
8-26 to an allotment of \$375 for each student in average daily attendance
8-27 at the facility or a greater amount provided by appropriation.

8-28 Sec. 42.224. ALLOTMENT FOR SECOND AND THIRD YEARS OF

8-29 OPERATION. (a) For the second school year in which students
8-30 attend a new instructional facility, a school district other than a
8-31 fast growth school district is entitled to an allotment of \$250 for
8-32 each additional student in average daily attendance at the facility
8-33 or a greater amount provided by appropriation.

8-34 (b) For the second and third school years in which students
8-35 attend a new instructional facility, a fast growth school district
8-36 is entitled to an allotment of \$375 for each additional student in
8-37 average daily attendance at the facility or a greater amount
8-38 provided by appropriation.

8-39 (c) For purposes of this section, the number of additional
8-40 students in average daily attendance at a facility is the
8-41 difference between the number of students in average daily
8-42 attendance in the current year at that facility and the number of
8-43 students in average daily attendance at that facility in the
8-44 preceding year.

8-45 [Sections 42.225-42.250 reserved for expansion]

8-46 [Subchapter F reserved]

8-47 SUBCHAPTER G. ENRICHMENT PROGRAM

8-48 Sec. 42.251. PURPOSE. The purpose of the enrichment
8-49 program component of the Foundation School Program is to provide
8-50 each school district with the opportunity to supplement the basic
8-51 program at a level of its own choice. An allotment under this
8-52 subchapter may be used for any legal purpose other than capital
8-53 outlay or debt service.

8-54 Sec. 42.252. ALLOTMENT. (a) In this section, "wealth per
8-55 student" means a school district's taxable value of property for
8-56 the preceding year as determined under Subchapter M, Chapter 403,
8-57 Government Code, divided by the number of students in attendance in
8-58 the district, and adjusted to reflect the effects of Subchapters C
8-59 and H.

8-60 (b) Each school district is guaranteed a specified amount
8-61 per student in state and local funds for each cent of enrichment tax
8-62 effort up to the maximum level specified in this subchapter. The
8-63 amount of state support, subject only to the maximum amount under
8-64 Section 42.253, is determined by the formula:

8-65 $GYA = (GL \times AF \times DETR \times 100) - LR$

8-66 where:

8-67 "GYA" is the guaranteed amount of state enrichment funds to
8-68 be allocated to the district;

8-69 "GL" is the dollar amount guaranteed level, which is the

9-1 amount of district enrichment tax revenue per cent of tax effort
 9-2 available to a school district at the 98th percentile in wealth per
 9-3 student, as determined by the commissioner;

9-4 "AF" is the application factor, which is determined by the
 9-5 commissioner by dividing the amount of the district's allotments
 9-6 under Subchapters B and C, as adjusted in accordance with
 9-7 Subchapter H, divided by the accreditation allotment specified in
 9-8 Section 42.101 for the applicable year;

9-9 "DETR" is the district enrichment tax rate of the school
 9-10 district, which is the district's adopted maintenance and
 9-11 operations tax rate minus the maximum rate specified under Section
 9-12 42.306 or otherwise provided by appropriation for purposes of that
 9-13 section; and

9-14 "LR" is the local revenue, which is determined by multiplying
 9-15 "DETR" by the quotient of the district's taxable value of property
 9-16 as determined under Subchapter M, Chapter 403, Government Code,
 9-17 divided by 100.

9-18 (c) The percentile in wealth per student described by
 9-19 Subsection (b) for purposes of determining the dollar amount
 9-20 guaranteed level ("GL") applies beginning with the 2014-2015 school
 9-21 year. For the 2006-2007 through 2013-2014 school years, GL is
 9-22 determined as follows:

9-23 (1) for the 2006-2007 school year, GL is determined
 9-24 using the 92nd percentile in wealth per student;

9-25 (2) for the 2007-2008 school year, GL is determined
 9-26 using the 92nd percentile in wealth per student;

9-27 (3) for the 2008-2009 school year, GL is determined
 9-28 using the 93rd percentile in wealth per student;

9-29 (4) for the 2009-2010 school year, GL is determined
 9-30 using the 93rd percentile in wealth per student;

9-31 (5) for the 2010-2011 school year, GL is determined
 9-32 using the 94th percentile in wealth per student;

9-33 (6) for the 2011-2012 school year, GL is determined
 9-34 using the 95th percentile in wealth per student;

9-35 (7) for the 2012-2013 school year, GL is determined
 9-36 using the 96th percentile in wealth per student; and

9-37 (8) for the 2013-2014 school year, GL is determined
 9-38 using the 97th percentile in wealth per student.

9-39 (d) This subsection and Subsection (c) expire September 1,
 9-40 2014.

9-41 Sec. 42.253. DISTRICT ENRICHMENT TAX. (a) The district
 9-42 enrichment tax rate may not exceed \$0.15 per \$100 of valuation.

9-43 (a-1) Notwithstanding Subsection (a), the district
 9-44 enrichment tax rate may not exceed:

9-45 (1) for the 2005 and 2006 tax years, the rate of \$0.05
 9-46 per \$100 of valuation; and

9-47 (2) for the 2007 and 2008 tax years, the rate of \$0.10
 9-48 per \$100 of valuation.

9-49 (b) A school district's enrichment tax rate must be approved
 9-50 by the voters in accordance with Section 45.003 of this code and
 9-51 Section 26.08, Tax Code.

9-52 (c) Subsection (a-1) and this subsection expire January 1,
 9-53 2009.

9-54 Sec. 42.254. COMPUTATION OF ENRICHMENT AID FOR DISTRICT ON
 9-55 MILITARY INSTALLATION. State enrichment assistance under this
 9-56 subchapter for a school district located on a federal military
 9-57 installation is computed using the average district enrichment tax
 9-58 rate and property value per student of school districts in the
 9-59 county, as determined by the commissioner.

9-60 [Sections 42.255-42.300 reserved for expansion]

9-61 SUBCHAPTER H. ADDITIONAL ADJUSTMENTS; FINANCING THE PROGRAM

9-62 Sec. 42.301. COST OF EDUCATION ADJUSTMENT. (a) The
 9-63 amounts of the accreditation allotments under Subchapter B and each
 9-64 special student allotment under Subchapter C are adjusted to
 9-65 reflect the geographic variation in known resource costs and costs
 9-66 of education due to factors beyond the control of the school
 9-67 district. The amount of the adjustment is 50 percent of the total
 9-68 amount that would result from application of the cost of education
 9-69 index adopted under Subsection (b), or a greater amount for any

10-1 school year provided by appropriation.

10-2 (b) The Legislative Budget Board shall adopt a cost of
 10-3 education index based on a statistical analysis conducted on a
 10-4 revenue neutral basis that is designed to isolate the independent
 10-5 effects of uncontrollable factors on the compensation that school
 10-6 districts must pay, including teacher salaries and other benefits.
 10-7 The analysis must include, at a minimum, variations in teacher
 10-8 characteristics, teacher work environments, and the economic and
 10-9 social conditions of the communities in which teachers reside.

10-10 (b-1) Notwithstanding Subsection (a), the cost of education
 10-11 index for purposes of that subsection for the following school
 10-12 years is determined in the following manner:

10-13 (1) for the 2005-2006 school year, the index shall be
 10-14 computed giving a weight of 25 percent to the teacher fixed effects
 10-15 index in the 2004 report commissioned by the Joint Select Committee
 10-16 on Public School Finance of the 78th Legislature and a weight of 75
 10-17 percent to the index used to determine a school district's
 10-18 adjustment for the 2004-2005 school year;

10-19 (2) for the 2006-2007 school year, the index shall be
 10-20 computed giving a weight of 50 percent to the teacher fixed effects
 10-21 index in the 2004 report commissioned by the Joint Select Committee
 10-22 on Public School Finance of the 78th Legislature and a weight of 50
 10-23 percent to the index used to determine a school district's
 10-24 adjustment for the 2004-2005 school year;

10-25 (3) for the 2007-2008 school year, the index shall be
 10-26 computed giving a weight of 75 percent to the teacher fixed effects
 10-27 index in the 2004 report commissioned by the Joint Select Committee
 10-28 on Public School Finance of the 78th Legislature and a weight of 25
 10-29 percent to the index used to determine a school district's
 10-30 adjustment for the 2004-2005 school year; and

10-31 (4) for the 2008-2009 school year, the cost of
 10-32 education index for purposes of Subsection (a) is the teacher fixed
 10-33 effects index in the 2004 report commissioned by the Joint Select
 10-34 Committee on Public School Finance of the 78th Legislature.

10-35 (c) The application of the cost of education index under
 10-36 this section may not result in a greater difference between the
 10-37 highest adjustment and the lowest adjustment than the difference
 10-38 that existed between the highest and lowest adjustments under 19
 10-39 T.A.C. Chapter 203, as that chapter existed on January 1, 2005. The
 10-40 Legislative Budget Board shall increase the amount of the lowest
 10-41 adjustment to satisfy this subsection.

10-42 (d) The Legislative Budget Board shall biennially update
 10-43 the cost of education index required by this section. The
 10-44 Legislative Budget Board shall submit the updated index to the
 10-45 legislature not later than December 1 of each even-numbered year.

10-46 (d-1) The Legislative Budget Board shall submit the initial
 10-47 update required by Subsection (d) not later than December 1, 2008.

10-48 (d-2) Subsections (b-1) and (d-1) and this subsection
 10-49 expire September 1, 2009.

10-50 (e) If the adjustment provided by this section for a school
 10-51 year is less than the adjustment to which a school district would
 10-52 have been entitled using the index applied during the 2004-2005
 10-53 school year, the district's adjustment shall be computed using the
 10-54 index applied during the 2004-2005 school year.

10-55 Sec. 42.302. SMALL AND MID-SIZED DISTRICT ADJUSTMENT.

10-56 (a) The amounts of the accreditation allotments under Subchapter B
 10-57 and each special student allotment under Subchapter C of certain
 10-58 small and mid-sized school districts are adjusted in accordance
 10-59 with this section to reflect district costs related to the
 10-60 district's size. In this section:

10-61 (1) "A" is the amount of additional funding to which a
 10-62 district is entitled based on an adjustment under this section;

10-63 (2) "ADA" is the number of students in average daily
 10-64 attendance for which the district is entitled to an accreditation
 10-65 allotment under Section 42.101; and

10-66 (3) "SA" is the sum of the district's accreditation
 10-67 allotments under Subchapter B and each special student allotment
 10-68 under Subchapter C, as adjusted in accordance with Section 42.301.

10-69 (b) The sum of the total accreditation allotments and any

11-1 special student allotments under Subchapter C of a school district
 11-2 that has not more than 1,600 students in average daily attendance is
 11-3 adjusted by applying the following formula, or the formula under
 11-4 Subsection (c) if that results in a greater allotment:

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

11-5
 11-6 (b-1) Subsection (b) applies beginning with the 2013-2014
 11-7 school year. Notwithstanding Subsection (b), the sum of the total
 11-8 accreditation allotments and any special student allotments under
 11-9 Subchapter C of a school district that has not more than 1,600
 11-10 students in average daily attendance is adjusted by applying the
 11-11 following formulas, or the appropriate formula under Subsection
 11-12 (c-1) if that results in a greater allotment:

11-13 (1) for the 2006-2007 school year:

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

11-14 (2) for the 2007-2008 school year:

$$A = ((1,600 - ADA) \times .00028) \times SA;$$

11-15 (3) for the 2008-2009 school year:

$$A = ((1,600 - ADA) \times .0003) \times SA;$$

11-16 (4) for the 2009-2010 school year:

$$A = ((1,600 - ADA) \times .00032) \times SA;$$

11-17 (5) for the 2010-2011 school year:

$$A = ((1,600 - ADA) \times .00034) \times SA;$$

11-18 (6) for the 2011-2012 school year:

$$A = ((1,600 - ADA) \times .00036) \times SA; \text{ or}$$

11-19 (7) for the 2012-2013 school year:

$$A = ((1,600 - ADA) \times .00038) \times SA$$

11-20
 11-21 (b-2) Notwithstanding Subsection (b-1), for the 2006-2007,
 11-22 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, or
 11-23 2012-2013 school year, the sum of the total accreditation
 11-24 allotments and any special student allotments under Subchapter C of
 11-25 a school district that contains at least 300 square miles and has
 11-26 not more than 1,600 students in average daily attendance is
 11-27 adjusted by applying the following formula, or the appropriate
 11-28 formula under Subsection (c-1) if that results in a greater
 11-29 allotment:

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

11-30
 11-31 (c) The sum of the total accreditation allotments and any
 11-32 special student allotments under Subchapter C of a school district
 11-33 that offers a kindergarten through grade 12 program and has less
 11-34 than 5,000 students in average daily attendance is adjusted by
 11-35 applying the formula, of the following formulas, that results in
 11-36 the greatest adjusted allotment:

11-37 (1) the formula in Subsection (b); or

$$11-38 \text{ (2) } A = ((5,000 - ADA) \times .00004) \times SA$$

11-39
 11-40 (c-1) Subsection (c) applies beginning with the 2013-2014
 11-41 school year. Notwithstanding Subsection (c), the sum of the total
 11-42 accreditation allotments and any special student allotments under
 11-43 Subchapter C of a school district that offers a kindergarten
 11-44 through grade 12 program and has less than 5,000 students in average
 11-45 daily attendance is adjusted by applying the formula, of the
 11-46 following formulas, that results in the greatest adjusted
 11-47 allotment:

11-48 (1) the formula in Subsection (b) or (b-1) for which
 11-49 the district is eligible;

11-50 (2) for the 2006-2007 school year:

$$A = ((5,000 - ADA) \times .000026) \times SA;$$

11-51 (3) for the 2007-2008 school year:

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

11-52 (4) for the 2008-2009 school year:

$$A = ((5,000 - ADA) \times .00003) \times SA;$$

11-53 (5) for the 2009-2010 school year:

$$A = ((5,000 - ADA) \times .000032) \times SA;$$

11-54 (6) for the 2010-2011 school year:

$$A = ((5,000 - ADA) \times .000034) \times SA;$$

11-55 (7) for the 2011-2012 school year:

$$A = ((5,000 - ADA) \times .000036) \times SA; \text{ or}$$

11-56 (8) for the 2012-2013 school year:

$$A = ((5,000 - ADA) \times .000038) \times SA$$

11-57
 11-58 (d) Subsections (b-1), (b-2), and (c-1) and this subsection

12-1 expire September 1, 2014.

12-2 Sec. 42.303. SPARSITY ADJUSTMENT. Notwithstanding
 12-3 Sections 42.101 and 42.302:

12-4 (1) a school district that has fewer than 130 students
 12-5 in average daily attendance is entitled to an adjusted
 12-6 accreditation allotment on the basis of 130 students in average
 12-7 daily attendance if the district offers a kindergarten through
 12-8 grade 12 program and has preceding or current year's average daily
 12-9 attendance of at least 90 students or is 30 miles or more by bus
 12-10 route from the nearest high school district;

12-11 (2) a school district that offers a kindergarten
 12-12 through grade eight program and whose preceding or current year's
 12-13 average daily attendance was or is at least 50 students or that is
 12-14 30 miles or more by bus route from the nearest high school district
 12-15 is entitled to an adjusted accreditation allotment on the basis of
 12-16 75 students in average daily attendance; and

12-17 (3) a school district that offers a kindergarten
 12-18 through grade six program and whose preceding or current year's
 12-19 average daily attendance was or is at least 40 students or that is
 12-20 30 miles or more by bus route from the nearest high school district
 12-21 is entitled to an adjusted accreditation allotment on the basis of
 12-22 60 students in average daily attendance.

12-23 Sec. 42.304. FINANCING: GENERAL RULE. (a) The sum of the
 12-24 accreditation allotments under Subchapter B and the additional
 12-25 allotments under Subchapters C, D, and E, as adjusted in accordance
 12-26 with this subchapter, constitutes the tier one allotments. The sum
 12-27 of the tier one allotments and the enrichment program allotments
 12-28 under Subchapter G constitutes the total cost of the Foundation
 12-29 School Program.

12-30 (b) The program shall be financed by:

12-31 (1) state funds appropriated for the purposes of
 12-32 public school education;

12-33 (2) ad valorem tax revenue generated by an equalized
 12-34 school district effort;

12-35 (3) ad valorem tax revenue generated by local school
 12-36 district effort for an enrichment program in accordance with
 12-37 Subchapter G; and

12-38 (4) state available school funds distributed in
 12-39 accordance with law.

12-40 Sec. 42.305. ADDITIONAL STATE AID FOR AD VALOREM TAX
 12-41 CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. For each school year,
 12-42 a school district, including a school district that is otherwise
 12-43 ineligible for state aid under this chapter, is entitled to state
 12-44 aid in an amount equal to the amount of all tax credits credited
 12-45 against ad valorem taxes of the district in that year under
 12-46 Subchapter D, Chapter 313, Tax Code.

12-47 Sec. 42.3051. PROFESSIONAL AND SUPPORT STAFF SALARIES AND
 12-48 ADDITIONAL STATE AID. (a) For the 2005-2006 school year, a school
 12-49 district shall provide classroom teachers, full-time librarians,
 12-50 full-time counselors certified under Subchapter B, Chapter 21, and
 12-51 full-time school nurses with, in addition to the amounts required
 12-52 under Section 21.402, annual salaries that are increased
 12-53 additionally by an average of \$500.

12-54 (b) A school district each school year shall pay each
 12-55 district employee, other than an administrator or an employee
 12-56 subject to the minimum salary schedule under Section 21.402, an
 12-57 amount at least equal to \$500. A payment under this subsection is
 12-58 in addition to wages the district would otherwise pay the employee
 12-59 during the school year.

12-60 (c) A school district, including a school district that is
 12-61 otherwise ineligible for state aid under this chapter, is entitled
 12-62 to state aid in an amount, as determined by the commissioner, equal
 12-63 to the difference, if any, between:

12-64 (1) the sum of:

12-65 (A) an amount equal to the product of \$2,000
 12-66 multiplied by the number of classroom teachers, full-time
 12-67 librarians, full-time counselors certified under Subchapter B,
 12-68 Chapter 21, and full-time school nurses employed by the district
 12-69 and entitled to a minimum salary under Section 21.402; and

13-1 (B) an amount equal to the product of \$500
 13-2 multiplied by the number of district employees, other than an
 13-3 administrator or an employee subject to the minimum salary schedule
 13-4 under Section 21.402; and

13-5 (2) the amount of additional money per student to
 13-6 which the district is entitled as a result of S.B. No. 2, Acts of the
 13-7 79th Legislature, 1st Called Session, 2005, other than money to
 13-8 which the district is entitled under Subchapter G.

13-9 (d) A school district is not entitled to funds under
 13-10 Subsection (c) if the amount of additional funds to which the
 13-11 district is entitled as a result of S.B. No. 2, Acts of the 79th
 13-12 Legislature, 1st Called Session, 2005, other than money to which
 13-13 the district is entitled under Subchapter G, is sufficient to pay
 13-14 the amounts described by Subsections (a) and (b), as determined by
 13-15 the commissioner.

13-16 (e) A determination by the commissioner under this section
 13-17 is final and may not be appealed.

13-18 (f) The commissioner may adopt rules to implement this
 13-19 section.

13-20 Sec. 42.3052. CRISIS INTERVENTION FUNDING. (a) To the
 13-21 extent consistent with this section, the commissioner may set aside
 13-22 funds appropriated to the agency for purposes of the Foundation
 13-23 School Program to provide temporary emergency assistance to a
 13-24 school district responding to flood, extreme weather conditions,
 13-25 fuel curtailment, severe financial crisis, or other crisis or
 13-26 disaster, as determined appropriate by the commissioner.

13-27 (b) Before setting aside funds under this section, the
 13-28 commissioner shall notify the Legislative Budget Board and the
 13-29 governor.

13-30 (c) The commissioner may not set aside funds under this
 13-31 section if doing so would require proration of Foundation School
 13-32 Program entitlements under this chapter.

13-33 Sec. 42.306. LOCAL SHARE OF PROGRAM COST (TIER ONE).
 13-34 (a) Each school district's share of the Foundation School Program
 13-35 is determined by the following formula:

$$LS = TR \times DPV$$

13-36 where:

13-37 "LS" is the school district's local share;

13-38 "TR" is a tax rate which for each hundred dollars of valuation
 13-39 is an adopted tax rate of \$1.15, or a lesser rate for any school year
 13-40 provided by appropriation; and

13-41 "DPV" is the taxable value of property in the school district
 13-42 for the preceding tax year as determined under Subchapter M,
 13-43 Chapter 403, Government Code.

13-44 (a-1) Notwithstanding Subsection (a), for the 2005-2006
 13-45 school year, the adopted tax rate referenced in that subsection is
 13-46 \$1.20, or a lesser rate provided by appropriation.

13-47 (b) The commissioner shall adjust the values reported in the
 13-48 official report of the comptroller as required by Section 403.302,
 13-49 Government Code, to reflect reductions in taxable value of property
 13-50 resulting from natural or economic disaster after January 1 in the
 13-51 year in which the valuations are determined. The decision of the
 13-52 commissioner is final. An adjustment does not affect the local
 13-53 share of any other school district.

13-54 (c) A school district with a tax rate ("TR") of \$1.15 or the
 13-55 rate otherwise provided by appropriation for purposes of Subsection
 13-56 (a) is eligible to receive the full amount of the tier one allotment
 13-57 to which the district is entitled under this chapter.

13-58 (c-1) Notwithstanding Subsection (c), for the 2005-2006
 13-59 school year, a school district with a tax rate ("TR") of \$1.20 or
 13-60 the rate otherwise provided by appropriation for purposes of
 13-61 Subsection (a-1) is eligible to receive the full amount of the tier
 13-62 one allotment to which the district is entitled under this chapter.

13-63 (d) If a school district's tax rate ("TR") is less than
 13-64 \$1.15 or the rate otherwise provided by appropriation for purposes
 13-65 of Subsection (a), the district's tier one allotment is adjusted by
 13-66 a percentage determined by dividing the district's tax rate ("TR")
 13-67 by \$1.15 or the rate otherwise provided by appropriation for
 13-68 purposes of Subsection (a) and multiplying the resulting quotient
 13-69

14-1 by 100. The commissioner shall determine the amount of the tier one
 14-2 allotment to which a district is entitled under this subsection.
 14-3 The commissioner's determination is final and may not be appealed.

14-4 (d-1) Notwithstanding Subsection (d), for the 2005-2006
 14-5 school year, if a school district's tax rate ("TR") is less than
 14-6 \$1.20 or the rate otherwise provided by appropriation for purposes
 14-7 of Subsection (a-1), the district's tier one allotment is adjusted
 14-8 by a percentage determined by dividing the district's tax rate
 14-9 ("TR") by \$1.20 or the rate otherwise provided by appropriation for
 14-10 purposes of Subsection (a-1) and multiplying the resulting quotient
 14-11 by 100. The commissioner shall determine the amount of the tier one
 14-12 allotment to which a district is entitled under this subsection.
 14-13 The commissioner's determination is final and may not be appealed.

14-14 (e) In implementing any provision of this title that refers
 14-15 to a school district's tier one allotment, the tier one allotment of
 14-16 a district described by Subsection (d) is the proportionate amount
 14-17 provided by that subsection.

14-18 (e-1) Notwithstanding Subsection (e), for the 2005-2006
 14-19 school year, in implementing any provision of this title that
 14-20 refers to a school district's tier one allotment, the tier one
 14-21 allotment of a district described by Subsection (d-1) is the
 14-22 proportionate amount provided by that subsection.

14-23 (e-2) Subsections (a-1), (c-1), (d-1), and (e-1) and this
 14-24 subsection expire September 1, 2006.

14-25 Sec. 42.307. ADJUSTMENT FOR RAPID DECLINE IN TAXABLE VALUE
 14-26 OF PROPERTY. (a) For purposes of Chapter 46 and this chapter, and
 14-27 to the extent money specifically authorized to be used under this
 14-28 section is available, the commissioner shall adjust the taxable
 14-29 value of property in a school district that, due to factors beyond
 14-30 the control of the board of trustees, experiences a rapid decline in
 14-31 the tax base used in computing taxable values in excess of four
 14-32 percent of the tax base used in the preceding year.

14-33 (b) To the extent that a sufficient amount of money is not
 14-34 available to fund all adjustments under this section, the
 14-35 commissioner shall reduce adjustments in the manner provided by
 14-36 Section 42.313(f) so that the total amount of adjustments equals
 14-37 the amount of money available to fund the adjustments.

14-38 (c) A decision of the commissioner under this section is
 14-39 final and may not be appealed.

14-40 Sec. 42.308. ADJUSTMENT FOR OPTIONAL HOMESTEAD EXEMPTION.
 14-41 (a) In any school year, the commissioner may not provide funding
 14-42 under this chapter based on a school district's taxable value of
 14-43 property computed in accordance with Section 403.302(d)(2),
 14-44 Government Code, unless:

14-45 (1) funds are specifically appropriated for purposes
 14-46 of this section; or

14-47 (2) the commissioner determines that the total amount
 14-48 of state funds appropriated for purposes of the Foundation School
 14-49 Program for the school year exceeds the amount of state funds
 14-50 distributed to school districts in accordance with Section 42.313
 14-51 based on the taxable values of property in school districts
 14-52 computed in accordance with Section 403.302(d), Government Code,
 14-53 without any deduction for residence homestead exemptions granted
 14-54 under Section 11.13(n), Tax Code.

14-55 (b) In making a determination under Subsection (a)(2), the
 14-56 commissioner shall:

14-57 (1) notwithstanding Section 42.313(b), reduce the
 14-58 entitlement under this chapter of a school district whose final
 14-59 taxable value of property is higher than the estimate under Section
 14-60 42.314 and make payments to school districts accordingly; and

14-61 (2) give priority to school districts that, due to
 14-62 factors beyond the control of the board of trustees, experience a
 14-63 rapid decline in the tax base used in calculating taxable values in
 14-64 excess of four percent of the tax base used in the preceding year.

14-65 (c) In the first year of a state fiscal biennium, before
 14-66 providing funding as provided by Subsection (a)(2), the
 14-67 commissioner shall ensure that sufficient appropriated funds for
 14-68 purposes of the Foundation School Program are available for the
 14-69 second year of the biennium, including funds to be used for purposes

15-1 of Section 42.307.

15-2 (d) If the commissioner determines that the amount of funds
 15-3 available under Subsection (a)(1) or (2) does not at least equal the
 15-4 total amount of state funding to which districts would be entitled
 15-5 if state funding under this chapter were based on the taxable values
 15-6 of property in school districts computed in accordance with Section
 15-7 403.302(d)(2), Government Code, the commissioner may, to the extent
 15-8 necessary, provide state funding based on a uniform lesser fraction
 15-9 of the deduction under Section 403.302(d)(2), Government Code.

15-10 (e) The commissioner shall notify school districts as soon
 15-11 as practicable as to the availability of funds under this section.
 15-12 For purposes of computing a rollback tax rate under Section 26.08,
 15-13 Tax Code, a district shall adjust the district's tax rate limit to
 15-14 reflect assistance received under this section.

15-15 Sec. 42.3081. ADJUSTMENT FOR UNPAID TAXES OF MAJOR
 15-16 TAXPAYER. (a) The commissioner shall make adjustments as provided
 15-17 by this section to a school district's taxable value of property for
 15-18 purposes of this chapter and Chapter 46.

15-19 (b) A school district that has a major taxpayer, as
 15-20 determined by the commissioner, that because of a protest of the
 15-21 valuation of the taxpayer's property fails to pay all or a portion
 15-22 of the ad valorem taxes due to the district may apply to the
 15-23 commissioner for an adjustment under this section.

15-24 (c) The commissioner shall recover the benefit of any
 15-25 adjustment made under this section by making offsetting adjustments
 15-26 in the school district's taxable value of property for purposes of
 15-27 this chapter or Chapter 46 on a final determination of the taxable
 15-28 value of property that was the basis of the original adjustment, or
 15-29 in the second school year following the year in which the adjustment
 15-30 is made, whichever is earlier.

15-31 (d) A determination by the commissioner under this section
 15-32 is final and may not be appealed.

15-33 Sec. 42.309. ADJUSTED PROPERTY VALUE FOR DISTRICTS NOT
 15-34 OFFERING ALL GRADE LEVELS. For purposes of this chapter, the
 15-35 taxable value of property of a school district that contracts for
 15-36 students residing in the district to be educated in another
 15-37 district under Section 25.039(a) is adjusted by applying the
 15-38 formula:

$$15-39 \quad \text{ADPV} = \text{DPV} - (\text{TN}/\text{MTR})$$

15-40 where:

15-41 "ADPV" is the district's adjusted taxable value of property;
 15-42 "DPV" is the taxable value of property in the district for the
 15-43 preceding tax year determined under Subchapter M, Chapter 403,
 15-44 Government Code;

15-45 "TN" is the total amount of tuition required to be paid by the
 15-46 district under Section 25.039 for the school year for which the
 15-47 adjustment is made, not to exceed the amount specified by
 15-48 commissioner rule under Section 25.039(b); and

15-49 "MTR" is the maximum maintenance tax rate permitted under
 15-50 Section 45.003, expressed as a rate to be applied to the total
 15-51 valuation of taxable property.

15-52 Sec. 42.310. EFFECT OF APPRAISAL APPEAL. (a) If the final
 15-53 determination of an appeal under Chapter 42, Tax Code, results in a
 15-54 reduction in the taxable value of property that exceeds five
 15-55 percent of the total taxable value of property in the school
 15-56 district for the same tax year determined under Subchapter M,
 15-57 Chapter 403, Government Code, the commissioner shall request the
 15-58 comptroller to adjust its taxable property value findings for that
 15-59 year consistent with the final determination of the appraisal
 15-60 appeal.

15-61 (b) If the district would have received a greater amount
 15-62 from the Texas education fund for the applicable school year using
 15-63 the adjusted value, the commissioner shall add the difference to
 15-64 subsequent distributions to the district from the Texas education
 15-65 fund. An adjustment does not affect the local share of any other
 15-66 district.

15-67 Sec. 42.311. ADDITIONAL TRANSITIONAL AID.
 15-68 (a) Notwithstanding any other provision of this subtitle, and
 15-69 provided that a school district imposes a tax at a minimum rate

16-1 specified by the commissioner, a school district is entitled to the
 16-2 amount of state revenue necessary to maintain state and local
 16-3 revenue per student in average daily attendance in the amount equal
 16-4 to the sum of:

16-5 (1) the amount of state and local revenue per student
 16-6 in average daily attendance for the maintenance and operation of
 16-7 the district to which the district would have been entitled for the
 16-8 2005-2006 school year under Chapter 42, as that chapter existed on
 16-9 January 1, 2005, or, if the district would have been subject to
 16-10 Chapter 41, as that chapter existed on January 1, 2005, the amount
 16-11 to which the district would have been entitled under that chapter,
 16-12 based on the funding elements in effect for the 2004-2005 school
 16-13 year, and including:

16-14 (A) any amounts described by Rider 82, page
 16-15 III-23, Chapter 1330, Acts of the 78th Legislature, Regular
 16-16 Session, 2003 (the General Appropriations Act);

16-17 (B) the portion of any profit the district
 16-18 received during the 2004-2005 school year as a result of an
 16-19 agreement under Subchapter E, Chapter 41, that exceeds the amount
 16-20 of state and local revenue that would have been available to the
 16-21 district during that school year if the district imposed and
 16-22 received state assistance for a maintenance and operations tax of
 16-23 \$1.50 per \$100 of valuation during that school year; and

16-24 (C) any amount necessary to reflect an adjustment
 16-25 made by the commissioner under Section 42.3081; and

16-26 (2) an amount equal to three percent of the amount
 16-27 described by Subdivision (1).

16-28 (b) The amount of revenue to which a school district is
 16-29 entitled because of the instructional materials and technology
 16-30 allotment under Section 31.0211 or 32.005 is not included in making
 16-31 a determination under Subsection (a).

16-32 (c) The commissioner shall determine the minimum tax rate
 16-33 for a school district under Subsection (a) on the basis of the tax
 16-34 rate adopted by the district for maintenance and operations for the
 16-35 2004-2005 school year.

16-36 (d) The commissioner shall determine the amount of state
 16-37 funds to which a school district is entitled under this section. The
 16-38 commissioner's determination is final and may not be appealed.

16-39 (e) Any amount to which a school district is entitled under
 16-40 Subchapter G is not included in determining the amount to which the
 16-41 district is entitled under this section.

16-42 Sec. 42.3111. IMPLEMENTATION OF REVENUE MAINTENANCE
 16-43 PROVISIONS FOR DISTRICTS UNDER COUNTYWIDE EQUALIZATION SYSTEM.

16-44 (a) This section applies only to a school district that receives
 16-45 local property tax revenue from a countywide equalization tax
 16-46 imposed in accordance with former Chapter 18 and authorized by
 16-47 Section 11.301.

16-48 (b) In implementing any provision of this chapter that
 16-49 entitles a school district to maintain the amount of state and local
 16-50 revenue per student in average daily attendance that would have
 16-51 been available to the district using the funding elements under
 16-52 Chapters 41 and 42 in effect during the 2004-2005 school year, the
 16-53 commissioner shall consider the tax rate of each district receiving
 16-54 revenue from a countywide equalization tax to be the sum of the
 16-55 equalization tax rate and the rate imposed by the district.

16-56 Sec. 42.312. TEMPORARY LIMITATIONS ON AID.

16-57 (a) Notwithstanding any other provision of this subtitle, but
 16-58 subject to Subsection (e), the commissioner shall withhold from a
 16-59 school district the amount of state funds necessary to ensure that
 16-60 the district does not receive an amount of state and local revenue
 16-61 per student in average daily attendance that is greater than the
 16-62 following percentage of the amount described by Section 42.311(a):

16-63 (1) 108 percent for the 2005-2006 school year;

16-64 (2) 116 percent for the 2006-2007 school year; and

16-65 (3) 124 percent for the 2007-2008 school year.

16-66 (b) The commissioner shall determine the amount of state
 16-67 funds required to be withheld under this section. The
 16-68 commissioner's determination is final and may not be appealed.

16-69 (c) Any amount to which a school district is entitled under

17-1 Subchapter G is not included in determining the amount that the
 17-2 district may receive under this section.

17-3 (d) Section 42.311(b) applies to any determinations made
 17-4 under this section.

17-5 (e) If the amount to which a school district is entitled
 17-6 under Section 42.311 exceeds the amount to which the district is
 17-7 entitled under this section, the district is entitled to the
 17-8 greater amount.

17-9 (f) This section expires September 1, 2008.

17-10 Sec. 42.313. DISTRIBUTION OF TEXAS EDUCATION FUND.

17-11 (a) For each school year the commissioner shall determine:

17-12 (1) the amount of money to which a school district is
 17-13 entitled under Subchapters B, C, D, and E, as adjusted in accordance
 17-14 with this subchapter;

17-15 (2) the amount of money to which a school district is
 17-16 entitled under Subchapter G;

17-17 (3) the amount of money allocated to a school district
 17-18 from the available school fund;

17-19 (4) the amount of a school district's tier one local
 17-20 share under Section 42.306; and

17-21 (5) the amount of a school district's enrichment
 17-22 program local revenue under Section 42.252.

17-23 (b) Except as provided by this subsection, the commissioner
 17-24 shall base the determinations under Subsection (a) on the estimates
 17-25 provided to the legislature under Section 42.314 for each school
 17-26 district for each school year. The General Appropriations Act may
 17-27 provide alternate estimates of tax rates or total taxable value of
 17-28 property for each school district for each school year, in which
 17-29 case those estimates shall be used in making the determinations
 17-30 under Subsection (a). The commissioner shall reduce the
 17-31 entitlement of each district that has a final taxable value of
 17-32 property for the second year of a state fiscal biennium that is
 17-33 higher than the estimate under Section 42.314 or the General
 17-34 Appropriations Act, as applicable. A reduction under this
 17-35 subsection may not reduce the district's entitlement below the
 17-36 amount to which it is entitled at its actual taxable value of
 17-37 property.

17-38 (c) Each school district is entitled to an amount equal to
 17-39 the difference for that district between the sum of Subsections
 17-40 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
 17-41 (a)(5).

17-42 (d) The commissioner shall approve warrants to each school
 17-43 district equaling the amount of its entitlement, except as provided
 17-44 by this section. Warrants for all money expended according to this
 17-45 chapter shall be approved and transmitted to treasurers or
 17-46 depositories of school districts in the same manner as warrants for
 17-47 state available fund payments are transmitted. The total amount of
 17-48 the warrants issued under this section may not exceed the total
 17-49 amount appropriated for Foundation School Program purposes for that
 17-50 fiscal year.

17-51 (e) If a school district demonstrates to the satisfaction of
 17-52 the commissioner that the estimate of the district's tax rate,
 17-53 student enrollment, or taxable value of property used in
 17-54 determining the amount of state funds to which the district is
 17-55 entitled are so inaccurate as to result in undue financial hardship
 17-56 to the district, the commissioner may adjust funding to that
 17-57 district in that school year to the extent that funds are available
 17-58 for that year.

17-59 (f) If the total amount appropriated for a year is less than
 17-60 the amount of money to which school districts are entitled for that
 17-61 year, the commissioner shall reduce the total amount of funds
 17-62 allocated to each district proportionately. The following fiscal
 17-63 year, a district's entitlement under this section is increased by
 17-64 an amount equal to the reduction made under this subsection.

17-65 (g) Not later than March 1 each year, the commissioner shall
 17-66 determine the actual amount of state funds to which each school
 17-67 district is entitled under this chapter for the current school year
 17-68 and shall compare that amount with the amount of the warrants issued
 17-69 to each district for that year. If the amount of the warrants

18-1 differs from the amount to which a district is entitled because of
 18-2 variations in the district's tax rate, student enrollment, or
 18-3 taxable value of property, the commissioner shall adjust the
 18-4 district's entitlement for the next fiscal year accordingly.

18-5 (g-1) Not later than March 1 of each even-numbered year, the
 18-6 commissioner shall identify each school district in which the
 18-7 actual student enrollment for the current school year is at least
 18-8 three percent higher or lower than the estimate of student
 18-9 enrollment used to determine the amount of warrants issued to the
 18-10 district for that year. Subject to available funding, the
 18-11 commissioner shall adjust the district's entitlement for the next
 18-12 fiscal year so that the district receives, during that year,
 18-13 warrants in the amount to which the district would be entitled on
 18-14 the basis of a student enrollment that is three percent higher or
 18-15 lower, as applicable, than the estimate of student enrollment
 18-16 otherwise used to determine the district's entitlement. To the
 18-17 extent that money is available in the second year of a state fiscal
 18-18 biennium for adjustments under Subsection (g) and this subsection,
 18-19 the commissioner shall give priority to adjustments under this
 18-20 subsection.

18-21 (h) The legislature may appropriate funds necessary for
 18-22 increases under Subsection (g) or (g-1) from funds that the
 18-23 comptroller, at any time during the fiscal year, finds are
 18-24 available.

18-25 (i) The commissioner shall compute for each school district
 18-26 the total amount by which the district's allocation of state funds
 18-27 is increased or reduced under Subsection (g) or (g-1) and shall
 18-28 certify that amount to the district.

18-29 (j) Notwithstanding any other provision of this chapter,
 18-30 the commissioner may reduce the amount of funds allocated to a
 18-31 school district under this chapter for a school year if the district
 18-32 collects less than 98 percent of the maintenance and operations
 18-33 taxes levied by the district during that school year.

18-34 Sec. 42.314. ESTIMATES REQUIRED. (a) Not later than
 18-35 October 1 of each even-numbered year:

18-36 (1) the agency shall submit to the legislature an
 18-37 estimate of the tax rate and student enrollment of each school
 18-38 district for the following biennium; and

18-39 (2) the comptroller shall submit to the legislature an
 18-40 estimate of the total taxable value of all property in the state as
 18-41 determined under Subchapter M, Chapter 403, Government Code, for
 18-42 the following biennium.

18-43 (b) The agency and the comptroller shall update the
 18-44 information provided to the legislature under Subsection (a) not
 18-45 later than March 1 of each odd-numbered year.

18-46 (c) For purposes of this section, the agency shall use the
 18-47 estimate of student enrollment provided by the school district,
 18-48 unless the agency's review of the estimate indicates that it is
 18-49 inaccurate. The commissioner shall adopt criteria for use by the
 18-50 agency in reviewing a district's estimate and shall develop
 18-51 procedures to be used to resolve significant differences between
 18-52 the district's estimate and any revised estimate proposed by the
 18-53 agency. The procedures must provide a district with an opportunity
 18-54 to demonstrate the basis of the district's estimate.

18-55 Sec. 42.315. FALSIFICATION OF RECORDS; REPORT. When, in
 18-56 the opinion of the agency's director of school audits, audits or
 18-57 reviews of accounting, enrollment, or other records of a school
 18-58 district reveal deliberate falsification of the records, or
 18-59 violation of the provisions of this chapter, through which the
 18-60 district's share of state funds allocated under the authority of
 18-61 this chapter would be, or has been, illegally increased, the
 18-62 director shall promptly and fully report the fact to the State Board
 18-63 of Education, the state auditor, and the appropriate county
 18-64 attorney, district attorney, or criminal district attorney.

18-65 Sec. 42.316. PAYMENTS FROM TEXAS EDUCATION FUND. (a) In
 18-66 this section:

18-67 (1) "Category 1 school district" means a school
 18-68 district having a wealth per student of less than one-half of the
 18-69 statewide average wealth per student.

19-1 (2) "Category 2 school district" means a school
 19-2 district having a wealth per student of at least one-half of the
 19-3 statewide average wealth per student but not more than the
 19-4 statewide average wealth per student.

19-5 (3) "Category 3 school district" means a school
 19-6 district having a wealth per student of more than the statewide
 19-7 average wealth per student.

19-8 (4) "Wealth per student" means the taxable property
 19-9 values reported by the comptroller to the commissioner under
 19-10 Section 42.306 divided by the number of students in average daily
 19-11 attendance.

19-12 (b) Payments from the Texas education fund to each category
 19-13 1 school district shall be made as follows:

19-14 (1) 15 percent of the yearly entitlement of the
 19-15 district shall be paid in an installment to be made on or before the
 19-16 25th day of September of a fiscal year;

19-17 (2) 80 percent of the yearly entitlement of the
 19-18 district shall be paid in eight equal installments to be made on or
 19-19 before the 25th day of October, November, December, January, March,
 19-20 May, June, and July; and

19-21 (3) five percent of the yearly entitlement of the
 19-22 district shall be paid in an installment to be made on or before the
 19-23 25th day of February.

19-24 (c) Payments from the Texas education fund to each category
 19-25 2 school district shall be made as follows:

19-26 (1) 22 percent of the yearly entitlement of the
 19-27 district shall be paid in an installment to be made on or before the
 19-28 25th day of September of a fiscal year;

19-29 (2) 18 percent of the yearly entitlement of the
 19-30 district shall be paid in an installment to be made on or before the
 19-31 25th day of October;

19-32 (3) 9.5 percent of the yearly entitlement of the
 19-33 district shall be paid in an installment to be made on or before the
 19-34 25th day of November;

19-35 (4) 7.5 percent of the yearly entitlement of the
 19-36 district shall be paid in an installment to be made on or before the
 19-37 25th day of April;

19-38 (5) five percent of the yearly entitlement of the
 19-39 district shall be paid in an installment to be made on or before the
 19-40 25th day of May;

19-41 (6) 10 percent of the yearly entitlement of the
 19-42 district shall be paid in an installment to be made on or before the
 19-43 25th day of June;

19-44 (7) 13 percent of the yearly entitlement of the
 19-45 district shall be paid in an installment to be made on or before the
 19-46 25th day of July; and

19-47 (8) 15 percent of the yearly entitlement of the
 19-48 district shall be paid in an installment to be made after the fifth
 19-49 day of September and not later than the 10th day of September of the
 19-50 calendar year following the calendar year of the payment made under
 19-51 Subdivision (1).

19-52 (d) Payments from the Texas education fund to each category
 19-53 3 school district shall be made as follows:

19-54 (1) 45 percent of the yearly entitlement of the
 19-55 district shall be paid in an installment to be made on or before the
 19-56 25th day of September of a fiscal year;

19-57 (2) 35 percent of the yearly entitlement of the
 19-58 district shall be paid in an installment to be made on or before the
 19-59 25th day of October; and

19-60 (3) 20 percent of the yearly entitlement of the
 19-61 district shall be paid in an installment to be made after the fifth
 19-62 day of September and not later than the 10th day of September of the
 19-63 calendar year following the calendar year of the payment made under
 19-64 Subdivision (1).

19-65 (e) The amount of any installment required by this section
 19-66 may be modified to provide a school district with the proper amount
 19-67 to which the district may be entitled by law and to correct errors
 19-68 in the allocation or distribution of funds. If an installment under
 19-69 this section is required to be equal to other installments, the

20-1 amount of other installments may be adjusted to provide for that
20-2 equality.

20-3 (f) Except as provided by Subsection (c)(8) or (d)(3), any
20-4 previously unpaid additional funds from prior years owed to a
20-5 district shall be paid to the district together with the September
20-6 payment of the current year entitlement.

20-7 Sec. 42.317. RECOVERY OF OVERALLOCATED FUNDS. (a) If a
20-8 school district has received an overallocation of state funds, the
20-9 agency shall, by withholding from subsequent allocations of state
20-10 funds or by requesting and obtaining a refund, recover from the
20-11 district an amount equal to the overallocation.

20-12 (b) If a district fails to comply with a request for a refund
20-13 under Subsection (a), the agency shall certify to the comptroller
20-14 that the amount constitutes a debt for purposes of Section 403.055,
20-15 Government Code. The agency shall provide to the comptroller the
20-16 amount of the overallocation and any other information required by
20-17 the comptroller. The comptroller may certify the amount of the debt
20-18 to the attorney general for collection.

20-19 (c) Any amounts recovered under this section shall be
20-20 deposited in the Texas education fund.

20-21 [Sections 42.318-42.400 reserved for expansion]

20-22 SUBCHAPTER I. ADDITIONAL EQUALIZATION

20-23 Sec. 42.401. DISTRICTS SUBJECT TO ADDITIONAL EQUALIZATION.

20-24 (a) Except as provided by Subsection (b), a school district in
20-25 which the district's local share under Section 42.306 exceeds the
20-26 district's tier one allotment under Section 42.304 shall be
20-27 consolidated by the commissioner under Subchapter H, Chapter 41.

20-28 (b) As an alternative to consolidation under Subchapter H,
20-29 Chapter 41, a school district described by Subsection (a) may elect
20-30 to purchase average daily attendance credit in the manner provided
20-31 by Subchapter D, Chapter 41.

20-32 SECTION 1A.02. Section 30.003, Education Code, is amended
20-33 by adding Subsection (f-1) to read as follows:

20-34 (f-1) The commissioner shall determine the total amount
20-35 that the Texas School for the Blind and Visually Impaired and the
20-36 Texas School for the Deaf would have received from school districts
20-37 pursuant to this section if S.B. No. 2, Acts of the 79th
20-38 Legislature, 1st Called Session, 2005, had not reduced the
20-39 districts' share of the cost of providing education services. That
20-40 amount, minus any amount the schools do receive from school
20-41 districts, shall be set aside as a separate account in the
20-42 foundation school fund and appropriated to those schools for
20-43 educational purposes.

20-44 SECTION 1A.03. The heading to Chapter 41, Education Code,
20-45 is amended to read as follows:

20-46 CHAPTER 41. EQUALIZATION ACTIONS [~~EQUALIZED WEALTH LEVEL~~]

20-47 SECTION 1A.04. Section 41.004, Education Code, is amended
20-48 to read as follows:

20-49 Sec. 41.004. ANNUAL REVIEW OF EQUALIZATION [~~PROPERTY~~
20-50 ~~WEALTH~~]. (a) Not later than July 15 of each year, using the
20-51 estimate of enrollment under Section 42.314 [~~42.254~~], the
20-52 commissioner shall review the local share and tier one allotment
20-53 [~~wealth per student~~] of each school district [~~districts~~] in the
20-54 state and shall notify:

20-55 (1) each district subject to commissioner action under
20-56 Section 42.401 [~~with wealth per student exceeding the equalized~~
20-57 ~~wealth level~~]; and

20-58 (2) [~~each district to which the commissioner proposes~~
20-59 ~~to annex property detached from a district notified under~~
20-60 ~~Subdivision (1), if necessary, under Subchapter C, and~~

20-61 [~~(3)~~] each district to which the commissioner proposes
20-62 to consolidate a district notified under Subdivision (1), if
20-63 necessary, under Subchapter H.

20-64 (b) If, before the dates provided by this subsection, a
20-65 district notified under Subsection (a)(1) has not purchased average
20-66 daily attendance credit as provided by Subchapter D [~~successfully~~
20-67 ~~exercised one or more options under Section 41.003 that reduce the~~
20-68 ~~district's wealth per student to a level equal to or less than the~~
20-69 ~~equalized wealth level~~], the commissioner [~~shall order the~~

21-1 ~~detachment of property from that district as provided by Subchapter~~
 21-2 ~~G. If that detachment will not reduce the district's wealth per~~
 21-3 ~~student to a level equal to or less than the equalized wealth level,~~
 21-4 ~~the commissioner may not detach property under Subchapter G but]~~
 21-5 shall order the consolidation of the district with one or more other
 21-6 districts as provided by Subchapter H. [~~An agreement under Section~~
 21-7 ~~41.003(1) or (2) must be executed not later than September 1~~
 21-8 ~~immediately following the notice under Subsection (a).]~~ An
 21-9 election to authorize the purchase of average daily attendance
 21-10 credit as provided by Subchapter D [~~for an option under Section~~
 21-11 ~~41.003(3), (4), or (5)] must be ordered before September 1~~
 21-12 immediately following the notice under Subsection (a).

21-13 (c) A district notified under Subsection (a) may not adopt a
 21-14 tax rate for the tax year in which the district receives the notice
 21-15 until the commissioner certifies that the district has entered into
 21-16 an agreement under Subchapter D to purchase average daily
 21-17 attendance credit [achieved the equalized wealth level].

21-18 (d) A [~~detachment and annexation or~~] consolidation under
 21-19 this chapter:

21-20 (1) is effective for Foundation School Program funding
 21-21 purposes for the school year that begins in the calendar year in
 21-22 which the [~~detachment and annexation or~~] consolidation is [~~agreed~~
 21-23 ~~to or~~] ordered; and

21-24 (2) applies to the ad valorem taxation of property
 21-25 beginning with the tax year in which the [~~agreement or~~] order is
 21-26 effective.

21-27 SECTION 1A.05. Subsection (a), Section 41.006, Education
 21-28 Code, is amended to read as follows:

21-29 (a) The commissioner may adopt rules necessary for the
 21-30 implementation of this chapter. The rules may provide for the
 21-31 commissioner to make necessary adjustments to the provisions of
 21-32 Chapter 42, including providing for the commissioner to make an
 21-33 adjustment in the funding element established by Section 42.252
 21-34 [~~42.302~~], at the earliest date practicable, to the amount the
 21-35 commissioner believes, taking into consideration options exercised
 21-36 by school districts under Section 42.401 [~~this chapter~~] and
 21-37 estimates of student enrollments, will match appropriation levels.

21-38 SECTION 1A.06. Subsection (a), Section 41.008, Education
 21-39 Code, is amended to read as follows:

21-40 (a) The governing board of a school district that results
 21-41 from consolidation under this chapter [~~, including a consolidated~~
 21-42 ~~taxing district under Subchapter F,~~] for the tax year in which the
 21-43 consolidation occurs may determine whether to adopt a homestead
 21-44 exemption provided by Section 11.13, Tax Code, and may set the
 21-45 amount of the exemption, if adopted, at any time before the school
 21-46 district adopts a tax rate for that tax year. This section applies
 21-47 only to an exemption that the governing board of a school district
 21-48 is authorized to adopt or change in amount under Section 11.13, Tax
 21-49 Code.

21-50 SECTION 1A.07. Subsection (a), Section 41.009, Education
 21-51 Code, is amended to read as follows:

21-52 (a) A tax abatement agreement executed by a school district
 21-53 that is involved in consolidation [~~or in detachment and annexation~~
 21-54 ~~of territory]~~ under this chapter is not affected and applies to the
 21-55 taxation of the property covered by the agreement as if executed by
 21-56 the district within which the property is included.

21-57 SECTION 1A.08. Section 41.010, Education Code, is amended
 21-58 to read as follows:

21-59 Sec. 41.010. TAX INCREMENT OBLIGATIONS. The payment of tax
 21-60 increments under Chapter 311, Tax Code, is not affected by the
 21-61 consolidation of territory [~~or tax bases or by annexation]~~ under
 21-62 this chapter. In each tax year a school district paying a tax
 21-63 increment from taxes on property over which the district has
 21-64 assumed taxing power is entitled to retain the same percentage of
 21-65 the tax increment from that property that the district in which the
 21-66 property was located before the consolidation [~~or annexation]~~ could
 21-67 have retained for the respective tax year.

21-68 SECTION 1A.09. Subsection (a), Section 41.013, Education
 21-69 Code, is amended to read as follows:

22-1 (a) A ~~[Except as provided by Subchapter G, a]~~ decision of
 22-2 the commissioner under this chapter may be reviewed ~~[is appealable]~~
 22-3 under Section 7.0571 ~~[7.057]~~.

22-4 SECTION 1A.10. Section 41.091, Education Code, is amended
 22-5 to read as follows:

22-6 Sec. 41.091. AGREEMENT. (a) A school district subject to
 22-7 Section 42.401 ~~[with a wealth per student that exceeds the~~
 22-8 ~~equalized wealth level]~~ may execute an agreement with the
 22-9 commissioner to purchase attendance credits in an amount equal to
 22-10 the difference between the district's local share under Section
 22-11 42.306 and the district's tier one allotment under Section 42.304.

22-12 (b) Notwithstanding Subsection (a), for the 2005-2006,
 22-13 2006-2007, and 2007-2008 school years, the amount of attendance
 22-14 credits required to be purchased is equal to the greater of:

22-15 (1) the amount required under Subsection (a); or
 22-16 (2) the amount equal to the percentage of the
 22-17 district's total maintenance and operations tax revenue that
 22-18 permits the district to retain the maximum revenue allowed under
 22-19 Section 42.312 for the applicable school year.

22-20 (c) Subsection (b) and this subsection expire September 1,
 22-21 2008 ~~[sufficient, in combination with any other actions taken under~~
 22-22 ~~this chapter, to reduce the district's wealth per student to a level~~
 22-23 ~~that is equal to or less than the equalized wealth level]~~.

22-24 SECTION 1A.11. Subsection (a), Section 41.093, Education
 22-25 Code, is amended to read as follows:

22-26 (a) The cost of each credit is an amount equal to the greater
 22-27 of:

22-28 (1) the amount of the district's maintenance and
 22-29 operations tax revenue per student in ~~[weighted]~~ average daily
 22-30 attendance for the school year for which the contract is executed;
 22-31 or

22-32 (2) the amount of the statewide district average of
 22-33 maintenance and operations tax revenue per student in ~~[weighted]~~
 22-34 average daily attendance for the school year preceding the school
 22-35 year for which the contract is executed.

22-36 SECTION 1A.12. Section 41.251, Education Code, is amended
 22-37 to read as follows:

22-38 Sec. 41.251. COMMISSIONER ORDER. If the commissioner is
 22-39 required under Section 42.401 ~~[41.004]~~ to order the consolidation
 22-40 of districts, the consolidation is governed by this subchapter.
 22-41 The commissioner's order shall be effective on a date determined by
 22-42 the commissioner, but not later than the earliest practicable date
 22-43 after November 8.

22-44 SECTION 1A.13. Section 41.252, Education Code, is amended
 22-45 by amending Subsections (a) and (c) and adding Subsection (d) to
 22-46 read as follows:

22-47 (a) In selecting the districts to be consolidated with a
 22-48 district subject to Section 42.401 ~~[that has a property wealth~~
 22-49 ~~greater than the equalized wealth level]~~, the commissioner shall
 22-50 select one or more districts with a local share under Section 42.306
 22-51 [wealth per student] that, when consolidated, will result in a
 22-52 consolidated district that is not subject to Section 42.401 ~~[with a~~
 22-53 ~~wealth per student equal to or less than the equalized wealth~~
 22-54 ~~level]~~. In achieving that result, the commissioner shall give
 22-55 priority to school districts in the following order:

22-56 (1) first, to the contiguous district that has the
 22-57 lowest local share percentage ~~[wealth per student]~~ and is located
 22-58 in the same county;

22-59 (2) second, to the district that has the lowest local
 22-60 share percentage ~~[wealth per student]~~ and is located in the same
 22-61 county;

22-62 (3) third, to a contiguous district not subject to
 22-63 Section 42.401 ~~[with a property wealth below the equalized wealth~~
 22-64 ~~level]~~ that has requested the commissioner to consider ~~[that]~~ it
 22-65 for inclusion ~~[be considered]~~ in a consolidation plan;

22-66 (4) fourth, to include as few districts as possible
 22-67 that are not subject to Section 42.401 and ~~[fall below the equalized~~
 22-68 ~~wealth level within the consolidation order that]~~ have not
 22-69 requested the commissioner to be included in a consolidation plan;

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

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

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

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

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

Sec. 41.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND TRANSPORTATION ALLOTMENT. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 42.302 or 42.303 or Subchapter D, Chapter 42, [~~42.103, 42.105, or 42.155~~] would have applied in the event that the consolidated district still qualifies as a small or sparse district.

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

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

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

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

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

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

(f) Notwithstanding any other provision of this section, a district may not adopt a tax rate for the maintenance and operations of the district that exceeds the sum of the maximum rate for purposes of Section 42.253 and the rate specified in Section 42.306 or otherwise provided for that section by appropriation unless that tax rate is approved by two-thirds of the qualified voters voting in an election held for that purpose. A district's adoption of a rate authorized by this subsection does not affect the limitation on a district's entitlement to enrichment revenue provided by Section 42.253. This subsection does not authorize the adoption of a tax rate for the maintenance and operations of the district that exceeds the maximum rate prescribed by Subsection (d). This subsection expires January 1, 2009.

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

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

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

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

(a-1) Notwithstanding Section 45.003, Education Code, and

24-1 except as provided by Subsection (a-3), (a-4), or (a-5), for the
 24-2 2005 tax year, a school district may not impose a tax for the
 24-3 maintenance and operations of the district that exceeds the greater
 24-4 of:

24-5 (1) the rate equal to 80 percent of the rate adopted by
 24-6 the district for maintenance and operations for the 2004 tax year;
 24-7 or

24-8 (2) the rate necessary to ensure that the district
 24-9 receives the amount of revenue to which the district is entitled
 24-10 under Section 42.311, Education Code, provided that the rate may
 24-11 not exceed \$1.20 on the \$100 valuation of taxable property.

24-12 (a-2) Notwithstanding Section 45.003, Education Code, and
 24-13 except as provided by Subsection (a-3), (a-4), or (a-5), for the
 24-14 2006 tax year, a school district may not impose a tax for the
 24-15 maintenance and operations of the district that exceeds the greater
 24-16 of:

24-17 (1) the rate equal to the sum of 77 percent of the rate
 24-18 adopted by the district for maintenance and operations for the 2004
 24-19 tax year and any additional rate for enrichment authorized by
 24-20 district voters for the 2005 tax year; or

24-21 (2) the rate necessary to ensure that the district
 24-22 receives the amount of revenue to which the district is entitled
 24-23 under Section 42.311, Education Code, provided that the rate may
 24-24 not exceed the sum of \$1.15 on the \$100 valuation of taxable
 24-25 property and any additional rate for enrichment authorized by
 24-26 district voters for the 2005 tax year.

24-27 (a-3) For the 2005 and 2006 tax years, a school district
 24-28 may, without holding an additional election, impose a tax for the
 24-29 maintenance and operations of the district at a rate that does not
 24-30 exceed the lesser of the rate of \$1.20 or the rate of \$1.15 and any
 24-31 additional rate for enrichment authorized by district voters for
 24-32 the 2005 tax year, as applicable for the appropriate tax year, or
 24-33 the sum of the rate authorized by Subsection (a-1) or (a-2), as
 24-34 applicable for the appropriate tax year, and the rate of \$0.04 on
 24-35 the \$100 valuation of taxable value, provided that the rate imposed
 24-36 was previously authorized by voters in an election held for that
 24-37 purpose. A school district may impose a greater rate if the greater
 24-38 rate is approved by the voters in an election held after the
 24-39 effective date of S.B. No. 2, Acts of the 79th Legislature, 1st
 24-40 Called Session, 2005.

24-41 (a-4) For the 2005 and 2006 tax years, a school district
 24-42 permitted by Subsection (a-1) or (a-2), as applicable for the
 24-43 appropriate tax year, to impose a tax for the maintenance and
 24-44 operations of the district at the rate of \$1.20 or \$1.15, as
 24-45 applicable for the appropriate tax year, on the \$100 valuation of
 24-46 taxable property may impose a tax for the maintenance and
 24-47 operations of the district at a higher rate if approved by the
 24-48 voters in an election held after the effective date of S.B. No. 2,
 24-49 Acts of the 79th Legislature, 1st Called Session, 2005.

24-50 (a-5) Notwithstanding any other provision of law, a school
 24-51 district permitted by special law on January 1, 2005, to impose an
 24-52 ad valorem tax for maintenance and operations at a rate greater than
 24-53 \$1.50 on the \$100 valuation of taxable property in the district may:

24-54 (1) for the 2005 tax year:

24-55 (A) impose a tax for the maintenance and
 24-56 operations of the district at a rate not to exceed the rate that is
 24-57 \$0.30 less than the rate adopted by the district for maintenance and
 24-58 operations for the 2004 tax year, provided that, notwithstanding
 24-59 any other provision of law, the tax authorized by this subdivision
 24-60 may not be considered an enrichment tax for purposes of Subchapter
 24-61 G, Chapter 42, Education Code; and

24-62 (B) seek voter authorization to impose a tax for
 24-63 maintenance and operations for purposes of Subchapter G, Chapter
 24-64 42, Education Code, at a rate greater than the rate authorized by
 24-65 Paragraph (A), provided that the rate authorized by this
 24-66 subdivision may not exceed the maximum tax permitted under
 24-67 Subchapter G, Chapter 42, Education Code; and

24-68 (2) for the 2006 and subsequent tax years:

24-69 (A) continue to impose a tax for the maintenance

25-1 and operations of the district at a rate not to exceed the rate that
 25-2 is \$0.35 less than the rate adopted by the district for maintenance
 25-3 and operations for the 2004 tax year, provided that,
 25-4 notwithstanding any other provision of law, the tax authorized by
 25-5 this subdivision may not be considered an enrichment tax rate for
 25-6 purposes of Subchapter G, Chapter 42, Education Code; and

25-7 (B) seek voter authorization to impose a tax for
 25-8 maintenance and operations for purposes of Subchapter G, Chapter
 25-9 42, Education Code, at a rate greater than the rate authorized by
 25-10 Paragraph (A), provided that the rate authorized by this
 25-11 subdivision may not exceed the maximum tax permitted under
 25-12 Subchapter G, Chapter 42, Education Code.

25-13 (a-6) All actions taken by the board of trustees of a school
 25-14 district before the effective date of S.B. No. 2, Acts of the 79th
 25-15 Legislature, 1st Called Session, 2005, that are necessary to hold
 25-16 an election after the effective date of that Act are validated as of
 25-17 the effective date of that Act.

25-18 (a-7) A school district that has adopted a tax rate for the
 25-19 2005 tax year before the effective date of S.B. No. 2, Acts of the
 25-20 79th Legislature, 1st Called Session, 2005, must adopt a new tax
 25-21 rate for the 2005 tax year that is consistent with Subsections
 25-22 (a-1), (a-3), (a-4), and (a-5).

25-23 (a-8) Subsections (a-1), (a-2), (a-3), (a-4), and (a-7) and
 25-24 this subsection expire January 1, 2007.

25-25 (b) If the governing body of a school district with a
 25-26 maintenance and operations tax rate of less than the rate specified
 25-27 in Section 42.306 or otherwise provided by appropriation for
 25-28 purposes of that section adopts a tax rate that exceeds the
 25-29 district's rollback tax rate, the registered voters of the district
 25-30 at an election held for that purpose must determine whether to
 25-31 approve the adopted tax rate. When increased expenditure of money
 25-32 by a school district is necessary to respond to a disaster,
 25-33 including a tornado, hurricane, flood, or other calamity, but not
 25-34 including a drought, that has impacted a school district and the
 25-35 governor has requested federal disaster assistance for the area in
 25-36 which the school district is located, an election is not required
 25-37 under this section to approve the tax rate adopted by the governing
 25-38 body for the year following the year in which the disaster occurs.

25-39 (b-1) ~~(b)~~ The governing body shall order that the
 25-40 election required by Subsection (b) be held in the school district
 25-41 on a date not less than 30 or more than 90 days after the day on
 25-42 which it adopted the tax rate. Section 41.001, Election Code, does
 25-43 not apply to the election unless a date specified by that section
 25-44 falls within the time permitted by this section. At the election,
 25-45 the ballots shall be prepared to permit voting for or against the
 25-46 proposition: "Approving the ad valorem tax rate of \$_____ per \$100
 25-47 valuation in (name of school district) for the current year, a rate
 25-48 that is \$_____ higher per \$100 valuation than the school district
 25-49 rollback tax rate." The ballot proposition must include the
 25-50 adopted tax rate and the difference between that rate and the
 25-51 rollback tax rate in the appropriate places.

25-52 (c) If a majority of the votes cast in the election required
 25-53 by Subsection (b) favor the proposition, the tax rate for the
 25-54 current year is the rate that was adopted by the governing body.

25-55 (e) For purposes of Subsection (b) ~~[this section]~~, local tax
 25-56 funds dedicated to a junior college district under Section
 25-57 45.105(e), Education Code, shall be eliminated from the calculation
 25-58 of the tax rate adopted by the governing body of the school
 25-59 district. However, the funds dedicated to the junior college
 25-60 district are subject to Section 26.085.

25-61 (h) For purposes of Subsection (b) ~~[this section]~~,
 25-62 increases in taxable values and tax levies occurring within a
 25-63 reinvestment zone under Chapter 311 (Tax Increment Financing Act),
 25-64 in which the district is a participant, shall be eliminated from the
 25-65 calculation of the tax rate adopted by the governing body of the
 25-66 school district.

25-67 (i) For purposes of Subsection (b) ~~[this section]~~, the
 25-68 rollback tax rate of a school district is the sum of:

25-69 (1) the tax rate that, applied to the current total

value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42 and maintenance and operations taxes of the district per student in ~~[weighted]~~ average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year;

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

(3) the district's current debt rate.

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

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

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

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

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

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

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

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

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

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

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

27-1 which case the comptroller shall use the weighted mean appraisal
 27-2 ratio determined in the immediately preceding study minus four
 27-3 percentage points;

27-4 (2) the comptroller shall use the category weighted
 27-5 mean appraisal ratios as adjusted under Subdivision (1) to
 27-6 establish a value estimate for each category of property sampled
 27-7 and tested by the comptroller in the school district; and

27-8 (3) the value estimates established under Subdivision
 27-9 (2), together with the local tax roll value for any categories not
 27-10 sampled and tested by the comptroller, less total deductions
 27-11 determined by the comptroller, determines the taxable value for the
 27-12 school district.

27-13 (c-2) Subsection (c-1) and this subsection expire September
 27-14 1, 2007.

27-15 (d) For the purposes of this section, "taxable value" means
 27-16 the market value of all taxable property less:

27-17 (1) the total dollar amount of any residence homestead
 27-18 exemptions lawfully granted under Section 11.13(b) or (c), Tax
 27-19 Code, in the year that is the subject of the study for each school
 27-20 district;

27-21 (2) one-half of the total dollar amount of any
 27-22 residence homestead exemptions granted under Section 11.13(n), Tax
 27-23 Code, in the year that is the subject of the study for each school
 27-24 district;

27-25 (3) the total dollar amount of any exemptions granted
 27-26 before May 31, 1993, within a reinvestment zone under agreements
 27-27 authorized by Chapter 312, Tax Code;

27-28 (4) subject to Subsection (e), the total dollar amount
 27-29 of any captured appraised value of property that:

27-30 (A) is within a reinvestment zone created on or
 27-31 before May 31, 1999, or is proposed to be included within the
 27-32 boundaries of a reinvestment zone as the boundaries of the zone and
 27-33 the proposed portion of tax increment paid into the tax increment
 27-34 fund by a school district are described in a written notification
 27-35 provided by the municipality or the board of directors of the zone
 27-36 to the governing bodies of the other taxing units in the manner
 27-37 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
 27-38 within the boundaries of the zone as those boundaries existed on
 27-39 September 1, 1999, including subsequent improvements to the
 27-40 property regardless of when made;

27-41 (B) generates taxes paid into a tax increment
 27-42 fund created under Chapter 311, Tax Code, under a reinvestment zone
 27-43 financing plan approved under Section 311.011(d), Tax Code, on or
 27-44 before September 1, 1999; and

27-45 (C) is eligible for tax increment financing under
 27-46 Chapter 311, Tax Code;

27-47 (5) for a school district for which a deduction from
 27-48 taxable value is made under Subdivision (4), an amount equal to the
 27-49 taxable value required to generate revenue when taxed at the school
 27-50 district's current tax rate in an amount that, when added to the
 27-51 taxes of the district paid into a tax increment fund as described by
 27-52 Subdivision (4)(B), is equal to the total amount of taxes the
 27-53 district would have paid into the tax increment fund if the district
 27-54 levied taxes at the rate the district levied in 2004;

27-55 (6) the total dollar amount of any exemptions granted
 27-56 under Section 11.251, Tax Code;

27-57 (7) [~~6~~] the difference between the comptroller's
 27-58 estimate of the market value and the productivity value of land that
 27-59 qualifies for appraisal on the basis of its productive capacity,
 27-60 except that the productivity value estimated by the comptroller may
 27-61 not exceed the fair market value of the land;

27-62 (8) [~~7~~] the portion of the appraised value of
 27-63 residence homesteads of individuals who receive a tax limitation
 27-64 under Section 11.26, Tax Code, on which school district taxes are
 27-65 not imposed in the year that is the subject of the study, calculated
 27-66 as if the residence homesteads were appraised at the full value
 27-67 required by law;

27-68 (9) [~~8~~] a portion of the market value of property
 27-69 not otherwise fully taxable by the district at market value because

28-1 of:

28-2 (A) action required by statute or the
28-3 constitution of this state that, if the tax rate adopted by the
28-4 district is applied to it, produces an amount equal to the
28-5 difference between the tax that the district would have imposed on
28-6 the property if the property were fully taxable at market value and
28-7 the tax that the district is actually authorized to impose on the
28-8 property, if this subsection does not otherwise require that
28-9 portion to be deducted; or

28-10 (B) action taken by the district under Subchapter
28-11 B or C, Chapter 313, Tax Code;

28-12 (10) [~~(9)~~] the market value of all tangible personal
28-13 property, other than manufactured homes, owned by a family or
28-14 individual and not held or used for the production of income;

28-15 (11) [~~(10)~~] the appraised value of property the
28-16 collection of delinquent taxes on which is deferred under Section
28-17 33.06, Tax Code;

28-18 (12) [~~(11)~~] the portion of the appraised value of
28-19 property the collection of delinquent taxes on which is deferred
28-20 under Section 33.065, Tax Code; and

28-21 (13) [~~(12)~~] the amount by which the market value of a
28-22 residence homestead to which Section 23.23, Tax Code, applies
28-23 exceeds the appraised value of that property as calculated under
28-24 that section.

28-25 (d-1) For a school district for which in the study for the
28-26 2004 tax year a deduction from taxable value is made under
28-27 Subsection (d)(5), the comptroller shall certify to the
28-28 commissioner of education a final taxable value for the 2004 tax
28-29 year, calculated as if the reduction in the school district's ad
28-30 valorem tax rate and the method of calculating the amount of the
28-31 deduction from taxable value under Subsection (d)(5) required by
28-32 S.B. No. 2, Acts of the 79th Legislature, 1st Called Session, 2005,
28-33 took effect January 1, 2004. This subsection expires September 1,
28-34 2006.

28-35 (i) If the comptroller determines in the annual study that
28-36 the market value of property in a school district as determined by
28-37 the appraisal district that appraises property for the school
28-38 district, less the total of the amounts and values listed in
28-39 Subsection (d) as determined by that appraisal district, is valid,
28-40 the comptroller, in determining the taxable value of property in
28-41 the school district under Subsection (d), shall for purposes of
28-42 Subsection (d)(13) [~~(d)(12)~~] subtract from the market value as
28-43 determined by the appraisal district of residence homesteads to
28-44 which Section 23.23, Tax Code, applies the amount by which that
28-45 amount exceeds the appraised value of those properties as
28-46 calculated by the appraisal district under Section 23.23, Tax Code.
28-47 If the comptroller determines in the annual study that the market
28-48 value of property in a school district as determined by the
28-49 appraisal district that appraises property for the school district,
28-50 less the total of the amounts and values listed in Subsection (d) as
28-51 determined by that appraisal district, is not valid, the
28-52 comptroller, in determining the taxable value of property in the
28-53 school district under Subsection (d), shall for purposes of
28-54 Subsection (d)(13) [~~(d)(12)~~] subtract from the market value as
28-55 estimated by the comptroller of residence homesteads to which
28-56 Section 23.23, Tax Code, applies the amount by which that amount
28-57 exceeds the appraised value of those properties as calculated by
28-58 the appraisal district under Section 23.23, Tax Code.

28-59 PART B. SCHOOL FACILITIES

28-60 SECTION 1B.01. Subchapter A, Chapter 46, Education Code, is
28-61 amended by adding Section 46.014 to read as follows:

28-62 Sec. 46.014. STUDY REGARDING INSTRUCTIONAL FACILITIES.
28-63 (a) The Legislative Budget Board, in cooperation with the agency,
28-64 shall study existing instructional facilities in this state.

28-65 (b) The study of instructional facilities must include an
28-66 examination of the following objectives and any other objectives
28-67 determined appropriate by the Legislative Budget Board and the
28-68 agency:

28-69 (1) information relating to the date of construction

29-1 or age of existing instructional facilities;
 29-2 (2) information relating to the condition of existing
 29-3 instructional facilities, including dates of the most recent major
 29-4 renovations;
 29-5 (3) a determination of the number of school districts
 29-6 and campuses that have student populations that exceed the state
 29-7 average for enrollment growth, including if appropriate a
 29-8 determination of:
 29-9 (A) the number of portable buildings in use by
 29-10 each school district and campus;
 29-11 (B) the square footage of instructional facility
 29-12 space per student; and
 29-13 (C) the number of instructional facilities that
 29-14 are serving a number of students that exceeds the maximum capacity
 29-15 of the facility;
 29-16 (4) a determination of the extent to which
 29-17 instructional facilities in this state are energy and water use
 29-18 efficient; and
 29-19 (5) a determination of the extent of a school
 29-20 district's bonded indebtedness relating to facilities or
 29-21 replacement costs.
 29-22 (c) The Legislative Budget Board and the agency shall
 29-23 determine the appropriate methodology for use in conducting the
 29-24 study required by this section.
 29-25 (d) Not later than December 1, 2006, the Legislative Budget
 29-26 Board and the agency shall submit to the legislature a report based
 29-27 on the study required by this section. This section expires January
 29-28 15, 2007.

PART C. SOCIAL SECURITY CONTRIBUTIONS

29-30 SECTION 1C.01. Subchapter B, Chapter 606, Government Code,
 29-31 is amended by adding Section 606.0261 to read as follows:

29-32 Sec. 606.0261. PAYMENT OF SCHOOL DISTRICT CONTRIBUTIONS.

29-33 (a) Subject to Subsection (b), the state shall pay 50 percent of
 29-34 the total costs incurred by a school district in making
 29-35 contributions for social security coverage for the district's
 29-36 employees.

29-37 (b) Payment of state assistance under this section is
 29-38 limited to:

29-39 (1) school districts that covered district employees
 29-40 under the social security program before January 1, 2005; and

29-41 (2) contributions made on behalf of employees in a
 29-42 class of employees the district covered under the social security
 29-43 program before January 1, 2005.

29-44 (c) Using funds appropriated for the purpose, the
 29-45 commissioner of education shall distribute money to which school
 29-46 districts are entitled under this section in accordance with rules
 29-47 adopted by the commissioner.

29-48 ARTICLE 2. EDUCATION REFORM

29-49 PART A. EDUCATION EMPLOYEES

29-50 SECTION 2A.01. Subchapter E, Chapter 11, Education Code, is
 29-51 amended by adding Section 11.203 to read as follows:

29-52 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR

29-53 PRINCIPALS. (a) The agency shall develop and implement a school
 29-54 leadership pilot program for principals in cooperation with a
 29-55 nonprofit corporation that has substantial experience in
 29-56 developing best practices to improve leadership skills, student
 29-57 achievement, student graduation rates, and teacher retention.

29-58 (b) The agency shall consult business schools, departments,
 29-59 or programs at institutions of higher education to develop program
 29-60 course work that focuses on management and business training.

29-61 (c) A principal or a person interested in becoming a
 29-62 principal may apply for participation in the program, in a form and
 29-63 manner determined by the commissioner.

29-64 (d) A principal of a campus rated academically
 29-65 unacceptable, as well as any person employed to replace that
 29-66 principal, shall participate in the program and complete the
 29-67 program requirements not later than a date determined by the
 29-68 commissioner.

29-69 (e) To pay the costs of administering the program, the

30-1 commissioner shall retain a portion of the total amount of funds
 30-2 allotted under the Foundation School Program that the commissioner
 30-3 considers appropriate to finance activities under this section and
 30-4 shall reduce the total amount of state funds allocated to each
 30-5 district from any source in the same manner described for a
 30-6 reduction in allotments under Section 42.313.

30-7 (f) To implement and administer the program, the
 30-8 commissioner may accept grants, gifts, and donations from public
 30-9 and private entities.

30-10 (g) The commissioner may adopt rules necessary to
 30-11 administer this section.

30-12 (h) This section expires September 1, 2010.

30-13 SECTION 2A.02. Section 21.045, Education Code, is amended
 30-14 by amending Subsection (a) and adding Subsection (e) to read as
 30-15 follows:

30-16 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
 30-17 establishing standards to govern the approval and continuing
 30-18 accountability of all educator preparation programs based on
 30-19 information that is disaggregated with respect to sex and ethnicity
 30-20 and that includes:

30-21 (1) results of the certification examinations
 30-22 prescribed under Section 21.048(a); [~~and~~]

30-23 (2) performance based on the appraisal system for
 30-24 beginning teachers adopted by the commissioner;

30-25 (3) performance of students taught by beginning
 30-26 teachers, as determined on the basis of incremental growth in
 30-27 student achievement, as measured under Section 39.034, and any
 30-28 other factor considered appropriate by the commissioner; and

30-29 (4) retention rates of beginning teachers in the
 30-30 profession [~~board~~].

30-31 (e) The agency shall annually report student performance
 30-32 data to the commissioner for purposes of Subsection (a)(3). The
 30-33 agency shall provide the data to the commissioner in a manner that
 30-34 protects the names of individual students.

30-35 SECTION 2A.03. Subchapter B, Chapter 21, Education Code, is
 30-36 amended by adding Section 21.0461 to read as follows:

30-37 Sec. 21.0461. TEMPORARY CERTIFICATE FOR SUPERINTENDENT OR
 30-38 PRINCIPAL. (a) The board may issue a temporary certificate under
 30-39 this section for:

30-40 (1) assistant principal;

30-41 (2) principal; or

30-42 (3) superintendent.

30-43 (b) A candidate for certification under this section must:

30-44 (1) hold a baccalaureate or advanced degree from an
 30-45 institution of higher education;

30-46 (2) have significant management and leadership
 30-47 experience, as determined by the board of trustees of the school
 30-48 district that will employ the person under the temporary
 30-49 certificate; and

30-50 (3) perform satisfactorily on the appropriate
 30-51 examination prescribed under Section 21.048.

30-52 (c) A school district may require that a person who is
 30-53 employed by the district and who holds a certificate issued under
 30-54 this section complete a training program.

30-55 (d) A certificate issued to a person under this section is
 30-56 valid only in the school district in which the person is initially
 30-57 employed after receiving the certificate.

30-58 (e) A certificate issued under this section:

30-59 (1) expires on the third anniversary of the date on
 30-60 which the certificate was issued; and

30-61 (2) is not renewable.

30-62 (f) The board shall issue a standard certificate to a person
 30-63 who holds a temporary certificate issued under this section if the
 30-64 school district employing the person under the temporary
 30-65 certificate:

30-66 (1) has employed the person for at least three years in
 30-67 the capacity for which the person seeks a standard certificate; and

30-68 (2) has recommended the person to the board and
 30-69 favorably reviewed, primarily using objective measures of student

31-1 performance and improvement in the district, the person's
 31-2 performance.

31-3 (g) A school district employing a person who holds a
 31-4 temporary certificate issued under this section must provide the
 31-5 person with intensive support during the person's first year of
 31-6 employment with the district, including:

31-7 (1) mentoring; and

31-8 (2) intensive, high-quality professional development.

31-9 SECTION 2A.04. Subsection (a), Section 21.104, Education
 31-10 Code, is amended to read as follows:

31-11 (a) A teacher employed under a probationary contract may be
 31-12 discharged at any time for:

31-13 (1) good cause as determined by the board of trustees;

31-14 or

31-15 (2) a financial exigency that requires a reduction in
 31-16 personnel [~~good cause being the failure to meet the accepted~~
 31-17 ~~standards of conduct for the profession as generally recognized and~~
 31-18 ~~applied in similarly situated school districts in this state].~~

31-19 SECTION 2A.05. Subchapter C, Chapter 21, Education Code, is
 31-20 amended by adding Section 21.1041 to read as follows:

31-21 Sec. 21.1041. HEARING FOR CERTAIN DISCHARGES UNDER
 31-22 PROBATIONARY CONTRACT. (a) If the board of trustees proposes to
 31-23 discharge a teacher under Section 21.104(a)(2), the board shall
 31-24 give written notice of the proposed action to the teacher.

31-25 (b) If the teacher desires a hearing after receiving notice
 31-26 of the proposed discharge, the teacher shall notify the board of
 31-27 trustees in writing, not later than the 15th day after the date the
 31-28 teacher receives the notice of the proposed action. The board shall
 31-29 provide for a hearing to be held not later than the 15th day after
 31-30 the date the board receives the request for a hearing unless the
 31-31 parties agree in writing to a different date. The hearing must be
 31-32 closed unless the teacher requests an open hearing. The hearing
 31-33 must be conducted in accordance with rules adopted by the board. At
 31-34 the hearing, the teacher may:

31-35 (1) be represented by a representative of the
 31-36 teacher's choice;

31-37 (2) hear the evidence supporting the reason for the
 31-38 discharge;

31-39 (3) cross-examine adverse witnesses; and

31-40 (4) present evidence.

31-41 (c) After a hearing held under Subsection (b), the board of
 31-42 trustees shall:

31-43 (1) take the appropriate action to discharge the
 31-44 teacher or allow the teacher to complete the probationary contract
 31-45 term; and

31-46 (2) notify the teacher in writing of its decision not
 31-47 later than the 15th day after the date of the hearing.

31-48 (d) If the teacher does not request a hearing under
 31-49 Subsection (b), the board of trustees shall take the appropriate
 31-50 action to discharge the teacher and shall notify the teacher in
 31-51 writing of that action not later than the 30th day after the date
 31-52 the notice of proposed discharge for a financial exigency that
 31-53 requires a reduction in personnel was sent to the teacher.

31-54 SECTION 2A.06. Subchapter E, Chapter 21, Education Code, is
 31-55 amended by adding Section 21.2111 to read as follows:

31-56 Sec. 21.2111. HEARING FOR CERTAIN DISCHARGES UNDER TERM
 31-57 CONTRACT. (a) If the board of trustees proposes to discharge a
 31-58 teacher under Section 21.211(a)(2), the board shall give written
 31-59 notice of the proposed action to the teacher.

31-60 (b) If the teacher desires a hearing after receiving notice
 31-61 of the proposed discharge, the teacher shall notify the board of
 31-62 trustees in writing, not later than the 15th day after the date the
 31-63 teacher receives the notice of the proposed action. The board shall
 31-64 provide for a hearing to be held not later than the 15th day after
 31-65 the date the board receives the request for a hearing unless the
 31-66 parties agree in writing to a different date. The hearing must be
 31-67 closed unless the teacher requests an open hearing. The hearing
 31-68 must be conducted in accordance with rules adopted by the board. At
 31-69 the hearing, the teacher may:

32-1 (1) be represented by a representative of the
 32-2 teacher's choice;

32-3 (2) hear the evidence supporting the reason for the
 32-4 discharge;

32-5 (3) cross-examine adverse witnesses; and

32-6 (4) present evidence.

32-7 (c) After the hearing, the board of trustees shall:

32-8 (1) take the appropriate action to discharge the
 32-9 teacher or allow the teacher to complete the current contract term;
 32-10 and

32-11 (2) notify the teacher in writing of its decision not
 32-12 later than the 15th day after the date of the hearing.

32-13 (d) If the teacher does not request a hearing under
 32-14 Subsection (b), the board of trustees shall take the appropriate
 32-15 action to discharge the teacher and shall notify the teacher in
 32-16 writing of that action not later than the 30th day after the date
 32-17 the notice of proposed discharge for a financial exigency that
 32-18 requires a reduction in personnel was sent to the teacher.

32-19 SECTION 2A.07. Section 21.251, Education Code, is amended
 32-20 to read as follows:

32-21 Sec. 21.251. APPLICABILITY. (a) This subchapter applies
 32-22 if a teacher requests a hearing after receiving notice of the
 32-23 proposed decision to:

32-24 (1) terminate the teacher's continuing contract at any
 32-25 time;

32-26 (2) except as provided by Subsection (b)(3), terminate
 32-27 the teacher's probationary or term contract before the end of the
 32-28 contract period; or

32-29 (3) suspend the teacher without pay.

32-30 (b) This subchapter does not apply to:

32-31 (1) a decision to terminate a teacher's employment at
 32-32 the end of a probationary contract; ~~[or]~~

32-33 (2) a decision not to renew a teacher's term contract,
 32-34 unless the board of trustees of the employing district has decided
 32-35 to use the process prescribed by this subchapter for that purpose;
 32-36 or

32-37 (3) a decision to terminate a teacher's probationary
 32-38 contract or term contract before the end of the contract period for
 32-39 a financial exigency that requires a reduction in personnel.

32-40 SECTION 2A.08. Subsection (a), Section 21.301, Education
 32-41 Code, is amended to read as follows:

32-42 (a) Not later than the 20th day after the date the board of
 32-43 trustees or board subcommittee announces its decision under Section
 32-44 21.259, ~~[or]~~ the board advises the teacher of its decision not to
 32-45 renew the teacher's contract under Section 21.208, or the board
 32-46 advises the teacher of its decision to terminate the teacher's
 32-47 probationary contract under Section 21.1041(c) or (d) or term
 32-48 contract under Section 21.2111(c) or (d), the teacher may appeal
 32-49 the decision by filing a petition for review with the commissioner.

32-50 SECTION 2A.09. Subsection (a), Section 21.303, Education
 32-51 Code, is amended to read as follows:

32-52 (a) If the board of trustees decided not to renew a
 32-53 teacher's term contract or decided to terminate a teacher's
 32-54 probationary contract under Section 21.1041(c) or (d) or term
 32-55 contract under Section 21.2111(c) or (d), the commissioner may not
 32-56 substitute the commissioner's judgment for that of the board of
 32-57 trustees unless the decision was arbitrary, capricious, or unlawful
 32-58 or is not supported by substantial evidence.

32-59 SECTION 2A.10. Section 21.402, Education Code, is amended
 32-60 by amending Subsections (a), (c), and (d) and adding Subsections
 32-61 (c-1) and (c-2) to read as follows:

32-62 (a) Except as provided by Subsection (d), (e), or (f), a
 32-63 school district must pay each classroom teacher, full-time
 32-64 librarian, full-time counselor certified under Subchapter B, or
 32-65 full-time school nurse not less than the minimum monthly salary,
 32-66 based on the employee's level of experience, determined by the
 32-67 following formula:

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

32-68 where:

33-1 "MS" is the minimum monthly salary;
 33-2 "SF" is the applicable salary factor specified by Subsection
 33-3 (c); and

33-4 "AA" is the accreditation allotment under Section 42.101.
~~33-5 ["FS" is the amount, as determined by the commissioner under~~
~~33-6 Subsection (b), of state and local funds per weighted student~~
~~33-7 available to a district eligible to receive state assistance under~~
~~33-8 Section 42.302 with an enrichment tax rate, as defined by Section~~
~~33-9 42.302, equal to the maximum rate authorized under Section 42.303,~~
~~33-10 except that the amount of state and local funds per weighted student~~
~~33-11 does not include the amount attributable to the increase in the~~
~~33-12 guaranteed level made by H.B. No. 3343, Acts of the 77th~~
~~33-13 Legislature, Regular Session, 2001.]~~

33-14 (c) The salary factors per step are as follows:

33-15	Years Experience	0	1	2
33-16	Salary Factor	<u>.5813</u> [.5656]	<u>.5937</u> [.5790]	<u>.6063</u> [.5924]
33-17	Years Experience	3	4	5
33-18	Salary Factor	<u>.6187</u> [.6058]	<u>.6450</u> [.6340]	<u>.6713</u> [.6623]
33-19	Years Experience	6	7	8
33-20	Salary Factor	<u>.6976</u> [.6906]	<u>.7222</u> [.7168]	<u>.7452</u> [.7416]
33-21	Years Experience	9	10	11
33-22	Salary Factor	<u>.7672</u> [.7651]	<u>.7876</u> [.7872]	<u>.8074</u> [.8082]
33-23	Years Experience	12	13	14
33-24	Salary Factor	<u>.8259</u> [.8281]	<u>.8430</u> [.8467]	<u>.8598</u> [.8645]
33-25	Years Experience	15	16	17
33-26	Salary Factor	<u>.8752</u> [.8811]	<u>.8900</u> [.8970]	<u>.9039</u> [.9119]
33-27	Years Experience	18	19	20 and over
33-28	Salary Factor	<u>.9170</u> [.9260]	<u>.9296</u> [.9394]	<u>.9413</u> [.9520]

33-29 (c-1) Notwithstanding Subsection (a), for the 2005-2006
 33-30 school year, a classroom teacher, full-time librarian, full-time
 33-31 counselor certified under Subchapter B, or full-time school nurse
 33-32 is entitled to a monthly salary that is at least equal to the sum of:

33-33 (1) the monthly salary the employee would have
 33-34 received for the 2005-2006 school year under the district's salary
 33-35 schedule for the 2004-2005 school year, if that schedule had been in
 33-36 effect for the 2005-2006 school year, including any local
 33-37 supplement and any money representing a career ladder supplement
 33-38 the employee would have received in the 2005-2006 school year; and

33-39 (2) \$250.

33-40 (c-2) Subsection (c-1) and this subsection expire September
 33-41 1, 2007.

33-42 (d) A classroom teacher, full-time librarian, full-time
 33-43 counselor certified under Subchapter B, or full-time school nurse
 33-44 employed by a school district in the 2005-2006 [2000-2001] school
 33-45 year is, as long as the employee is employed by the same district,
 33-46 entitled to a salary that is at least equal to the salary the
 33-47 employee received for the 2005-2006 [2000-2001] school year.

33-48 SECTION 2A.11. Subchapter I, Chapter 21, Education Code, is
 33-49 amended by adding Section 21.4021 to read as follows:

33-50 Sec. 21.4021. STATE POLICY REGARDING TEACHER COMPENSATION
 33-51 ABOVE MINIMUM SALARY SCHEDULE. (a) It is the policy of this state
 33-52 that each school district may compensate and have the ability to
 33-53 compensate any teacher in an amount greater than the amounts
 33-54 required by Sections 21.402 and 21.403 based on the teacher's
 33-55 ability to improve the academic achievement of students.

33-56 (b) In determining a teacher's compensation, a school
 33-57 district may and should consider:

33-58 (1) the teacher's ability to improve the academic
 33-59 achievement of the teacher's students;

33-60 (2) the grade level or subject the teacher is assigned
 33-61 to teach;

33-62 (3) skills required beyond basic teaching skills; and

33-63 (4) the assignment of the teacher, including whether
 33-64 the teacher is assigned to a subject or school that is difficult to
 33-65 staff.

33-66 (c) A school district can and should provide additional
 33-67 compensation to a teacher who substantially contributes to
 33-68 improvement in student achievement.

33-69 SECTION 2A.12. Subchapter J, Chapter 21, Education Code, is

34-1 amended by adding Section 21.458 to read as follows:

34-2 Sec. 21.458. MENTORS. (a) Each school district may assign
 34-3 a mentor teacher to each classroom teacher who has less than two
 34-4 years of teaching experience. A teacher assigned as a mentor must:

- 34-5 (1) teach in the same school;
 34-6 (2) to the extent practicable, teach the same subject
 34-7 or grade level, as applicable; and
 34-8 (3) meet the qualifications prescribed by
 34-9 commissioner rules adopted under Subsection (b).

34-10 (b) The commissioner shall adopt rules necessary to
 34-11 administer this section, including rules concerning the duties and
 34-12 qualifications of a teacher who serves as a mentor. The rules
 34-13 concerning qualifications must require that to serve as a mentor a
 34-14 teacher must:

- 34-15 (1) complete a research-based mentor and induction
 34-16 training program approved by the commissioner;
 34-17 (2) complete a mentor training program provided by the
 34-18 district; and
 34-19 (3) have at least three complete years of teaching
 34-20 experience with a proven record of assisting students, as a whole,
 34-21 in achieving growth in student performance.

34-22 (c) The commissioner shall develop proposed rules under
 34-23 Subsection (b) by negotiated rulemaking as provided by Chapter
 34-24 2008, Government Code.

34-25 (d) From the funds appropriated to the agency for purposes
 34-26 of this section, the commissioner shall adopt rules and provide
 34-27 funding to school districts that assign mentor teachers under this
 34-28 section. Funding provided to districts under this subsection may
 34-29 be used only for providing:

- 34-30 (1) mentor teacher stipends;
 34-31 (2) scheduled time for mentor teachers to provide
 34-32 mentoring to assigned classroom teachers; and
 34-33 (3) mentoring support through providers of mentor
 34-34 training.

34-35 (e) In adopting rules under Subsection (d), the
 34-36 commissioner shall rely on research-based mentoring programs that,
 34-37 through external evaluation, have demonstrated success.

34-38 SECTION 2A.13. Chapter 21, Education Code, is amended by
 34-39 adding Subchapter N to read as follows:

34-40 SUBCHAPTER N. EDUCATOR EXCELLENCE INCENTIVE PROGRAM

34-41 Sec. 21.651. EDUCATOR EXCELLENCE INCENTIVE PROGRAM.
 34-42 (a) The commissioner shall establish an educator excellence
 34-43 incentive program under which school districts, in accordance with
 34-44 locally developed plans approved by the commissioner, provide
 34-45 incentive payments to employees who demonstrate superior success in
 34-46 growth in student achievement.

34-47 (b) Each year a school district shall use an amount equal to
 34-48 at least one percent of the district's total professional staff
 34-49 payroll to provide incentive payments to employees in accordance
 34-50 with this subchapter.

34-51 (c) Incentive payments under this subchapter may be used to:

34-52 (1) encourage classroom teachers to:
 34-53 (A) teach at campuses with high percentages of
 34-54 educationally disadvantaged students;

34-55 (B) receive appropriate certification to teach
 34-56 in a curriculum subject area in which the district is experiencing a
 34-57 shortage of qualified teachers, as determined by the commissioner;
 34-58 or

34-59 (C) serve as mentors to new teachers in
 34-60 accordance with Section 21.458; or

34-61 (2) further the goals of any other locally designed
 34-62 performance incentive program intended to improve student
 34-63 achievement.

34-64 (d) The commissioner shall adopt rules necessary to
 34-65 implement this subchapter. In adopting rules, the commissioner
 34-66 shall:

34-67 (1) encourage local flexibility in designing
 34-68 incentive plans that promote student achievement; and

34-69 (2) for purposes of Subsection (b), determine which

35-1 staff members are included as professional staff.

35-2 Sec. 21.652. MINIMUM CRITERIA FOR LOCAL INCENTIVE PLANS.

35-3 (a) A school district shall develop a local incentive plan for
35-4 rewarding successful incremental growth in student achievement in
35-5 the district and submit the plan to the commissioner for approval.

35-6 (b) A local incentive plan must be designed to reward
35-7 individuals, campuses, or organizational units such as grade levels
35-8 at elementary schools or academic departments at high schools.

35-9 (c) A local incentive plan must provide for incentive
35-10 payments to classroom teachers and may provide for incentive
35-11 payments to other employees.

35-12 (d) The primary criteria for making incentive payments to
35-13 employees under a local incentive plan must be based on objective
35-14 measures of student achievement, including a measure of incremental
35-15 growth in student achievement under Section 39.034, and the plan
35-16 must provide for incentive payments to be awarded on the basis of
35-17 high achievement, incremental growth in achievement, or both. A
35-18 local incentive plan may also consider other indicators of employee
35-19 performance, such as teacher evaluations conducted by principals or
35-20 parents.

35-21 (e) A local incentive plan must:

35-22 (1) be developed through a process that includes
35-23 participation of classroom teachers in the school district; and

35-24 (2) be approved by the district-level planning and
35-25 decision-making committee.

35-26 (f) The campus-level planning and decision-making committee
35-27 shall determine the appropriate distribution of funds received by a
35-28 campus under this subchapter.

35-29 Sec. 21.653. EMPLOYMENT CONTRACTS. (a) A school district
35-30 shall provide in employment contracts that qualifying employees may
35-31 receive an incentive payment under the local incentive plan.

35-32 (b) The district shall indicate that any incentive payment
35-33 distributed is considered a payment for performance and not an
35-34 entitlement as part of an employee's salary.

35-35 Sec. 21.654. DECISION BY BOARD OF TRUSTEES. A decision by
35-36 the board of trustees or the board's designee in providing an
35-37 incentive payment under a local incentive plan approved under this
35-38 subchapter is final and may not be appealed.

35-39 SECTION 2A.14. Subchapter B, Chapter 22, Education Code, is
35-40 amended by adding Section 22.056 to read as follows:

35-41 Sec. 22.056. PROFESSIONAL LIABILITY INSURANCE FOR
35-42 CLASSROOM TEACHERS. (a) Using funds appropriated for the purpose
35-43 or otherwise available to the commissioner for the purpose, the
35-44 commissioner shall make available to each classroom teacher, at no
35-45 cost to the teacher, professional liability insurance to provide
35-46 the costs of defense and indemnification protection from claims for
35-47 damages arising out of any act or omission that is incident to or
35-48 within the scope of the duties of the teacher's position of
35-49 employment.

35-50 (b) The commissioner shall obtain the insurance required to
35-51 be made available by this section:

35-52 (1) in an amount determined appropriate by the
35-53 commissioner; and

35-54 (2) from one or more insurers authorized to engage in
35-55 the business of insurance in this state.

35-56 (c) The insurance required to be made available by this
35-57 section is in addition to the liability insurance provided by the
35-58 employing school district under a general liability policy.

35-59 (d) The commissioner may adopt rules necessary to implement
35-60 this section.

35-61 SECTION 2A.15. Subchapter A, Chapter 29, Education Code, is
35-62 amended by adding Section 29.019 to read as follows:

35-63 Sec. 29.019. SPEECH-LANGUAGE INSTRUCTION: ASSISTANTS.

35-64 (a) This section applies to an assistant who:

35-65 (1) has at least three years of experience in speech
35-66 therapy, as determined by the State Board of Examiners for
35-67 Speech-Language Pathology and Audiology; and

35-68 (2) is supervised by a licensed speech-language
35-69 pathologist.

36-1 (b) An assistant described by Subsection (a) may attend, as
 36-2 related services personnel, a student admission, review, and
 36-3 dismissal committee meeting if the meeting involves a student for
 36-4 whom the assistant provides services. If an assistant attends a
 36-5 meeting as provided by this section, the supervising
 36-6 speech-language pathologist is not required to attend the meeting,
 36-7 except as provided by Subsection (c).

36-8 (c) A supervising speech-language pathologist must attend a
 36-9 committee meeting under Subsection (b):

36-10 (1) if the purpose of the committee meeting is to
 36-11 develop a student's initial individualized education program under
 36-12 Section 29.005; or

36-13 (2) if the purpose of the committee meeting is to
 36-14 consider the student's dismissal, unless the supervising
 36-15 speech-language pathologist has submitted the pathologist's
 36-16 recommendation in writing on or before the date of the meeting.

36-17 (d) This section:

36-18 (1) does not create, increase, decrease, or otherwise
 36-19 affect a supervising speech-language pathologist's liability for
 36-20 actions taken by an assistant; and

36-21 (2) is not a waiver of a school district's sovereign
 36-22 immunity.

36-23 SECTION 2A.16. (a) As soon as possible after the effective
 36-24 date of this Act, the commissioner of education shall review the
 36-25 rules adopted under Section 21.044, Education Code, relating to
 36-26 educator training requirements and revise those rules as necessary
 36-27 to ensure that the training requirements are sufficient to produce
 36-28 educators capable of:

36-29 (1) satisfying the increased standards for highly
 36-30 qualified educators prescribed by the No Child Left Behind Act of
 36-31 2001 (Pub. L. No. 107-110);

36-32 (2) complying with certification standards in this
 36-33 state; and

36-34 (3) teaching students in a manner that results in the
 36-35 highest level of student performance.

36-36 (b) In conducting the review required by Subsection (a) of
 36-37 this section, the commissioner of education shall give specific
 36-38 attention to the degree to which educator training requirements
 36-39 prepare educators to serve students of limited English proficiency
 36-40 and students with learning disabilities.

36-41 SECTION 2A.17. Sections 21.104, 21.251, 21.301, and 21.303,
 36-42 Education Code, as amended by this Act, and Sections 21.1041 and
 36-43 21.2111, Education Code, as added by this Act, apply only to a
 36-44 discharge under a probationary or term contract for which written
 36-45 notice of the proposed discharge is given to a teacher on or after
 36-46 the effective date of this Act. A discharge under a probationary or
 36-47 term contract for which written notice of the proposed discharge is
 36-48 given to a teacher before the effective date of this Act is governed
 36-49 by the law in effect when the notice is given, and the former law is
 36-50 continued in effect for that purpose.

36-51 PART B. STATE AND REGIONAL GOVERNANCE

36-52 SECTION 2B.01. Chapter 1, Education Code, is amended by
 36-53 adding Section 1.005 to read as follows:

36-54 Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT
 36-55 INFORMATION. (a) In this section, "center" means a center for
 36-56 education research authorized by this section.

36-57 (b) The commissioner of education and the commissioner of
 36-58 higher education may establish not more than three centers for
 36-59 education research for conducting research described by
 36-60 Subsections (e) and (f).

36-61 (c) A center may be established as part of:

36-62 (1) the Texas Education Agency;

36-63 (2) the Texas Higher Education Coordinating Board; or

36-64 (3) a public junior college, public senior college or
 36-65 university, or public state college, as those terms are defined by
 36-66 Section 61.003.

36-67 (d) A center may be operated under a memorandum of
 36-68 understanding between the commissioner of education, the
 36-69 commissioner of higher education, and the governing board of an

37-1 educational institution described by Subsection (c)(3). The
 37-2 memorandum of understanding must require the commissioner of
 37-3 education, or a person designated by the commissioner, and the
 37-4 commissioner of higher education, or a person designated by the
 37-5 commissioner, to provide direct, joint supervision of the center
 37-6 under this section.

37-7 (e) A center shall conduct research for the benefit of
 37-8 education in this state, including research relating to the impact
 37-9 of state and federal education programs, the performance of
 37-10 educator preparation programs, public school finance, and the best
 37-11 practices of school districts with regard to classroom instruction,
 37-12 bilingual education programs, special language programs, and
 37-13 business practices.

37-14 (f) The commissioner of education and the commissioner of
 37-15 higher education:

37-16 (1) under the memorandum of understanding described by
 37-17 Subsection (d), may require a center to conduct certain research
 37-18 projects considered of particular importance to the state, as
 37-19 determined by the commissioners; and

37-20 (2) not later than the 45th day before the date a
 37-21 research project required to be conducted under this subsection is
 37-22 scheduled to begin, shall notify the governor, the Legislative
 37-23 Budget Board, and the governing body of the educational institution
 37-24 in which the center is established that the research project is
 37-25 required.

37-26 (g) In conducting research under this section, a center:

37-27 (1) may use data on student performance, including
 37-28 data that is confidential under the Family Educational Rights and
 37-29 Privacy Act of 1974 (20 U.S.C. Section 1232g), the center has
 37-30 collected from the Texas Education Agency, the Texas Higher
 37-31 Education Coordinating Board, the State Board for Educator
 37-32 Certification, any public or private institution of higher
 37-33 education, and any school district; and

37-34 (2) shall comply with rules adopted by the
 37-35 commissioner of education and the commissioner of higher education
 37-36 to protect the confidentiality of student information, including
 37-37 rules establishing procedures to ensure that confidential student
 37-38 information is not duplicated or removed from a center in an
 37-39 unauthorized manner.

37-40 (h) The commissioner of education and the commissioner of
 37-41 higher education may:

37-42 (1) accept gifts and grants to be used in operating one
 37-43 or more centers; and

37-44 (2) by rule impose reasonable fees, as appropriate,
 37-45 for the use of a center's research, resources, or facilities.

37-46 (i) This section does not authorize the disclosure of
 37-47 student information that may not be disclosed under the Family
 37-48 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
 37-49 1232g).

37-50 (j) The commissioner of education and the commissioner of
 37-51 higher education shall adopt rules as necessary to implement this
 37-52 section.

37-53 SECTION 2B.02. Section 7.004, Education Code, as amended by
 37-54 H.B. No. 1116, Acts of the 79th Legislature, Regular Session, 2005,
 37-55 is amended to read as follows:

37-56 Sec. 7.004. SUNSET PROVISION. (a) The Texas Education
 37-57 Agency is subject to Chapter 325, Government Code (Texas Sunset
 37-58 Act). Unless continued in existence as provided by that chapter,
 37-59 the agency is abolished September 1, 2007. In the review of the
 37-60 agency by the Sunset Advisory Commission, as required by this
 37-61 section, the sunset commission shall limit its review to the
 37-62 appropriateness of recommendations made by the sunset commission to
 37-63 the 79th Legislature. In the Sunset Advisory Commission's report
 37-64 to the 80th Legislature, the sunset commission may include any
 37-65 recommendations it considers appropriate.

37-66 (b) A review conducted under Chapter 325, Government Code
 37-67 (Texas Sunset Act), in accordance with this section must include a
 37-68 review of the regional education service centers under Chapter 8.

37-69 SECTION 2B.03. Subchapter A, Chapter 7, Education Code, is

38-1 amended by adding Sections 7.007 and 7.008 to read as follows:

38-2 Sec. 7.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
 38-3 (PEIMS). (a) Each school district shall participate in the Public
 38-4 Education Information Management System (PEIMS) and shall provide
 38-5 through that system information required for the administration of
 38-6 this code.

38-7 (b) Each school district shall use a uniform accounting
 38-8 system adopted by the commissioner for the data required to be
 38-9 reported for the Public Education Information Management System.

38-10 (c) Annually, the commissioner shall review the Public
 38-11 Education Information Management System and shall repeal or amend
 38-12 rules that require school districts to provide information through
 38-13 the system that is not necessary. In reviewing and revising the
 38-14 system, the commissioner shall develop rules to ensure that the
 38-15 system:

38-16 (1) provides useful, accurate, and timely information
 38-17 on student demographics and academic performance, personnel, and
 38-18 school district finances;

38-19 (2) contains only the data necessary for the
 38-20 legislature and the agency to perform their legally authorized
 38-21 functions in overseeing the public education system; and

38-22 (3) does not contain any information related to
 38-23 instructional methods, except as required by federal law.

38-24 (d) The commissioner's rules must ensure that the Public
 38-25 Education Information Management System links student performance
 38-26 data to other related information for purposes of efficient and
 38-27 effective allocation of school resources.

38-28 Sec. 7.008. ELECTRONIC STUDENT RECORDS SYSTEM. (a) In
 38-29 this section, "institution of higher education" has the meaning
 38-30 assigned by Section 61.003.

38-31 (b) Each school district, public charter district, and
 38-32 institution of higher education shall participate in an electronic
 38-33 student records system that satisfies standards approved by the
 38-34 commissioner of education and the commissioner of higher education.

38-35 (c) The electronic student records system must permit an
 38-36 authorized state or district official or an authorized
 38-37 representative of an institution of higher education to
 38-38 electronically transfer to and from an educational institution in
 38-39 which a student is enrolled and retrieve student transcripts,
 38-40 including information concerning a student's:

38-41 (1) course or grade completion;

38-42 (2) teachers of record;

38-43 (3) assessment instrument results;

38-44 (4) receipt of special education services, including
 38-45 placement in a special education program and the individualized
 38-46 program developed; and

38-47 (5) individual graduation plans.

38-48 (d) The commissioner of education or the commissioner of
 38-49 higher education may solicit and accept grant funds to maintain the
 38-50 electronic student records system and to make the system available
 38-51 to school districts, public charter districts, and institutions of
 38-52 higher education.

38-53 (e) A private or independent institution of higher
 38-54 education may participate in the electronic student records system
 38-55 under this section. If a private or independent institution of
 38-56 higher education elects to participate, the institution must
 38-57 provide the funding to participate in the system.

38-58 (f) Any person involved in the transfer and retrieval of
 38-59 student information under this section is subject to any state or
 38-60 federal law governing the release of or providing access to any
 38-61 confidential information to the same extent as the educational
 38-62 institution from which the data is collected. A person may not
 38-63 release or distribute the data to any other person in a form that
 38-64 contains confidential information.

38-65 (g) The electronic student records system shall be
 38-66 implemented not later than the beginning of the 2006-2007 school
 38-67 year. This subsection expires September 1, 2007.

38-68 SECTION 2B.04. Subchapter B, Chapter 7, Education Code, is
 38-69 amended by adding Section 7.0211 to read as follows:

39-1 Sec. 7.0211. GIFTS, GRANTS, OR DONATIONS. The agency may
39-2 receive gifts, grants, or donations from any public or private
39-3 source to perform any educational function the agency is authorized
39-4 to perform by law.

39-5 SECTION 2B.05. Section 7.028, Education Code, as renumbered
39-6 by Subdivision (9), Section 23.001, H.B. No. 2018, Acts of the 79th
39-7 Legislature, Regular Session, 2005, is amended to read as follows:

39-8 Sec. 7.028. LIMITATION ON COMPLIANCE MONITORING.
39-9 (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~]
39-10 or 39.075, the agency may monitor compliance with requirements
39-11 applicable to a process or program provided by a school district,
39-12 campus, program, or school granted charters under Chapter 11A or
39-13 12, including the process described by Subchapter F, Chapter 11, or
39-14 a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
39-15 Subchapter A, Chapter 37, or Section 38.003, and the use of funds
39-16 provided for such a program under Subchapter C, Chapter 42, only as
39-17 necessary to ensure:

- 39-18 (1) compliance with federal law and regulations;
- 39-19 (2) financial accountability, including compliance
39-20 with grant requirements; and
- 39-21 (3) data integrity for purposes of:
 - 39-22 (A) the Public Education Information Management
39-23 System (PEIMS); and
 - 39-24 (B) accountability under Chapter 39.

39-25 (b) The board of trustees of a school district or the
39-26 governing body of a public charter district [~~an open-enrollment~~
39-27 ~~charter school~~] has primary responsibility for ensuring that the
39-28 district or school complies with all applicable requirements of
39-29 state educational programs.

39-30 SECTION 2B.06. Subchapter B, Chapter 7, Education Code, is
39-31 amended by adding Section 7.033 to read as follows:

39-32 Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent
39-33 permissible under Section 7.028, the agency shall develop and
39-34 implement a comprehensive, integrated monitoring system for
39-35 monitoring school district and charter school overall performance
39-36 under and compliance with federal and state education laws. The
39-37 system must incorporate performance and compliance information
39-38 collected by various agency divisions for each school district and
39-39 charter school, including information relating to:

- 39-40 (1) data integrity;
- 39-41 (2) the performance of district or school programs;
- 39-42 (3) financial accountability;
- 39-43 (4) academic accountability;
- 39-44 (5) previous history of compliance;
- 39-45 (6) complaints issues; and
- 39-46 (7) governance issues.

39-47 SECTION 2B.07. Subsections (a) and (d), Section 7.057,
39-48 Education Code, are amended to read as follows:

39-49 (a) Except as provided by Subsection (e) or Section 7.0571,
39-50 a person may appeal in writing to the commissioner if the person is
39-51 aggrieved by:

- 39-52 (1) the school laws of this state; or
- 39-53 (2) actions or decisions of any school district board
39-54 of trustees that violate:

- 39-55 (A) the school laws of this state; or
- 39-56 (B) a provision of a written employment contract
39-57 between the school district and a school district employee, if a
39-58 violation causes or would cause monetary harm to the employee.

39-59 (d) Except as provided by Section 7.0571, a [A] person
39-60 aggrieved by an action of the agency or decision of the commissioner
39-61 may appeal to a district court in Travis County. An appeal must be
39-62 made by serving the commissioner with citation issued and served in
39-63 the manner provided by law for civil suits. The petition must state
39-64 the action or decision from which the appeal is taken. At trial,
39-65 the court shall determine all issues of law and fact, except as
39-66 provided by Section 33.081(g).

39-67 SECTION 2B.08. Subchapter C, Chapter 7, Education Code, is
39-68 amended by adding Section 7.0571 to read as follows:

39-69 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The

40-1 commissioner shall adopt rules under which a school district,
 40-2 public charter district, or other person that wishes to challenge
 40-3 an agency decision made under Chapter 39, 41, 42, or 46 must
 40-4 petition the commissioner for an informal review by the
 40-5 commissioner of the decision.

40-6 (b) The commissioner may limit a review under this section
 40-7 to a written submission of any issue identified by the
 40-8 commissioner.

40-9 (c) A decision under this section is final and may not be
 40-10 appealed under Section 7.057 or any other law.

40-11 SECTION 2B.09. Subchapter C, Chapter 7, Education Code, is
 40-12 amended by adding Section 7.061 to read as follows:

40-13 Sec. 7.061. SUBPOENA. (a) The commissioner may issue a
 40-14 subpoena to compel the attendance and testimony of a witness or the
 40-15 production of materials relevant to an audit or investigation under
 40-16 this title.

40-17 (b) A subpoena may be issued throughout the state and may be
 40-18 served by any person designated by the commissioner.

40-19 (c) If a person fails to comply with a subpoena issued under
 40-20 this section, the commissioner, acting through the attorney
 40-21 general, may file suit to enforce the subpoena in a district court
 40-22 in Travis County or in the county in which the audit or
 40-23 investigation is conducted. The court shall order compliance with
 40-24 the subpoena if the court finds that good cause exists to issue the
 40-25 subpoena.

40-26 SECTION 2B.10. Chapter 7, Education Code, is amended by
 40-27 adding Subchapter E to read as follows:

40-28 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

40-29 Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The
 40-30 agency shall implement a comprehensive performance-based grant
 40-31 system to collect and report grant performance and spending
 40-32 information and to use that information in making future grants.

40-33 (b) The grant system must:

40-34 (1) connect grant activities and funding to student
 40-35 academic performance; and

40-36 (2) provide for efficient grant application and
 40-37 reporting procedures for grant programs administered by the agency.

40-38 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall
 40-39 ensure that:

40-40 (1) the mission, purpose, and objectives of each
 40-41 agency grant program support student academic performance or
 40-42 another public education mission, objective, or goal specified
 40-43 under Sections 4.001 and 4.002;

40-44 (2) each agency grant program coordinates with other
 40-45 grant programs administered by the agency;

40-46 (3) grant programs with similar objectives have common
 40-47 performance measures; and

40-48 (4) the most efficient methods for coordinating grant
 40-49 objectives, grant activities, academic performance measures, and
 40-50 funding are used in the agency's grant application and reporting
 40-51 systems.

40-52 Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may
 40-53 use existing data to identify and notify an eligible school
 40-54 district or charter school of the opportunity to apply for a
 40-55 state-funded discretionary grant.

40-56 Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS.
 40-57 The agency shall develop one or more consolidated applications to
 40-58 be used by school districts and charter schools in applying for any
 40-59 state-funded formula grant administered by the agency.

40-60 Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency
 40-61 shall ensure that information relating to the grant system is
 40-62 available to the legislature and the public.

40-63 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The
 40-64 agency, in coordination with regional education service centers,
 40-65 shall use data relating to grant programs, including grant spending
 40-66 and performance information, to identify successful grant
 40-67 programs. Based on the identification of successful grant
 40-68 programs, each regional education service center shall provide
 40-69 information concerning those programs to the school districts in

41-1 the service center's region.

41-2 (b) This section applies beginning with the 2009-2010
 41-3 school year. This subsection expires June 1, 2010.

41-4 Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In
 41-5 developing the performance-based grant system, the agency shall:

41-6 (1) identify each area of data collected for grant
 41-7 programs and the method in which the agency collects the data;

41-8 (2) determine whether grant data that a school
 41-9 district or charter school is required to collect is useful and
 41-10 supports:

41-11 (A) a grant program's objectives; and
 41-12 (B) the goals for academic performance and
 41-13 accountability or another public education mission, objective, or
 41-14 goal;

41-15 (3) determine whether grant data is analyzed and
 41-16 disseminated efficiently; and

41-17 (4) review the agency's policies, procedures, and
 41-18 reporting requirements relating to grant programs administered by
 41-19 the agency to simplify and make more efficient the grant
 41-20 application, award, and reporting processes for school districts
 41-21 and charter schools.

41-22 (b) This section expires June 1, 2010.

41-23 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL
 41-24 YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the
 41-25 agency shall provide the legislature with a status report
 41-26 concerning the agency's development of the grant system. The
 41-27 report may suggest any statutory changes needed to facilitate a
 41-28 full transition to a performance-based grant system.

41-29 (b) Beginning with the 2009-2010 school year, the agency
 41-30 shall make the performance-based grant system fully available to
 41-31 school districts and charter schools.

41-32 (c) This section expires June 1, 2010.

41-33 SECTION 2B.11. Subchapter A, Chapter 8, Education Code, is
 41-34 amended by adding Section 8.0031 to read as follows:

41-35 Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS.
 41-36 (a) The commissioner shall adopt rules prescribing training for
 41-37 members of regional education service center boards of directors.
 41-38 The training curriculum may include:

41-39 (1) an overview of this code and any rules adopted
 41-40 under this code;

41-41 (2) a review of recent state and federal education
 41-42 legislation, rules, and regulations;

41-43 (3) a review of the powers and duties of a regional
 41-44 education service center board of directors; and

41-45 (4) a review of any statewide or regional strategic
 41-46 planning applicable to regional education service centers.

41-47 (b) A member of a regional education service center board of
 41-48 directors must complete any training required by commissioner rule.

41-49 SECTION 2B.12. Subchapter A, Chapter 8, Education Code, is
 41-50 amended by adding Section 8.011 to read as follows:

41-51 Sec. 8.011. NEPOTISM PROHIBITION. For purposes of all
 41-52 employees of each regional education service center, the executive
 41-53 director and each member of the board of directors are public
 41-54 officials subject to Chapter 573, Government Code.

41-55 SECTION 2B.13. Subsections (b), (c), and (d), Section
 41-56 8.051, Education Code, are amended to read as follows:

41-57 (b) Each regional education service center shall annually
 41-58 develop and submit to the commissioner for approval a plan for
 41-59 improvement. Each plan must include the purposes and description
 41-60 of the services the center will provide to:

41-61 (1) campuses ~~rated academically unacceptable~~
 41-62 ~~[identified as low-performing based on the indicators adopted]~~
 41-63 under Section 39.072 [39.051];

41-64 (2) the lowest-performing campuses in the region; and

41-65 (3) other campuses.

41-66 (c) Each regional education service center shall provide
 41-67 services that enable school districts to operate more efficiently
 41-68 and economically, including collecting and disseminating:

41-69 (1) best practices information as provided by Section

42-1 7.010; and

42-2 (2) information concerning successful grant programs
42-3 to school districts as provided by Section 7.156.

42-4 (d) Each regional education service center shall maintain
42-5 core services for purchase by school districts and campuses. The
42-6 core services are:

42-7 (1) training and assistance in teaching each subject
42-8 area assessed under Section 39.023;

42-9 (2) training and assistance in providing each program
42-10 that qualifies for a special education, compensatory education,
42-11 bilingual education, or gifted and talented student funding
42-12 allotment under Subchapter C, Chapter 42 [Section 42.151, 42.152,
42-13 42.153, or 42.156];

42-14 (3) assistance specifically designed for a school
42-15 district or campus rated academically unacceptable under Section
42-16 39.072 [39.072(a) or a campus whose performance is considered
42-17 unacceptable based on the indicators adopted under Section 39.051];

42-18 (4) training and assistance to teachers,
42-19 administrators, members of district boards of trustees, and members
42-20 of site-based decision-making committees;

42-21 (5) assistance specifically designed for a school
42-22 district that is considered out of compliance with state or federal
42-23 special education requirements, based on the agency's most recent
42-24 compliance review of the district's special education programs; and

42-25 (6) assistance in complying with state laws and rules.

42-26 SECTION 2B.14. Section 8.102, Education Code, is amended to
42-27 read as follows:

42-28 Sec. 8.102. DATA REPORTING. (a) Each regional education
42-29 service center shall report audited or budgeted financial
42-30 information and any other information requested by the commissioner
42-31 for use in assessing the performance of the center. The
42-32 commissioner shall develop a uniform system for regional education
42-33 service centers to report audited financial data, to report
42-34 information on the indicators adopted under Section 8.101, and to
42-35 provide information on client satisfaction with services provided
42-36 under Subchapter B.

42-37 (b) The uniform system for reporting required by Subsection
42-38 (a) must require regional education service centers to:

42-39 (1) use standard accepted cost accounting practices
42-40 approved by the commissioner for reporting all expenditures; and

42-41 (2) identify and report each expenditure separately by
42-42 purpose as educational, support, or administrative.

42-43 SECTION 2B.15. Section 8.103, Education Code, is amended to
42-44 read as follows:

42-45 Sec. 8.103. ANNUAL EVALUATION. (a) The commissioner shall
42-46 conduct an annual evaluation of each executive director and
42-47 regional education service center. Each evaluation must include:

42-48 (1) an audit of the center's finances;

42-49 (2) a review of the center's performance on the
42-50 indicators adopted under Section 8.101;

42-51 (3) a review of client satisfaction with services
42-52 provided under Subchapter B; and

42-53 (4) a review of any other factor the commissioner
42-54 determines to be appropriate.

42-55 (b) In the audit conducted under Subsection (a)(1), the
42-56 commissioner shall verify that the regional education service
42-57 center has identified each expenditure separately by purpose as
42-58 educational, support, or administrative as required by Section
42-59 8.102(b).

42-60 (c) The commissioner shall make the annual evaluation for a
42-61 fiscal year available to the public not later than January 1
42-62 following that fiscal year. The commissioner shall provide a copy
42-63 of the annual evaluation to any person who submits a written request
42-64 to the commissioner.

42-65 SECTION 2B.16. Subchapter A, Chapter 11, Education Code, is
42-66 amended by adding Section 11.003 to read as follows:

42-67 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later
42-68 than December 1, 2005, the commissioner shall evaluate the
42-69 feasibility of including a uniform indicator under Section

43-1 39.202(b) that measures effective administrative management
 43-2 through the use of cooperative shared service arrangements. If the
 43-3 commissioner determines that the adoption of a uniform indicator
 43-4 described by this subsection is feasible, the commissioner by rule
 43-5 shall include the indicator in the financial accountability rating
 43-6 system under Subchapter I, Chapter 39, for school districts
 43-7 beginning with the 2006-2007 school year. This subsection expires
 43-8 September 1, 2007.

43-9 (b) Each regional education service center shall:

43-10 (1) notify each school district served by the center
 43-11 regarding the opportunities available through the center for
 43-12 cooperative shared service arrangements within the center's
 43-13 service area; and

43-14 (2) evaluate the need for cooperative shared service
 43-15 arrangements within the center's service area and consider
 43-16 expanding center-sponsored cooperative shared service
 43-17 arrangements.

43-18 (c) A school district that enters into an agreement for a
 43-19 cooperative shared service arrangement described by Subsection (a)
 43-20 is entitled to keep any money the district saves as a result of
 43-21 reduced costs or increased efficiencies under the arrangement.

43-22 (d) Each regional education service center shall assist a
 43-23 school district board of trustees in entering into an agreement
 43-24 with another district or political subdivision, a regional
 43-25 education service center, or an institution of higher education as
 43-26 defined by Section 61.003, for a cooperative shared service
 43-27 arrangement regarding administrative services, including
 43-28 transportation, food service, purchasing, and payroll functions.

43-29 (e) The commissioner may:

43-30 (1) adopt by rule reasonable incentives to encourage
 43-31 school districts and public charter districts to enter into
 43-32 agreements for a cooperative shared service arrangement; and

43-33 (2) require a district or a public charter district to
 43-34 enter into an agreement for a cooperative shared service
 43-35 arrangement if the commissioner determines that the financial
 43-36 management performance of the district is unsatisfactory.

43-37 SECTION 2B.17. Subchapter A, Chapter 29, Education Code, is
 43-38 amended by adding Sections 29.0162, 29.0163, and 29.0164 to read as
 43-39 follows:

43-40 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE
 43-41 PROCESS HEARINGS. (a) The agency shall make available to a
 43-42 parent, student, school district, attorney, or other interested
 43-43 person, and shall place on the agency's Internet website,
 43-44 comprehensive, easily understood information concerning the
 43-45 special education due process hearing process.

43-46 (b) The information described by Subsection (a) must
 43-47 include:

43-48 (1) a description of the steps in the due process
 43-49 hearing process;

43-50 (2) the text of any applicable administrative,
 43-51 procedural, or evidentiary rule;

43-52 (3) a description of any notice requirements;

43-53 (4) an explanation of options for alternative dispute
 43-54 resolution, including mediation;

43-55 (5) an explanation of a resolution session;

43-56 (6) answers to frequently asked questions; and

43-57 (7) other sources of information, including
 43-58 electronic sources of information, such as special education case
 43-59 law available on the Internet.

43-60 Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION
 43-61 CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) The agency
 43-62 shall collect and at least biennially analyze any information,
 43-63 including complaint information, relating to the performance of a
 43-64 special education hearing officer for use in assessing:

43-65 (1) the effectiveness of the due process hearing
 43-66 process; and

43-67 (2) the performance of a special education hearing
 43-68 officer.

43-69 (b) The agency shall use the information described by

44-1 Subsection (a) in determining whether to renew a contract with a
 44-2 special education hearing officer.

44-3 Sec. 29.0164. SPECIAL EDUCATION HEARING OFFICER: CONFLICT
 44-4 OF INTEREST PROVISIONS. A special education hearing officer may
 44-5 not accept employment or compensation from a school district that
 44-6 is a party to a hearing over which the hearing officer is presiding.

44-7 SECTION 2B.18. Section 37.008, Education Code, is amended
 44-8 by adding Subsection (o) to read as follows:

44-9 (o) For purposes of accountability under Chapter 39, a
 44-10 student placed in a disciplinary alternative education program is
 44-11 reported as if the student were enrolled at the student's assigned
 44-12 campus in the student's regularly assigned education program,
 44-13 including a special education program.

44-14 PART C. SCHOOL DISTRICT GOVERNANCE AND
 44-15 OTHER OPERATIONS

44-16 SECTION 2C.01. Subchapter A, Chapter 7, Education Code, is
 44-17 amended by adding Section 7.011 to read as follows:

44-18 Sec. 7.011. STATEWIDE FUNDS MANAGEMENT INFORMATION SYSTEM
 44-19 FOR AT-RISK STUDENT SERVICES. (a) In this section, "student at
 44-20 risk of dropping out of school" has the meaning described by Section
 44-21 29.081.

44-22 (b) The agency shall develop a management information
 44-23 system for funds awarded and allocated to school districts and
 44-24 public charter districts for the purpose of providing services to
 44-25 students at risk of dropping out of school.

44-26 (c) The funds management information system must produce
 44-27 complete, accurate, and timely reports for agency officials and
 44-28 policy makers. The reports must provide information on funding for
 44-29 services for students at risk of dropping out of school, statewide
 44-30 and aggregated by school district, including the following
 44-31 information:

- 44-32 (1) the amount of an award;
 44-33 (2) the beginning and ending period of a grant or
 44-34 award;
 44-35 (3) expenditures related to an award; and
 44-36 (4) any amount of an award that was not distributed
 44-37 because of a school district's failure to use awarded funds to
 44-38 provide needed services during the funding period.

44-39 (d) The commissioner shall adopt rules as necessary to
 44-40 administer this section. The rules adopted under this subsection
 44-41 must ensure that:

- 44-42 (1) the funds management information system includes:
 44-43 (A) the information described by Subsection (c)
 44-44 for all funding sources for services described by Section 29.095
 44-45 for students at risk of dropping out of school, excluding funding
 44-46 information relating to a compensatory, intensive, or accelerated
 44-47 instruction program under Section 29.081, a disciplinary
 44-48 alternative education program established under Section 37.008, or
 44-49 a program eligible under Title I of the Elementary and Secondary
 44-50 Education Act of 1965, as provided by Pub. L. No. 103-382; and
 44-51 (B) all state funds and federal pass-through
 44-52 funds targeting students at risk of dropping out of school;
 44-53 (2) the system is compatible with and is regularly
 44-54 reconciled with the agency's central accounting system; and
 44-55 (3) aggregate funding information is readily
 44-56 available to agency personnel and policy makers, including
 44-57 aggregate funding information relating to a compensatory,
 44-58 intensive, or accelerated instruction program under Section
 44-59 29.081, a disciplinary alternative education program established
 44-60 under Section 37.008, or a program eligible under Title I of the
 44-61 Elementary and Secondary Education Act of 1965, as provided by Pub.
 44-62 L. No. 103-382.

44-63 SECTION 2C.02. Subsection (e), Section 7.056, Education
 44-64 Code, as amended by S.B. No. 658, Acts of the 79th Legislature,
 44-65 Regular Session, 2005, is amended to read as follows:

44-66 (e) Except as provided by Subsection (f), a school campus or
 44-67 district may not receive an exemption or waiver under this section
 44-68 from:

- 44-69 (1) a prohibition on conduct that constitutes a

45-1 criminal offense;
 45-2 (2) a requirement imposed by federal law or rule,
 45-3 including a requirement for special education or bilingual
 45-4 education programs; or
 45-5 (3) a requirement, restriction, or prohibition
 45-6 relating to:
 45-7 (A) essential knowledge or skills under Section
 45-8 28.002 or minimum graduation requirements under Section 28.025;
 45-9 (B) public school accountability as provided by
 45-10 Subchapters B, C, D, and G, Chapter 39;
 45-11 (C) extracurricular activities under Section
 45-12 33.081 or participation in a University Interscholastic League
 45-13 area, regional, or state competition under Section 33.0812;
 45-14 (D) health and safety under Chapter 38;
 45-15 (E) purchasing under Subchapter B, Chapter 44;
 45-16 (F) elementary school class size limits, except
 45-17 as provided by Section 25.112;
 45-18 (G) removal of a disruptive student from the
 45-19 classroom under Subchapter A, Chapter 37;
 45-20 (H) at-risk programs under Subchapter C, Chapter
 45-21 29;
 45-22 (I) prekindergarten programs under Subchapter E,
 45-23 Chapter 29;
 45-24 (J) educator rights and benefits under
 45-25 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
 45-26 A, Chapter 22;
 45-27 (K) special education programs under Subchapter
 45-28 A, Chapter 29; ~~or~~
 45-29 (L) bilingual education programs under
 45-30 Subchapter B, Chapter 29; or
 45-31 (M) the requirements for the first and last day
 45-32 of instruction under Section 25.0811, except as provided by that
 45-33 section.

45-34 SECTION 2C.03. Section 11.051, Education Code, is amended
 45-35 by amending Subsection (a) and adding Subsection (a-1) to read as
 45-36 follows:

45-37 (a) An independent school district is governed by a board of
 45-38 trustees who, as a body corporate, shall:

45-39 (1) oversee the management of the district; and
 45-40 (2) ensure that the superintendent implements and
 45-41 monitors plans, procedures, programs, and systems to achieve
 45-42 appropriate, clearly defined, and desired results in the major
 45-43 areas of district operations.

45-44 (a-1) Unless authorized by the board, a member of the board
 45-45 may not, individually, act on behalf of the board. The board of
 45-46 trustees may act only by majority vote of the members present at a
 45-47 meeting held in compliance with Chapter 551, Government Code, at
 45-48 which a quorum of the board is present and voting. The board shall
 45-49 provide an opportunity at the meeting for the superintendent to
 45-50 present an oral or written recommendation to the board on any item
 45-51 that is voted on by the board.

45-52 SECTION 2C.04. Subchapter C, Chapter 11, Education Code, is
 45-53 amended by adding Section 11.0621 to read as follows:

45-54 Sec. 11.0621. MEETINGS. The minutes, certified agenda, or
 45-55 recording, as applicable, of a regular or special meeting of the
 45-56 board of trustees must reflect each member's attendance at or
 45-57 absence from the meeting. The minutes or tape recording of an open
 45-58 meeting must be accessible to the public in accordance with Section
 45-59 551.022, Government Code.

45-60 SECTION 2C.05. Subchapter C, Chapter 11, Education Code, is
 45-61 amended by adding Section 11.066 to read as follows:

45-62 Sec. 11.066. REMOVAL FOR FAILURE TO ATTEND BOARD MEETINGS.

45-63 (a) It is a ground for removal of a trustee of an independent
 45-64 school district that the trustee is absent from more than half of
 45-65 the regularly scheduled board of trustees meetings during a
 45-66 calendar year that the member is eligible to attend, unless the
 45-67 absence is excused by a majority vote of the board of trustees.

45-68 (b) If the superintendent of the school district has
 45-69 knowledge that a ground for removal under this section exists, the

46-1 superintendent shall notify the board of trustees. On a
 46-2 determination that a potential ground for removal exists, the board
 46-3 shall notify the appropriate county or district attorney or the
 46-4 attorney general.

46-5 SECTION 2C.06. Subchapter D, Chapter 11, Education Code, is
 46-6 amended by adding Section 11.1511 to read as follows:

46-7 Sec. 11.1511. ELECTRONIC NOTICE FOR PUBLIC HEARINGS OR
 46-8 MEETINGS PERMITTED. (a) Instead of publishing notice for a public
 46-9 hearing or public meeting in the manner prescribed by statute, a
 46-10 school district may publish any required notice on its Internet
 46-11 website if authorized by rule adopted by the trustees of the
 46-12 independent school district.

46-13 (b) A school district that publishes notice under this
 46-14 section must have a link on its Internet website that is clearly
 46-15 identified as the link to public notices for public hearings or
 46-16 public meetings.

46-17 SECTION 2C.07. Subchapter D, Chapter 11, Education Code, is
 46-18 amended by adding Sections 11.1512 and 11.1513 to read as follows:

46-19 Sec. 11.1512. SPECIFIC POWERS AND DUTIES OF BOARD. (a) In
 46-20 addition to powers and duties under Section 11.151 or other law, the
 46-21 board of trustees of an independent school district has the powers
 46-22 and duties provided by Subsection (b).

46-23 (b) The board shall:

46-24 (1) seek to establish working relationships with other
 46-25 public entities to make effective use of community resources and to
 46-26 serve the needs of public school students in the community;

46-27 (2) adopt a vision statement and comprehensive goals
 46-28 for the district and the superintendent and monitor progress toward
 46-29 those goals;

46-30 (3) establish performance goals for the district
 46-31 concerning:

46-32 (A) the academic and fiscal performance
 46-33 indicators under Subchapter C, Chapter 39; and

46-34 (B) any performance indicators adopted by the
 46-35 district;

46-36 (4) ensure that the superintendent:

46-37 (A) is accountable for achieving performance
 46-38 results;

46-39 (B) recognizes performance accomplishments; and
 46-40 (C) takes action as necessary to meet performance
 46-41 goals;

46-42 (5) adopt a policy to establish a district-level and
 46-43 campus-level planning and decision-making process as required
 46-44 under Section 11.251;

46-45 (6) publish an annual educational performance report
 46-46 as required under Section 39.053;

46-47 (7) adopt an annual budget for the district as
 46-48 required under Section 44.004;

46-49 (8) adopt a tax rate each fiscal year as required under
 46-50 Section 26.05, Tax Code;

46-51 (9) monitor district finances to ensure that the
 46-52 superintendent is properly maintaining the district's financial
 46-53 procedures and records;

46-54 (10) ensure that district fiscal accounts are audited
 46-55 annually as required under Section 44.008;

46-56 (11) publish an end-of-year financial report for
 46-57 distribution to the community;

46-58 (12) conduct elections as required by law;

46-59 (13) by rule, adopt a process through which district
 46-60 personnel, students or the parents or guardians of students, and
 46-61 members of the public may obtain a hearing before the district
 46-62 administrators and the board regarding a complaint;

46-63 (14) make decisions relating to terminating the
 46-64 employment of district employees employed under a contract,
 46-65 including terminating or declining to renew an employment contract;
 46-66 and

46-67 (15) carry out other powers and duties as provided by
 46-68 this code or other law.

46-69 (c) The board may:

47-1 (1) issue bonds and levy, pledge, assess, and collect
 47-2 an annual ad valorem tax to pay the principal and interest on the
 47-3 bonds as authorized under Sections 45.001 and 45.003;

47-4 (2) levy, assess, and collect an annual ad valorem tax
 47-5 for maintenance and operation of the district as authorized under
 47-6 Sections 45.002 and 45.003;

47-7 (3) employ a person to assess or collect the district's
 47-8 taxes as authorized under Section 45.231; and

47-9 (4) enter into contracts as authorized under this code
 47-10 or other law and delegate contractual authority to the
 47-11 superintendent as appropriate.

47-12 Sec. 11.1513. COLLABORATION BETWEEN BOARD AND
 47-13 SUPERINTENDENT. (a) In relation to the superintendent of the
 47-14 school district, the board of trustees of the district has the
 47-15 powers and duties specified by Sections 11.151(b) and (c). The
 47-16 superintendent shall, on a day-to-day basis, ensure the
 47-17 implementation of the policy created by the board.

47-18 (b) The board of trustees and the superintendent shall work
 47-19 together to:

47-20 (1) advocate for the high achievement of all district
 47-21 students;

47-22 (2) create and support connections with community
 47-23 organizations to provide community-wide support for the high
 47-24 achievement of all district students;

47-25 (3) provide educational leadership for the district,
 47-26 including leadership in developing the district vision statement
 47-27 and long-range educational plan;

47-28 (4) establish district-wide policies and annual goals
 47-29 that are tied directly to the district's vision statement and
 47-30 long-range educational plan;

47-31 (5) support the professional development of
 47-32 principals, teachers, and other staff; and

47-33 (6) periodically evaluate board and superintendent
 47-34 leadership, governance, and teamwork.

47-35 SECTION 2C.08. Section 11.163, Education Code, as amended
 47-36 by S.B. No. 387, Acts of the 79th Legislature, Regular Session,
 47-37 2005, is redesignated as Section 11.1514, Education Code, and
 47-38 amended to read as follows:

47-39 Sec. 11.1514 [~~11.163~~]. EMPLOYMENT POLICY. (a) The board
 47-40 of trustees of each independent school district shall adopt a
 47-41 policy providing for the employment and duties of district
 47-42 personnel. The employment policy must provide that:

47-43 (1) the board employs and evaluates the
 47-44 superintendent;

47-45 (2) the superintendent has sole authority to make
 47-46 recommendations to the board regarding the selection of all
 47-47 personnel other than the superintendent, except that the board may
 47-48 delegate final authority for those decisions to the superintendent;
 47-49 [and]

47-50 (3) the board has final decision-making authority
 47-51 regarding terminating the employment of district personnel,
 47-52 including the superintendent, including terminating or declining
 47-53 to renew an employment contract under Chapter 21, except to the
 47-54 extent that the board has delegated the final authority for those
 47-55 decisions to the superintendent with respect to district personnel
 47-56 who are not employed under a contract; and

47-57 (4) [~~2~~] each principal must approve each teacher or
 47-58 staff appointment to the principal's campus as provided by Section
 47-59 11.202.

47-60 (b) The board of trustees may accept or reject the
 47-61 superintendent's recommendation regarding the selection of
 47-62 district personnel and shall include the board's acceptance or
 47-63 rejection in the minutes of the board's meeting, as required under
 47-64 Section 551.021, Government Code, in the certified agenda or tape
 47-65 recording required under Section 551.103, Government Code, or in
 47-66 the recording required under Section 551.125 or 551.127, Government
 47-67 Code, as applicable. If the board rejects the superintendent's
 47-68 recommendation, the superintendent shall make alternative
 47-69 recommendations until the board accepts a recommendation.

- 48-1 (c) The employment policy may:
- 48-2 (1) specify the terms of employment with the district;
- 48-3 (2) delegate to the superintendent the authority to
- 48-4 determine the terms of employment with the district; or
- 48-5 (3) include a provision for providing each current
- 48-6 district employee with an opportunity to participate in a process
- 48-7 for transferring to another school in or position with the
- 48-8 district.
- 48-9 (d) The employment policy must provide that not later than
- 48-10 the 10th school day before the date on which a district fills a
- 48-11 vacant position for which a certificate or license is required as
- 48-12 provided by Section 21.003, other than a position that affects the
- 48-13 safety and security of students as determined by the board of
- 48-14 trustees, the district must provide to each current district
- 48-15 employee:
- 48-16 (1) notice of the position by posting the position on:
- 48-17 (A) a bulletin board at:
- 48-18 (i) a place convenient to the public in the
- 48-19 district's central administrative office; and
- 48-20 (ii) the central administrative office of
- 48-21 each campus in the district during any time the office is open; and
- 48-22 (B) the district's Internet website, if the
- 48-23 district has a website; and
- 48-24 (2) a reasonable opportunity to apply for the
- 48-25 position.
- 48-26 (e) If, during the school year, the district must fill a
- 48-27 vacant position held by a teacher, as defined by Section 21.201, in
- 48-28 less than 10 school days, the district:
- 48-29 (1) must provide notice of the position in the manner
- 48-30 described by Subsection (d)(1) as soon as possible after the
- 48-31 vacancy occurs;
- 48-32 (2) is not required to provide the notice for 10 school
- 48-33 days before filling the position; and
- 48-34 (3) is not required to comply with Subsection (d)(2).
- 48-35 (f) If, under the employment policy, the board of trustees
- 48-36 delegates to the superintendent the final authority to select
- 48-37 district personnel:
- 48-38 (1) the superintendent is a public official for
- 48-39 purposes of Chapter 573, Government Code, only with respect to a
- 48-40 decision made pursuant to that delegation of authority; and
- 48-41 (2) each member of the board of trustees remains
- 48-42 subject to Chapter 573, Government Code, with respect to all
- 48-43 district employees.
- 48-44 SECTION 2C.09. Subsection (b), Section 11.159, Education
- 48-45 Code, is amended to read as follows:
- 48-46 (b) A trustee must complete any training required by the
- 48-47 State Board of Education. The minutes of the last regular meeting
- 48-48 of the board of trustees held during a calendar year must reflect
- 48-49 whether each trustee has met or is delinquent in meeting the
- 48-50 training required to be completed as of the date of the meeting.
- 48-51 SECTION 2C.10. Section 11.201, Education Code, is amended
- 48-52 by amending Subsection (d) and adding Subsection (e) to read as
- 48-53 follows:
- 48-54 (d) The duties of the superintendent include:
- 48-55 (1) assuming administrative responsibility and
- 48-56 leadership for the planning, organization, operation, supervision,
- 48-57 and evaluation of the education programs, services, and facilities
- 48-58 of the district and for the annual performance appraisal of the
- 48-59 district's staff;
- 48-60 (2) except as provided by Section 11.202, assuming
- 48-61 administrative authority and responsibility for the employment,
- 48-62 assignment, supervision, and evaluation of all personnel of the
- 48-63 district other than the superintendent;
- 48-64 (3) ensuring compliance with the standards for school
- 48-65 facilities established by the commissioner under Section 46.008
- 48-66 [making recommendations regarding the selection of personnel of the
- 48-67 district other than the superintendent, as provided by Section
- 48-68 11.163];
- 48-69 (4) assuming responsibility for [initiating] the

49-1 termination or suspension of an employee or the nonrenewal of an
49-2 employee's term contract;

49-3 (5) managing the day-to-day operations of the district
49-4 as its administrative manager, including implementing and
49-5 monitoring plans, procedures, programs, and systems to achieve
49-6 clearly defined and desired results in major areas of district
49-7 operations;

49-8 (6) preparing and submitting to the board of trustees
49-9 a proposed budget as provided by Section 44.002 and rules adopted
49-10 under that section and administering the budget;

49-11 (7) preparing recommendations for policies to be
49-12 adopted by the board of trustees and overseeing the implementation
49-13 of adopted policies;

49-14 (8) developing or causing to be developed appropriate
49-15 administrative regulations to implement policies established by
49-16 the board of trustees;

49-17 (9) providing leadership for the attainment and, if
49-18 necessary, improvement of student performance in the district based
49-19 on the indicators adopted under Section 39.051 and other indicators
49-20 adopted by the State Board of Education or the district's board of
49-21 trustees;

49-22 (10) organizing the district's central
49-23 administration; ~~and~~

49-24 (11) consulting with the district-level committee as
49-25 required under Section 11.252(f);

49-26 (12) ensuring:
49-27 (A) adoption of a student code of conduct as
49-28 required under Section 37.001 and enforcement of that code of
49-29 conduct; and

49-30 (B) adoption and enforcement of other student
49-31 disciplinary rules and procedures as necessary;

49-32 (13) submitting reports as required by state or
49-33 federal law, rule, or regulation;

49-34 (14) providing leadership to ensure that the
49-35 responsibilities of the board and superintendent team are carried
49-36 out; and

49-37 (15) performing any other duties assigned by action of
49-38 the board of trustees.

49-39 (e) A superintendent may not receive any financial benefit
49-40 for personal services performed by the superintendent for any
49-41 business entity that conducts business with or solicits business
49-42 from the school district. Any financial benefit received by the
49-43 superintendent for performing personal services for any other
49-44 entity must be approved by the board of trustees on a case-by-case
49-45 basis in an open meeting.

49-46 SECTION 2C.11. Section 25.031, Education Code, is amended
49-47 to read as follows:

49-48 Sec. 25.031. ASSIGNMENTS AND TRANSFERS IN DISCRETION OF
49-49 GOVERNING BOARD. (a) In conformity with this subchapter, the
49-50 board of trustees of a school district or the board of county school
49-51 trustees or a school employee designated by the board may assign and
49-52 transfer any student from one school facility or classroom to
49-53 another within its jurisdiction.

49-54 (b) A student who transfers to a school campus other than
49-55 the campus the student would normally attend based on the student's
49-56 residence may not be subsequently transferred out of a class at that
49-57 campus before the end of a semester if the only purpose of the
49-58 subsequent transfer is to comply with the limit in Section 25.112.
49-59 A school district is not required to apply for an exception under
49-60 Section 25.112(d) for the class in which the student is enrolled.

49-61 SECTION 2C.12. Effective August 1, 2006, the heading to
49-62 Section 25.0811, Education Code, is amended to read as follows:

49-63 Sec. 25.0811. FIRST AND LAST DAY OF INSTRUCTION.

49-64 SECTION 2C.13. Effective August 1, 2006, Section
49-65 25.0811(a), Education Code, is amended to read as follows:

49-66 [~~a~~] A school district shall ~~may not~~ begin instruction
49-67 for students for a school year on the first Tuesday after Labor Day.
49-68 The school year must end not later than June 7 unless:

49-69 (1) the district operates a year-round system under

50-1 Section 25.084; or

50-2 (2) the commissioner grants a waiver to extend the
 50-3 school year at a campus as the result of a disaster, flood, extreme
 50-4 weather condition, fuel curtailment, or other calamity that caused
 50-5 a closure of the campus for a significant period [before the week in
 50-6 which August 21 falls. For purposes of this subsection, Sunday is
 50-7 considered the first day of the week].

50-8 SECTION 2C.14. Subchapter C, Chapter 29, Education Code, is
 50-9 amended by adding Sections 29.095, 29.096, and 29.097 to read as
 50-10 follows:

50-11 Sec. 29.095. CONSOLIDATED FUNDING FOR PROGRAMS AND SERVICES
 50-12 FOR STUDENTS AT RISK OF DROPPING OUT OF SCHOOL. (a) In this
 50-13 section, "student at risk of dropping out of school" has the meaning
 50-14 described by Section 29.081.

50-15 (b) To enable school districts and public charter districts
 50-16 to provide supplemental programs and services for the benefit of
 50-17 students at risk of dropping out of school, the commissioner each
 50-18 school year shall award funds to a school district or public charter
 50-19 district in accordance with a streamlined and simplified grant
 50-20 process developed by the commissioner. To the extent practicable,
 50-21 the grant process developed by the commissioner under this
 50-22 subsection must comply with Subchapter E, Chapter 7.

50-23 (c) The commissioner shall consolidate funding from the
 50-24 following currently funded programs and types of services,
 50-25 excluding early childhood care and education programs and
 50-26 accelerated reading or mathematics initiatives under Section
 50-27 28.006, 28.007, or 28.0211:

50-28 (1) an optional extended year program under Section
 50-29 29.082;

50-30 (2) a basic skills program for high school students
 50-31 under Section 29.086;

50-32 (3) a summer school program of instruction for
 50-33 students of limited English proficiency; and

50-34 (4) a grant for pregnancy-related services, including
 50-35 a pregnancy, education, and parenting program.

50-36 (d) The commissioner may include grants under Section 7.024
 50-37 as part of one or more consolidated grant application processes
 50-38 developed under this section. The commissioner shall ensure that a
 50-39 grant applied for under a consolidated application process under
 50-40 this section and awarded under Section 7.024 is used only for the
 50-41 purposes of Section 7.024.

50-42 (e) The commissioner may redistribute the funding of
 50-43 programs described under Subsection (c) as necessary to accomplish
 50-44 the purpose of improving the achievement of students at risk of
 50-45 dropping out of school.

50-46 (f) A school district or public charter district that
 50-47 receives an award of funds under this section may use the funds to
 50-48 provide academic and support services to students at risk of
 50-49 dropping out of school, including:

50-50 (1) services designed to provide intensive academic
 50-51 instruction to increase student success and high school completion;

50-52 (2) services designed to provide intensive academic
 50-53 instruction for and reduce the dropout rate of students at risk of
 50-54 dropping out of school;

50-55 (3) after-school academic and support services;

50-56 (4) intensive instruction for preschool and
 50-57 school-age students of limited English proficiency;

50-58 (5) any academic or support services for pregnant or
 50-59 parenting students, including basic instruction and health and life
 50-60 skills training and support for pregnant or parenting students;

50-61 (6) community-based services designed to address the
 50-62 needs of students at risk of dropping out of school;

50-63 (7) programs or services designed to promote the
 50-64 involvement of parents of students at risk of dropping out of
 50-65 school; and

50-66 (8) services or programs promoting school and
 50-67 community collaboration to restructure schools for the successful
 50-68 achievement of all students, especially students at risk of
 50-69 dropping out of school.

51-1 (g) The agency shall make available research-based guidance
 51-2 to school districts and public charter districts to enable
 51-3 successful implementation of the academic and support services
 51-4 described by Subsection (f) that assist students at risk of
 51-5 dropping out of school to succeed in school.

51-6 (h) Not later than November 1 of each year, a school
 51-7 district or public charter district may submit an application for
 51-8 funding for programs or services under this section. The school
 51-9 district or public charter district must include an assessment of
 51-10 needs for students at risk of dropping out of school, a
 51-11 comprehensive plan for providing services for those students based
 51-12 on the agency's research-based implementation guidance provided
 51-13 under Subsection (g), and a report of all sources of funding for
 51-14 providing services for those students. The commissioner shall
 51-15 distribute an award of funds in the form of a block grant not later
 51-16 than March 15 of each year.

51-17 Sec. 29.096. COST-OUTCOME ANALYSIS. (a) The agency and
 51-18 the Legislative Budget Board shall jointly develop a request for
 51-19 proposals for a qualified third party to conduct a comprehensive
 51-20 cost-outcome analysis of federal and state funding for programs
 51-21 targeting students at risk of dropping out of school, as described
 51-22 by Section 29.081, and the impact of those programs on student
 51-23 achievement outcomes. In order to be qualified under this section,
 51-24 a party must at a minimum have experience in educational program
 51-25 evaluation and statistical analysis of public education data.

51-26 (b) The cost-outcome methodology developed by the
 51-27 contractor under this section is subject to joint review and
 51-28 approval by the agency and the Legislative Budget Board. The
 51-29 cost-outcome analysis at a minimum must consist of the following
 51-30 components:

51-31 (1) a methodology for assessing the
 51-32 cost-effectiveness of individual school districts and public
 51-33 charter districts in providing services to students at risk of
 51-34 dropping out of school;

51-35 (2) performance measures that can be used to assess
 51-36 the effectiveness of school districts and public charter districts
 51-37 in administering academic and social service programs for students
 51-38 at risk of dropping out of school;

51-39 (3) a methodology for evaluating best practices in
 51-40 providing effective services for students at risk of dropping out
 51-41 of school;

51-42 (4) a statistical methodology for:
 51-43 (A) controlling for differences among individual
 51-44 school districts and public charter districts that are not related
 51-45 to funding streams included in the cost-outcome analysis; and

51-46 (B) disaggregating data by peer groups;
 51-47 (5) a methodology for computing the relative impact of
 51-48 funding sources on student achievement outcomes; and

51-49 (6) a methodology for reporting disaggregated results
 51-50 for students at risk of dropping out of school.

51-51 (c) The agency and the Legislative Budget Board shall:

51-52 (1) not later than December 1 of each year:
 51-53 (A) report findings from the cost-outcome
 51-54 analysis to the lieutenant governor, the speaker of the house of
 51-55 representatives, and the presiding officer of the standing
 51-56 committee of each house of the legislature with primary
 51-57 jurisdiction over public education, including data related to the
 51-58 feasibility of constructing a cost-effectiveness measure for
 51-59 school districts and public charter districts;

51-60 (B) make recommendations for the potential use of
 51-61 the data, including the best methods to disseminate the information
 51-62 to parents and school districts and public charter districts; and

51-63 (C) make the report and recommendations
 51-64 described by Paragraphs (A) and (B) available to the public; and

51-65 (2) during the 2006-2007 school year, develop a plan
 51-66 to implement the cost-outcome methodology to assess the
 51-67 effectiveness of school districts and public charter districts in
 51-68 providing services during the 2007-2008 school year to students at
 51-69 risk of dropping out of school.

52-1 (d) During the state fiscal biennium beginning September 1,
 52-2 2005, the commissioner shall retain an amount not to exceed
 52-3 \$500,000 from the total amount of funds allotted under the
 52-4 Foundation School Program to finance the comprehensive
 52-5 cost-outcome analysis and shall reduce the total amount of state
 52-6 funds allocated to each district from any source in the same manner
 52-7 described for a reduction in allotments under Section 42.313.

52-8 (e) This section expires September 1, 2010.

52-9 Sec. 29.097. TEMPORARY PROVISION: COMMISSIONER'S
 52-10 COST-OUTCOME ANALYSIS. (a) The commissioner shall adopt a
 52-11 cost-outcome analysis methodology for use in assessing the
 52-12 effectiveness of school districts and public charter districts in
 52-13 providing services for students at risk of dropping out of school,
 52-14 as described by Section 29.081. The commissioner shall use the
 52-15 adopted methodology until the commissioner determines that an
 52-16 alternate methodology approved by the agency and the Legislative
 52-17 Budget Board under Section 29.096(b) more accurately portrays the
 52-18 cost-effectiveness of the analyzed services.

52-19 (b) The methodology adopted by the commissioner must
 52-20 include the following components:

52-21 (1) a composite performance measure that combines key
 52-22 indicators of student performance, disaggregated for students at
 52-23 risk of dropping out of school;

52-24 (2) a format for reporting all state, federal, local,
 52-25 and private sources of funding and total expenditures for
 52-26 supplemental services for students at risk of dropping out of
 52-27 school, reported by school district, public charter district, and
 52-28 statewide; and

52-29 (3) a system for scoring and ranking school districts
 52-30 and public charter districts, including criteria for establishing
 52-31 school district and public charter district peer groups for
 52-32 comparison purposes.

52-33 (c) Based on the cost-outcome analysis methodology, the
 52-34 commissioner shall use the ranking system under Subsection (b)(3)
 52-35 to determine annually the level at which school districts and
 52-36 public charter districts are cost-effective in serving students at
 52-37 risk of dropping out of school.

52-38 (d) Not later than December 1 of each year, the commissioner
 52-39 shall:

52-40 (1) report the methodology and the results of the
 52-41 cost-outcome analysis to the lieutenant governor, the speaker of
 52-42 the house of representatives, and the presiding officer of the
 52-43 standing committee of each house of the legislature with primary
 52-44 jurisdiction over public education; and

52-45 (2) make the report under Subdivision (1) available to
 52-46 the public.

52-47 (e) This section expires on the earlier of the approval of a
 52-48 cost-outcome methodology by the agency and the Legislative Budget
 52-49 Board under Section 29.096(b) or September 1, 2010.

52-50 SECTION 2C.15. Subchapter D, Chapter 33, Education Code, is
 52-51 amended by adding Section 33.087 to read as follows:

52-52 Sec. 33.087. ELIGIBILITY OF STUDENTS PARTICIPATING IN JOINT
 52-53 CREDIT OR CONCURRENT ENROLLMENT PROGRAMS. A student otherwise
 52-54 eligible to participate in an extracurricular activity or a
 52-55 University Interscholastic League competition is not ineligible
 52-56 because the student is enrolled in a course offered for joint high
 52-57 school and college credit or in a course offered under a concurrent
 52-58 enrollment program, regardless of the location at which the course
 52-59 is provided.

52-60 SECTION 2C.16. The heading to Section 34.008, Education
 52-61 Code, is amended to read as follows:

52-62 Sec. 34.008. CONTRACT WITH TRANSIT AUTHORITY, [OR]
 52-63 COMMERCIAL TRANSPORTATION COMPANY, OR JUVENILE BOARD.

52-64 SECTION 2C.17. Subsection (a), Section 34.008, Education
 52-65 Code, is amended to read as follows:

52-66 (a) A board of county school trustees or school district
 52-67 board of trustees may contract with a mass transit authority, [or] a
 52-68 commercial transportation company, or a juvenile board for all or
 52-69 any part of a district's public school transportation if the

53-1 authority, ~~or~~ company, or board:

53-2 (1) requires its school bus drivers to have the
53-3 qualifications required by and to be certified in accordance with
53-4 standards established by the Department of Public Safety; and

53-5 (2) uses only those school buses or mass transit
53-6 authority buses in transporting 15 or more public school students
53-7 that meet or exceed safety standards for school buses established
53-8 under Section 34.002, Education Code.

53-9 SECTION 2C.18. Subsection (e), Section 39.136, Education
53-10 Code, is amended to read as follows:

53-11 (e) At the direction of the commissioner [~~but not later than~~
53-12 ~~the second anniversary of the date the board of managers of a~~
53-13 ~~district was appointed~~], the board of managers shall order an
53-14 election of members of the district board of trustees. The election
53-15 must be held on a uniform election date on which an election of
53-16 district trustees may be held under Section 41.001, Election Code,
53-17 that is at least 180 days after the date the election was ordered.
53-18 On qualification of members for office, the board of trustees
53-19 assumes all of the powers and duties assigned to a board of trustees
53-20 by law, rule, or regulation. The commissioner shall review the need
53-21 for a board of managers at least every two years and shall direct
53-22 the board of managers to order an election upon a determination that
53-23 the reasons for the appointment of the board of managers has been
53-24 resolved.

53-25 SECTION 2C.19. Subsection (g), Section 44.031, Education
53-26 Code, is amended to read as follows:

53-27 (g) Except as provided by Section 44.045, notice [~~Notice~~]
53-28 the time by when and place where the bids or proposals, or the
53-29 responses to a request for qualifications, will be received and
53-30 opened shall be published in the county in which the district's
53-31 central administrative office is located, once a week for at least
53-32 two weeks before the deadline for receiving bids, proposals, or
53-33 responses to a request for qualifications. If there is not a
53-34 newspaper in that county, the advertising shall be published in a
53-35 newspaper in the county nearest the county seat of the county in
53-36 which the district's central administrative office is located. In
53-37 a two-step procurement process, the time and place where the
53-38 second-step bids, proposals, or responses will be received are not
53-39 required to be published separately.

53-40 SECTION 2C.20. Subsection (b), Section 44.033, Education
53-41 Code, is amended to read as follows:

53-42 (b) Except as provided by Section 44.045, for [~~For~~]
53-43 12-month period, the district shall publish a notice in two
53-44 successive issues of any newspaper of general circulation in the
53-45 county in which the school is located. If there is no newspaper in
53-46 the county in which the school is located, the advertising shall be
53-47 published in a newspaper in the county nearest the county seat of
53-48 the county in which the school is located, specifying the
53-49 categories of personal property to be purchased under this section
53-50 and soliciting the names, addresses, and telephone numbers of
53-51 vendors that are interested in supplying any of the categories to
53-52 the district. For each category, the district shall create a vendor
53-53 list consisting of each vendor that responds to the published
53-54 notice and any additional vendors the district elects to include.

53-55 SECTION 2C.21. Subchapter B, Chapter 44, Education Code, is
53-56 amended by adding Section 44.045 to read as follows:

53-57 Sec. 44.045. ELECTRONIC NOTICE. Instead of the detailed
53-58 notice required under Sections 44.031(g) and 44.033(b), a school
53-59 district may publish an abbreviated notice that states the
53-60 universal resource locator of the publicly accessible Internet
53-61 website where the detailed notice is published. The detailed notice
53-62 must be continuously available on the website for whichever of the
53-63 following periods is longer:

53-64 (1) the two weeks before the deadline for receiving
53-65 bids, proposals, or responses to a request for qualifications; or

53-66 (2) the period required for the printed publication of
53-67 the detailed notice.

53-68 SECTION 2C.22. Subchapter Z, Chapter 271, Local Government
53-69 Code, is amended by adding Section 271.908 to read as follows:

Sec. 271.908. ELECTRONIC NOTICE BY SCHOOL DISTRICT.

54-1 Instead of the detailed notice required by Sections 271.055 and
 54-2 272.001, a school district may publish an abbreviated notice that
 54-3 states the universal resource locator of the publicly accessible
 54-4 Internet website where the detailed notice is published. The
 54-5 detailed notice must be continuously available on the website for
 54-6 whichever of the following periods is longer:

54-7 (1) the 14 days before the school district takes the
 54-8 action for which the notice is required; or

54-9 (2) the period required for the printed publication of
 54-10 the detailed notice.

54-11 SECTION 2C.23. Subsection (a), Section 272.001, Local
 54-12 Government Code, is amended to read as follows:

54-13 (a) Except for the types of land and interests covered by
 54-14 Subsection (b), (g), (h), (i), or (j), and except as provided by
 54-15 Sections [~~Section~~] 253.008 and 271.908, before land owned by a
 54-16 political subdivision of the state may be sold or exchanged for
 54-17 other land, notice to the general public of the offer of the land
 54-18 for sale or exchange must be published in a newspaper of general
 54-19 circulation in either the county in which the land is located or, if
 54-20 there is no such newspaper, in an adjoining county. The notice must
 54-21 include a description of the land, including its location, and the
 54-22 procedure by which sealed bids to purchase the land or offers to
 54-23 exchange the land may be submitted. The notice must be published on
 54-24 two separate dates and the sale or exchange may not be made until
 54-25 after the 14th day after the date of the second publication.

54-26 SECTION 2C.24. Section 11.066, Education Code, as added by
 54-27 this Act, applies only to trustee attendance at a board of trustees
 54-28 meeting held on or after the effective date of this Act. Trustee
 54-29 attendance at a board of trustees meeting held before the effective
 54-30 date of this Act is governed by the law in effect when the meeting
 54-31 was held, and the former law is continued in effect for that
 54-32 purpose.

54-33 SECTION 2C.25. Subsection (e), Section 11.201, Education
 54-34 Code, as added by this Act, applies only to a contract between a
 54-35 superintendent of a school district and a business entity that is
 54-36 entered into, renewed, or extended on or after the effective date of
 54-37 this Act. A contract between a superintendent of a school district
 54-38 and a business entity that is entered into, renewed, or extended
 54-39 before the effective date of this Act is governed by the law in
 54-40 effect on the date the contract is entered into, renewed, or
 54-41 extended and the former law is continued in effect for that purpose.

54-42 SECTION 2C.26. Not later than January 1, 2007, the Texas
 54-43 Education Agency shall adopt a five-year plan to renovate the
 54-44 Public Education Information Management System (PEIMS) to provide
 54-45 for efficient and effective information storage and retrieval for
 54-46 the purposes of allocating scarce school resources. The renovation
 54-47 must include a redesign of the records layout.

PART D. ACCOUNTABILITY

54-48 SECTION 2D.01. Subchapter A, Chapter 7, Education Code, is
 54-49 amended by adding Sections 7.009 and 7.010 to read as follows:

54-50 Sec. 7.009. PUBLIC ACCESS TO PEIMS DATA. (a) The
 54-51 commissioner by rule shall adopt procedures to make available,
 54-52 through the agency Internet website, all financial information
 54-53 provided by school districts and campuses through the Public
 54-54 Education Information Management System (PEIMS), including
 54-55 campus-level expenditure information.

54-56 (b) In adopting rules under this section, the commissioner
 54-57 shall provide a summarized format for reporting financial
 54-58 information on the agency Internet website.

54-59 Sec. 7.010. BEST PRACTICES; CLEARINGHOUSE. (a) In
 54-60 coordination with the Legislative Budget Board and with the
 54-61 assistance of the centers of education research established under
 54-62 Section 1.005, the agency shall establish an online clearinghouse
 54-63 of information relating to best practices of campuses and school
 54-64 districts regarding instruction, resource allocation, and business
 54-65 practices. To the extent practicable, the agency shall ensure that
 54-66 information provided through the online clearinghouse is specific,
 54-67 actionable information relating to the best practices of
 54-68 information provided through the online clearinghouse is specific,
 54-69 actionable information relating to the best practices of

55-1 high-performing and highly efficient campuses and school districts
 55-2 rather than general guidelines relating to campus and school
 55-3 district operation. The information must be accessible by campuses,
 55-4 school districts, and interested members of the public.

55-5 (b) The agency shall solicit and collect from the
 55-6 Legislative Budget Board, centers of education research
 55-7 established under Section 1.005, and exemplary or recognized school
 55-8 districts and public charter districts, as rated under Section
 55-9 39.072, examples of best practices relating to instruction,
 55-10 resource allocation, and business practices, including best
 55-11 practices relating to curriculum, scope and sequence, compensation
 55-12 and incentive systems, bilingual education and special language
 55-13 programs, and the effective use of instructional technology,
 55-14 including online courses.

55-15 (c) The agency may contract for the services of one or more
 55-16 third-party contractors to develop and implement a system of
 55-17 collecting and evaluating the best practices of campuses and school
 55-18 districts as provided by this section. In addition to any other
 55-19 considerations required by law, the agency must consider an
 55-20 applicant's demonstrated competence and qualifications in
 55-21 analyzing campus and school district practices in awarding a
 55-22 contract under this subsection.

55-23 (d) The agency shall implement this section not later than
 55-24 September 1, 2006. This subsection expires January 1, 2007.

55-25 SECTION 2D.02. Subchapter A, Chapter 11, Education Code, is
 55-26 amended by adding Section 11.004 to read as follows:

55-27 Sec. 11.004. APPLICABILITY OF TITLE TO EXEMPLARY DISTRICTS
 55-28 AND CAMPUSES. A school district or campus rated exemplary under
 55-29 Section 39.072 is subject only to the prohibitions, restrictions,
 55-30 and requirements of this title that apply to a public charter
 55-31 district under Section 11A.052(b) pursuant to rules adopted by the
 55-32 commissioner. The rules may not exempt requirements of this title
 55-33 relating to employee rights and benefits.

55-34 SECTION 2D.03. Subsection (b), Section 25.005, Education
 55-35 Code, is amended to read as follows:

55-36 (b) A reciprocity agreement must:

55-37 (1) address procedures for:

55-38 (A) transferring student records;

55-39 (B) awarding credit for completed course work;

55-40 and

55-41 (C) permitting a student to satisfy the
 55-42 requirements of Section 39.025 through successful performance on
 55-43 comparable end-of-course or other exit-level assessment
 55-44 instruments administered in another state; and

55-45 (2) include appropriate criteria developed by the
 55-46 agency.

55-47 SECTION 2D.04. Subsection (j), Section 28.006, Education
 55-48 Code, is amended to read as follows:

55-49 (j) No more than 15 percent of the funds certified by the
 55-50 commissioner under Subsection (i) may be spent on indirect costs.
 55-51 The commissioner shall evaluate the programs that fail to meet the
 55-52 standard of performance under Section 39.051(b)(10) [39.051(b)(7)]
 55-53 and may implement sanctions under Subchapter G, Chapter 39. The
 55-54 commissioner may audit the expenditures of funds appropriated for
 55-55 purposes of this section. The use of the funds appropriated for
 55-56 purposes of this section shall be verified as part of the district
 55-57 audit under Section 44.008.

55-58 SECTION 2D.05. The heading to Section 28.0211, Education
 55-59 Code, is amended to read as follows:

55-60 Sec. 28.0211. SATISFACTORY PERFORMANCE ON ASSESSMENT
 55-61 INSTRUMENTS REQUIRED FOR PROMOTION TO CERTAIN GRADE LEVELS;
 55-62 ACCELERATED INSTRUCTION.

55-63 SECTION 2D.06. Subchapter B, Chapter 28, Education Code, is
 55-64 amended by adding Section 28.0215 to read as follows:

55-65 Sec. 28.0215. SATISFACTORY PERFORMANCE REQUIRED:
 55-66 END-OF-COURSE ASSESSMENT INSTRUMENTS. (a) A student may not
 55-67 receive course credit for a course described by Section 39.023(c)
 55-68 unless the student performs satisfactorily on the end-of-course
 55-69 assessment instrument for the course.

56-1 (b) The commissioner may adopt rules establishing a
 56-2 procedure for a student who did not perform satisfactorily on an
 56-3 end-of-course assessment instrument to retake the assessment
 56-4 instrument and obtain course credit.

56-5 SECTION 2D.07. Section 28.025, Education Code, as amended
 56-6 by H.B. No. 25, Acts of the 79th Legislature, Regular Session, 2005,
 56-7 is amended by amending Subsections (c), (d), and (e) and adding
 56-8 Subsection (f) to read as follows:

56-9 (c) A person may receive a diploma if the person is eligible
 56-10 for a diploma under Section 28.0251. In other cases, a student may
 56-11 graduate and receive a diploma only if~~+~~

56-12 ~~[(1)]~~ the student successfully completes:

56-13 (1) the curriculum requirements identified by the
 56-14 State Board of Education under Subsection (a) ~~[and complies with~~
 56-15 ~~Section 39.025]~~; or

56-16 (2) ~~[the student successfully completes]~~ an
 56-17 individualized education program developed under Section 29.005.

56-18 (d) Except as provided by Section 39.0241, a person may not
 56-19 receive a diploma unless the person complies with Section 39.025.
 56-20 For each year in which a person must comply with Section 39.025 to
 56-21 receive a diploma, a [A] school district may issue a certificate of
 56-22 coursework completion to a student who successfully completes the
 56-23 curriculum requirements identified by the State Board of Education
 56-24 under Subsection (a) but who fails to comply with Section 39.025. A
 56-25 school district may allow a student who receives a certificate to
 56-26 participate in a graduation ceremony with students receiving high
 56-27 school diplomas. This subsection ceases to apply on the date the
 56-28 commissioner certifies that the implementation of the amendments
 56-29 made by S.B. No. 2, Acts of the 79th Legislature, 1st Called
 56-30 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is
 56-31 complete under the transition plan adopted under Section 39.0241.
 56-32 This subsection expires September 1, 2012.

56-33 (e) Each school district shall report the academic
 56-34 achievement record of students who have completed a minimum,
 56-35 recommended, or advanced high school program on transcript forms
 56-36 adopted by the State Board of Education. The transcript forms
 56-37 adopted by the board must be designed to clearly differentiate
 56-38 between each of the high school programs.

56-39 (f) The transcript forms adopted by the State Board of
 56-40 Education under Subsection (e) must be designed to ~~and~~ identify
 56-41 whether a student received a diploma or a certificate of coursework
 56-42 completion. This subsection expires September 1, 2012.

56-43 SECTION 2D.08. Subsections (b) and (d), Section 29.053,
 56-44 Education Code, are amended to read as follows:

56-45 (b) Within the first five ~~[four]~~ weeks following the first
 56-46 day of school, the language proficiency assessment committee
 56-47 established under Section 29.063 shall determine and report to the
 56-48 board of trustees of the district the number of students of limited
 56-49 English proficiency on each campus and shall classify each student
 56-50 according to the language in which the student possesses primary
 56-51 proficiency. The board shall report that information to the agency
 56-52 before November 1 each year.

56-53 (d) Each district that is required to offer bilingual
 56-54 education and special language programs under this section shall
 56-55 offer the following for students of limited English proficiency:

56-56 (1) bilingual education in prekindergarten at
 56-57 campuses that offer prekindergarten classes;

56-58 (2) bilingual education in kindergarten through the
 56-59 elementary grades;

56-60 (3) ~~[(2)]~~ bilingual education, instruction in English
 56-61 as a second language, or other transitional language instruction
 56-62 approved by the agency in post-elementary grades through grade 8;
 56-63 and

56-64 (4) ~~[(3)]~~ instruction in English as a second language
 56-65 in grades 9 through 12.

56-66 SECTION 2D.09. Subsection (b), Section 29.081, Education
 56-67 Code, is amended to read as follows:

56-68 (b) Each district shall provide accelerated instruction to
 56-69 a student enrolled in the district who has taken an end-of-course

57-1 ~~[the secondary exit-level]~~ assessment instrument administered
 57-2 under Section 39.023(c) and has not performed satisfactorily on the
 57-3 assessment instrument ~~[each section]~~ or who is at risk of dropping
 57-4 out of school.

57-5 SECTION 2D.10. Subchapter C, Chapter 29, Education Code, is
 57-6 amended by adding Section 29.0822 to read as follows:

57-7 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM.

57-8 (a) Notwithstanding Section 25.081 or 25.082, a school district
 57-9 may provide a flexible school day program for students in grades
 57-10 nine through 12 who have dropped out of school or who are at risk of
 57-11 dropping out of school as defined by Section 29.081.

57-12 (b) To enable a school district to provide a program under
 57-13 this section that meets the needs of students described by
 57-14 Subsection (a), a school district may:

57-15 (1) provide flexibility in the number of hours each
 57-16 day a student attends;

57-17 (2) provide flexibility in the number of days each
 57-18 week a student attends; or

57-19 (3) allow a student to enroll in less or more than a
 57-20 full course load.

57-21 (c) A course offered in a program under this section must
 57-22 provide for at least the same number of instructional hours as
 57-23 required for a course offered in a program that meets the required
 57-24 minimum number of instructional days under Section 25.081 and the
 57-25 required length of school day under Section 25.082.

57-26 (d) The commissioner may adopt rules for the administration
 57-27 of this section. The commissioner shall calculate average daily
 57-28 attendance for students served under this section. The
 57-29 commissioner shall allow accumulations of hours of instruction for
 57-30 students whose schedule would not otherwise allow full state
 57-31 funding. Funding under this subsection shall be determined based
 57-32 on the number of instructional days in the district calendar and a
 57-33 seven-hour school day, but attendance may be cumulated over a
 57-34 school year, inclusive of any summer or vacation sessions. The
 57-35 attendance of students who accumulate less than the number of
 57-36 attendance hours required under this subsection shall be
 57-37 proportionately reduced for funding purposes. The commissioner may
 57-38 set maximum funding amounts for an individual course under this
 57-39 section.

57-40 SECTION 2D.11. Subsection (b), Section 29.187, Education
 57-41 Code, is amended to read as follows:

57-42 (b) An award granted under this section is not in lieu of a
 57-43 diploma ~~[or certificate of coursework completion]~~ issued under
 57-44 Section 28.025.

57-45 SECTION 2D.12. Section 29.202, Education Code, is amended
 57-46 to read as follows:

57-47 Sec. 29.202. ELIGIBILITY. (a) In this section, "adequate
 57-48 yearly progress standard" means a standard:

57-49 (1) determined by the commissioner and approved by the
 57-50 United States Department of Education as provided by the No Child
 57-51 Left Behind Act of 2001 (Pub. L. No. 107-110); and

57-52 (2) used to measure various indicators of educational
 57-53 success to determine the progress of a campus towards academic
 57-54 achievement.

57-55 (b) A student is eligible to receive a public education
 57-56 grant or to attend another public school in the district in which
 57-57 the student resides under this subchapter if the student is
 57-58 assigned to attend a public school campus:

57-59 (1) at which 50 percent or more of the students did not
 57-60 perform satisfactorily on an assessment instrument administered
 57-61 under Section 39.023(a) or (c) in any two of the preceding three
 57-62 years; ~~or~~

57-63 (2) that was, at any time in the preceding three years,
 57-64 considered academically unacceptable ~~[low-performing]~~ under
 57-65 Section 39.132; or

57-66 (3) that has not met the adequate yearly progress
 57-67 standard for the same indicator of educational success for the
 57-68 preceding two years.

57-69 (c) ~~(b)~~ After a student has used a public education grant

58-1 to attend a school in a district other than the district in which
58-2 the student resides, [+

58-3 [~~(1)~~] the student does not become ineligible for the
58-4 grant if the school on which the student's initial eligibility is
58-5 based no longer meets the criteria under Subsection (b) [~~(a)~~], and
58-6 [~~(2) the student becomes ineligible for the grant if~~
58-7 ~~the student is assigned to attend a school that does not meet the~~
58-8 ~~criteria under Subsection (a)]].~~

58-9 SECTION 2D.13. Subchapter G, Chapter 29, Education Code, is
58-10 amended by adding Section 29.2021 to read as follows:

58-11 Sec. 29.2021. CONFLICT OF LAWS. To the extent of a conflict
58-12 between this subchapter and a provision of Section 1116, No Child
58-13 Left Behind Act of 2001 (20 U.S.C. Section 6316), the No Child Left
58-14 Behind Act of 2001 prevails.

58-15 SECTION 2D.14. Subsection (f), Section 29.203, Education
58-16 Code, is amended to read as follows:

58-17 (f) The school district in which a student resides shall
58-18 provide each student attending a school in another district under
58-19 this subchapter transportation free of charge to and from the
58-20 school the student would otherwise attend, except as provided by
58-21 Section 1116, No Child Left Behind Act of 2001 (20 U.S.C. Section
58-22 6316).

58-23 SECTION 2D.15. Subsection (e), Section 30.021, Education
58-24 Code, is amended to read as follows:

58-25 (e) The school shall cooperate with public and private
58-26 agencies and organizations serving students and other persons with
58-27 visual impairments in the planning, development, and
58-28 implementation of effective educational and rehabilitative service
58-29 delivery systems associated with educating students with visual
58-30 impairments. To maximize and make efficient use of state
58-31 facilities, funding, and resources, the services provided in this
58-32 area may include conducting a cooperative program with other
58-33 agencies to serve students who have graduated from high school by
58-34 completing all academic requirements applicable to students in
58-35 regular education, excluding satisfactory performance on the
58-36 end-of-course [~~exit-level~~] assessment instruments required by
58-37 commissioner rule under Section 39.023(c) [~~instrument~~], who are
58-38 younger than 22 years of age on September 1 of the school year and
58-39 who have identified needs related to vocational training,
58-40 independent living skills, orientation and mobility, social and
58-41 leisure skills, compensatory skills, or remedial academic skills.

58-42 SECTION 2D.16. Subsections (b) and (c), Section 30.104,
58-43 Education Code, as amended by H.B. No. 25, Acts of the 79th
58-44 Legislature, Regular Session, 2005, are amended to read as follows:

58-45 (b) A student may graduate and receive a diploma from a
58-46 Texas Youth Commission educational program if [+

58-47 [~~(1)~~] the student successfully completes:
58-48 (1) the curriculum requirements identified by the
58-49 State Board of Education under Section 28.025(a) [~~and complies with~~
58-50 ~~Section 39.025~~]; or

58-51 (2) [~~the student successfully completes~~] the
58-52 curriculum requirements under Section 28.025(a) as modified by an
58-53 individualized education program developed under Section 29.005.

58-54 (c) Except as provided by Section 39.0241, a person may not
58-55 receive a diploma unless the person complies with Section 39.025.
58-56 For each year in which a person must comply with Section 39.025 to
58-57 receive a diploma, a [A] Texas Youth Commission educational program
58-58 may issue a certificate of course-work completion to a student who
58-59 successfully completes the curriculum requirements identified by
58-60 the State Board of Education under Section 28.025(a) but who fails
58-61 to comply with Section 39.025. This subsection ceases to apply on
58-62 the date the commissioner certifies that the implementation of the
58-63 amendments made by S.B. No. 2, Acts of the 79th Legislature, 1st
58-64 Called Session, 2005, to Sections 39.023(a) and (c) and 39.051(b)
58-65 is complete under the transition plan adopted under Section
58-66 39.0241. This subsection expires September 1, 2012.

58-67 SECTION 2D.17. Section 39.022, Education Code, is amended
58-68 to read as follows:

58-69 Sec. 39.022. ASSESSMENT PROGRAM. (a) The State Board of

59-1 Education by rule shall create and implement a statewide assessment
 59-2 program that is knowledge- and skills-based to ensure school
 59-3 accountability for student achievement that achieves the goals
 59-4 provided under Section 4.002. After adopting rules under this
 59-5 section, the State Board of Education shall consider the importance
 59-6 of maintaining stability in the statewide assessment program when
 59-7 adopting any subsequent modification of the rules.

59-8 (b) The commissioner by rule shall provide for the
 59-9 administration of assessment instruments under this subchapter.

59-10 SECTION 2D.18. Section 39.023, Education Code, is amended
 59-11 by amending Subsections (a), (b), (c), (e), (i), (l), (m), and (n)
 59-12 and adding Subsections (a-1) and (b-1) to read as follows:

59-13 (a) The agency shall adopt or develop appropriate
 59-14 criterion-referenced assessment instruments designed to assess
 59-15 essential knowledge and skills in reading, writing, mathematics,
 59-16 social studies, and science. All students, except students
 59-17 assessed under Subsection (b) or (l) or exempted under Section
 59-18 39.027, shall be assessed in:

59-19 (1) mathematics, annually in grades three through
 59-20 ~~[seven without the aid of technology and in grades]~~ eight ~~[through~~
 59-21 ~~11 with the aid of technology on any assessment instruments that~~
 59-22 ~~include algebra];~~

59-23 (2) reading, annually in grades three through eight
 59-24 ~~[nine];~~

59-25 (3) writing, including spelling and grammar, in grades
 59-26 four and seven;

59-27 (4) ~~[English language arts, in grade 10,~~
 59-28 ~~[-5-]]~~ social studies, in grade ~~[grades]~~ eight ~~[and~~
 59-29 ~~10];~~

59-30 (5) ~~[-6-]~~ science, in grades five and ~~[-7]~~ eight ~~[-, and~~
 59-31 ~~10];~~ and

59-32 (6) ~~[-7-]~~ any other subject and grade required by
 59-33 federal law.

59-34 (a-1) An assessment instrument under this section may
 59-35 include questions that test a broader range of knowledge and skills
 59-36 or that are at a higher difficulty level for the purpose of
 59-37 differentiating student achievement. A student may not be required
 59-38 to answer a question described by this subsection correctly to
 59-39 perform satisfactorily on the assessment instrument or to be
 59-40 promoted to the next grade level. To ensure a valid bank of
 59-41 questions for use each year, the agency is not required to release a
 59-42 question that is being field-tested until after the fifth school
 59-43 year the question is used on an assessment instrument administered
 59-44 under this section.

59-45 (b) The agency shall develop or adopt appropriate
 59-46 criterion-referenced assessment instruments to be administered to
 59-47 each student in a special education program under Subchapter A,
 59-48 Chapter 29, who receives modified instruction in the essential
 59-49 knowledge and skills identified under Section 28.002 for the
 59-50 assessed subject but for whom an assessment instrument adopted
 59-51 under Subsection (a) or (c), even with allowable accommodations
 59-52 ~~[modifications]~~, would not provide an appropriate measure of
 59-53 student achievement, as determined by the student's admission,
 59-54 review, and dismissal committee. The assessment instruments
 59-55 required under this subsection must assess essential knowledge and
 59-56 skills ~~[and growth]~~ in the subjects of reading, mathematics, and
 59-57 writing and any other subject required by federal law. A student's
 59-58 admission, review, and dismissal committee shall determine whether
 59-59 any allowable accommodation ~~[modification]~~ is necessary in
 59-60 administering to the student an assessment instrument required
 59-61 under this subsection or whether an alternate assessment instrument
 59-62 must be used to measure alternate academic achievement standards.
 59-63 A student's admission, review, and dismissal committee shall
 59-64 determine the high school graduation assessment requirements for a
 59-65 student in a special education program under Subchapter A, Chapter
 59-66 29, and may use local alternative assessment instruments if
 59-67 multiple testing opportunities are not available for a student. To
 59-68 the extent practicable, the ~~[The]~~ assessment instruments required
 59-69 under this subsection shall be administered on the same schedule as

60-1 the assessment instruments administered under Subsection (a) or
 60-2 (c), as applicable. The commissioner shall adopt rules to
 60-3 implement this subsection.

60-4 (b-1) The agency shall adopt or develop appropriate
 60-5 criterion-referenced instruments as required by federal law
 60-6 designed to measure alternate academic achievement standards for
 60-7 students in a special education program under Subchapter A, Chapter
 60-8 29, with the most significant cognitive disabilities.

60-9 (c) The agency shall also adopt end-of-course [secondary
 60-10 exit-level] assessment instruments for secondary-level courses in
 60-11 Algebra I and Algebra II [designed to be administered to students in
 60-12 grade 11 to assess essential knowledge and skills in mathematics,
 60-13 English language arts, social studies, and science. The
 60-14 mathematics section must include at least Algebra I and geometry
 60-15 with the aid of technology. The English language arts section must
 60-16 include at least English III and must include the assessment of
 60-17 essential knowledge and skills in writing. The social studies
 60-18 section must include early American and United States history. The
 60-19 science section must include at least biology and integrated
 60-20 chemistry and physics. The assessment instruments must be designed
 60-21 to assess a student's mastery of minimum skills necessary for high
 60-22 school graduation and readiness to enroll in an institution of
 60-23 higher education]. If a student is in a special education program
 60-24 under Subchapter A, Chapter 29, the student's admission, review,
 60-25 and dismissal committee shall determine whether any allowable
 60-26 accommodation [modification] is necessary in administering to the
 60-27 student an assessment instrument required under this subsection [or
 60-28 whether the student should be exempted under Section 39.027(a)(2)].
 60-29 The State Board of Education shall administer the assessment
 60-30 instruments. The State Board of Education shall adopt a schedule
 60-31 for the administration of end-of-course [secondary exit-level]
 60-32 assessment instruments. [Each student who did not perform
 60-33 satisfactorily on any secondary exit-level assessment instrument
 60-34 when initially tested shall be given multiple opportunities to
 60-35 retake that assessment instrument.] A student who performs at or
 60-36 above a level established by the Texas Higher Education
 60-37 Coordinating Board on the end-of-course [secondary exit-level]
 60-38 assessment instruments is exempt from the requirements of Section
 60-39 51.3062 [51.306]. The performance level established by the Texas
 60-40 Higher Education Coordinating Board under this subsection
 60-41 represents the level of academic achievement indicating a student
 60-42 is prepared for college course work. The performance level may be
 60-43 used as an indicator to measure progress toward college
 60-44 preparedness of public school students in this state.

60-45 (e) Under rules adopted by the State Board of Education,
 60-46 [every other year,] the agency shall release the questions and
 60-47 answer keys to each assessment instrument administered under
 60-48 Subsection (a), (b), (c), [(d),] or (l) or Section 39.027 on or
 60-49 after August 1 after the second anniversary of the date [after the
 60-50 last time] the instrument was [is] administered [for that school
 60-51 year]. To ensure a valid bank of questions for use each year, the
 60-52 agency is not required to release a question that is being
 60-53 field-tested and was not used to compute the student's score on the
 60-54 instrument. The agency shall also release, under board rule, each
 60-55 question that is no longer being field-tested and that was not used
 60-56 to compute a student's score.

60-57 (i) The provisions of this section[, except Subsection
 60-58 (d),] are subject to modification by rules adopted under Section
 60-59 39.022. Each assessment instrument adopted or developed under this
 60-60 section [those rules and each assessment instrument required under
 60-61 Subsection (d)] must be reliable and valid and must meet any
 60-62 applicable federal requirements for measurement of student
 60-63 progress.

60-64 (l) The agency [State Board of Education] shall adopt or
 60-65 develop a Spanish language version [rules for the administration]
 60-66 of the assessment instruments adopted under Subsection (a) for [in
 60-67 Spanish to] students in grades three through six who are of limited
 60-68 English proficiency, as defined by Section 29.052, whose primary
 60-69 language is Spanish, and who are not otherwise exempt from the

61-1 administration of an assessment instrument under Section 39.027
 61-2 [~~39.027(a)(3) or (4)~~]. Each student of limited English proficiency
 61-3 whose primary language is Spanish, other than a student to whom
 61-4 Subsection (b) or (b-1) applies, may be assessed using assessment
 61-5 instruments in Spanish under this subsection for up to three years
 61-6 or assessment instruments in English under Subsection (a). The
 61-7 language proficiency assessment committee established under
 61-8 Section 29.063 shall determine which students are administered
 61-9 assessment instruments in Spanish under this subsection.

61-10 (m) The commissioner by rule shall develop procedures under
 61-11 which the language proficiency assessment committee established
 61-12 under Section 29.063 shall determine which students are exempt from
 61-13 the administration of the assessment instruments under Section
 61-14 39.027 [~~39.027(a)(3) and (4)~~]. The rules adopted under this
 61-15 subsection shall ensure that the language proficiency assessment
 61-16 committee provides that the exempted students are administered the
 61-17 assessment instruments under Subsections (a) and (c) at the
 61-18 earliest practical date. As necessary to comply with federal
 61-19 requirements, the commissioner by rule shall develop procedures
 61-20 under which a student who is exempt from the administration of an
 61-21 assessment instrument under Section 39.027 is administered a
 61-22 linguistically accommodated assessment instrument.

61-23 (n) This subsection applies only to a student who is
 61-24 determined to have dyslexia or a related disorder and who is an
 61-25 individual with a disability under 29 U.S.C. Section 705(20) [~~and~~
 61-26 ~~its subsequent amendments~~]. The agency shall adopt or develop
 61-27 appropriate [~~criterion-referenced~~] assessment administration
 61-28 procedures, including accommodations for a [~~instruments designed~~
 61-29 ~~to assess the ability of and to be administered to each~~] student to
 61-30 whom this subsection applies. The [~~for whom the assessment~~
 61-31 ~~instruments adopted under Subsection (a), even with allowable~~
 61-32 ~~modifications, would not provide an appropriate measure of student~~
 61-33 ~~achievement, as determined by the~~] committee established by the
 61-34 board of trustees of the district to determine the placement of
 61-35 students with dyslexia or related disorders [~~The committee~~] shall
 61-36 determine whether the [~~any~~] allowable accommodations are
 61-37 [~~modification is~~] necessary in administering to a student an
 61-38 assessment instrument required under this section [~~subsection. The~~
 61-39 ~~assessment instruments required under this subsection shall be~~
 61-40 ~~administered on the same schedule as the assessment instruments~~
 61-41 ~~administered under Subsection (a)].~~

61-42 SECTION 2D.19. Subchapter B, Chapter 39, Education Code, is
 61-43 amended by adding Section 39.0232 to read as follows:

61-44 Sec. 39.0232. COMPUTER-ADAPTIVE ASSESSMENT. (a) To the
 61-45 extent practicable and appropriate, the agency shall provide for
 61-46 assessment instruments required under Section 39.023 to be designed
 61-47 so that those assessment instruments can be computer-adaptive.

61-48 (b) To the extent practicable and appropriate, the agency
 61-49 shall require school districts to administer to students the
 61-50 computer-adaptive assessment instruments.

61-51 (c) The agency shall implement this section not later than
 61-52 March 1, 2006. This subsection expires September 1, 2006.

61-53 SECTION 2D.20. Subsections (a) and (c), Section 39.024,
 61-54 Education Code, are amended to read as follows:

61-55 (a) Except as otherwise provided by this subsection, the
 61-56 State Board of Education shall determine the level of performance
 61-57 considered to be satisfactory on the assessment instruments
 61-58 administered under Section 39.023. The commissioner by rule
 61-59 [admission, review, and dismissal committee of a student being
 61-60 assessed under Section 39.023(b)] shall determine the level of
 61-61 performance considered to be satisfactory on the assessment
 61-62 instruments administered under Section 39.023(b) or (b-1) [to that
 61-63 student] in accordance with applicable federal requirements
 61-64 [criteria established by agency rule].

61-65 (c) The agency shall develop study guides for the assessment
 61-66 instruments administered under Sections 39.023(a), [~~and~~] (c), and
 61-67 (1). To assist parents in providing assistance during the period
 61-68 that school is recessed for summer, each school district shall
 61-69 distribute the study guides to parents of students who do not

62-1 perform satisfactorily on one or more parts of the ~~[an]~~ assessment
 62-2 instrument ~~[administered under this subchapter]~~.

62-3 SECTION 2D.21. Subchapter B, Chapter 39, Education Code, is
 62-4 amended by adding Section 39.0241 to read as follows:

62-5 Sec. 39.0241. TRANSITION PLAN FOR USE OF ASSESSMENT
 62-6 INSTRUMENTS. (a) The commissioner shall by rule adopt a
 62-7 transition plan to implement the amendments made by S.B. No. 2, Acts
 62-8 of the 79th Legislature, 1st Called Session, 2005, relating to
 62-9 end-of-course assessment instruments, including Sections 39.023(a)
 62-10 and (c) and 39.051(b)(5). The rules must provide for the
 62-11 administration of end-of-course assessment instruments adopted
 62-12 under Section 39.023(c) to begin during the 2009-2010 school year.
 62-13 During the period under which the transition to end-of-course
 62-14 assessment instruments is made:

62-15 (1) the commissioner shall retain, administer, and use
 62-16 for campus and district ratings under Subchapter D the assessment
 62-17 instruments required by Section 39.023(a) or (c), as that section
 62-18 existed before amendment by S.B. No. 2, Acts of the 79th
 62-19 Legislature, 1st Called Session, 2005;

62-20 (2) the agency may defer releasing assessment
 62-21 instrument questions and answer keys as required by Section
 62-22 39.023(e) to the extent necessary to develop additional assessment
 62-23 instruments; and

62-24 (3) the commissioner may make the end-of-course
 62-25 assessment instruments available to campuses and school districts
 62-26 to administer and use, but the results of these assessment
 62-27 instruments may not be used for campus and district ratings under
 62-28 Subchapter D.

62-29 (b) Rules adopted under Subsection (a) must require that
 62-30 each student who will be subject to the requirements implemented
 62-31 under the amendments made by S.B. No. 2, Acts of the 79th
 62-32 Legislature, 1st Called Session, 2005, relating to end-of-course
 62-33 assessment instruments, including Section 39.023(c), is entitled
 62-34 to notice of the specific requirements applicable to the student.
 62-35 Notice under this subsection must be provided not later than the
 62-36 date the student enters the ninth grade.

62-37 (c) Implementation of the end-of-course assessment
 62-38 instruments shall begin with the assessment instrument for Algebra
 62-39 I.

62-40 (d) A reference in this code to an end-of-course assessment
 62-41 instrument administered under Section 39.023(c) includes a
 62-42 secondary exit-level assessment instrument administered as
 62-43 provided by Subsection (a).

62-44 (e) This section expires September 1, 2010.

62-45 SECTION 2D.22. Effective September 1, 2006, Subchapter B,
 62-46 Chapter 39, Education Code, is amended by adding Section 39.0261 to
 62-47 read as follows:

62-48 Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In
 62-49 addition to the assessment instruments otherwise authorized or
 62-50 required by this subchapter:

62-51 (1) a school district shall administer to students in
 62-52 any two grade levels during grades seven through 11 an established,
 62-53 valid, reliable, and nationally normed college preparation
 62-54 assessment instrument; and

62-55 (2) high school students in the spring of the 11th
 62-56 grade or during the 12th grade may select and take once, at state
 62-57 cost, one of the valid, reliable, and nationally normed assessment
 62-58 instruments used by colleges and universities as part of their
 62-59 undergraduate admissions processes.

62-60 (b) The agency shall:

62-61 (1) select and approve vendors of the specific
 62-62 assessment instruments administered under this section; and

62-63 (2) pay all fees associated with the administration of
 62-64 the assessment instrument from funds allotted under the Foundation
 62-65 School Program, and the commissioner shall reduce the total amount
 62-66 of state funds allocated to each district from any source in the
 62-67 same manner described for a reduction in allotments under Section
 62-68 42.313.

62-69 (c) A vendor that administers an assessment instrument for a

63-1 district under this section shall report the results of the
63-2 assessment instrument to the agency.

63-3 (d) Subsection (a)(2) does not prohibit a high school
63-4 student in the spring of the 11th grade or during the 12th grade
63-5 from selecting and taking, at the student's own expense, an
63-6 assessment instrument described by Subsection (a)(2) more than
63-7 once.

63-8 SECTION 2D.23. Subsections (a), (e), and (g), Section
63-9 39.027, Education Code, are amended to read as follows:

63-10 (a) A student may be exempted from the administration of an
63-11 assessment instrument under:

63-12 (1) ~~[Section 39.023(a) or (b) if the student is~~
63-13 ~~eligible for a special education program under Section 29.003 and~~
63-14 ~~the student's individualized education program does not include~~
63-15 ~~instruction in the essential knowledge and skills under Section~~
63-16 ~~28.002 at any grade level;~~

63-17 ~~[(2) Section 39.023(c) or (d) if the student is~~
63-18 ~~eligible for a special education program under Section 29.003 and:~~

63-19 ~~[(A) the student's individualized education~~
63-20 ~~program does not include instruction in the essential knowledge and~~
63-21 ~~skills under Section 28.002 at any grade level; or~~

63-22 ~~[(B) the assessment instrument, even with~~
63-23 ~~allowable modifications, would not provide an appropriate measure~~
63-24 ~~of the student's achievement as determined by the student's~~
63-25 ~~admission, review, and dismissal committee;~~

63-26 ~~[(3)]~~ Section 39.023(a), (b), (b-1), or (1) for a
63-27 period of up to one year after initial enrollment in a school in the
63-28 United States if the student is of limited English proficiency, as
63-29 defined by Section 29.052, and has not demonstrated proficiency in
63-30 English as determined by the assessment system under Subsection
63-31 (e); or

63-32 (2) ~~[(4)]~~ Section 39.023(a), (b), (b-1), or (1) for a
63-33 period of up to two years in addition to the exemption period
63-34 authorized by Subdivision (1) ~~[(3)]~~ if the student has received an
63-35 exemption under Subdivision (1) ~~[(3)]~~ and:

63-36 (A) is a recent unschooled immigrant; or

63-37 (B) is in a grade for which no assessment
63-38 instrument in the primary language of the student is available.

63-39 (e) As provided by applicable federal requirements, the
63-40 [The] commissioner shall develop an assessment system that shall be
63-41 used for evaluating the academic progress toward attaining academic
63-42 language proficiency in English, including reading proficiency in
63-43 English, of all students of limited English proficiency, as defined
63-44 by Section 29.052. A student who has demonstrated the designated
63-45 level of [is exempt from the administration of an assessment
63-46 instrument under Subsection (a)(3) or (4) who achieves] reading
63-47 proficiency in English as determined by the assessment system
63-48 developed under this subsection is not eligible for an exemption
63-49 under Subsection (a)(1) or (2). [shall be administered the
63-50 assessment instruments described by Sections 39.023(a) and (c).
63-51 The performance under the assessment system developed under this
63-52 subsection of students to whom Subsection (a)(3) or (4) applies
63-53 shall be included in the academic excellence indicator system under
63-54 Section 39.051, the performance report under Section 39.053, and
63-55 the comprehensive annual report under Section 39.182.]

63-56 (g) For purposes of this section, "recent unschooled
63-57 immigrant" means an immigrant who initially enrolled in a school in
63-58 the United States not more than 12 months before the date of the
63-59 administration of an assessment instrument under Section 39.023
63-60 ~~[39.023(a) or (1)]~~ and who, as a result of inadequate schooling
63-61 outside of the United States, lacks the necessary foundation in the
63-62 essential knowledge and skills of the curriculum prescribed under
63-63 Section 28.002 as determined by the language proficiency assessment
63-64 committee established under Section 29.063. For purposes of this
63-65 subsection and to the extent authorized by federal law, a child's
63-66 prior enrollment in a school in the United States shall be
63-67 determined on the basis of documents and records required under
63-68 Section 25.002(a).

63-69 SECTION 2D.24. Subchapter B, Chapter 39, Education Code, is

64-1 amended by adding Sections 39.034 and 39.035 to read as follows:

64-2 Sec. 39.034. MEASURE OF INCREMENTAL GROWTH IN STUDENT
 64-3 ACHIEVEMENT. (a) The commissioner shall determine a method by
 64-4 which the agency may measure incremental growth in student
 64-5 achievement from one school year to the next on an assessment
 64-6 instrument required under this subchapter.

64-7 (b) The agency shall report to each school district the
 64-8 comparisons made under Subsection (a). Each school district shall
 64-9 provide the comparisons to each teacher for all students who were:

64-10 (1) assessed on an assessment instrument; and
 64-11 (2) taught by that teacher in the subject for which the
 64-12 assessment instrument was administered.

64-13 (c) The school a student attends shall provide a record of
 64-14 the comparison made under this section and provided to the school
 64-15 under Subsection (b) in a written notice to the student's parents.

64-16 (d) To the extent practicable, the agency shall combine the
 64-17 report of the comparisons required under this section with the
 64-18 report of the student's performance on assessment instruments
 64-19 administered under Section 39.023.

64-20 (e) The commissioner shall implement this section not later
 64-21 than September 1, 2006. This subsection expires January 1, 2008.

64-22 Sec. 39.035. CRIMINAL PENALTY RELATED TO ADMINISTRATION OF
 64-23 ASSESSMENT INSTRUMENT. (a) An administrator, teacher, other
 64-24 employee, contractor, or volunteer of a school district or public
 64-25 charter district commits an offense if, for the primary purpose of
 64-26 influencing the results of an assessment instrument administered
 64-27 under this subchapter, the person intentionally:

64-28 (1) discriminates in school admissions based on a
 64-29 student's academic ability in a manner that is not otherwise
 64-30 permitted by law;

64-31 (2) refers a student to a special education program
 64-32 under Subchapter A, Chapter 29, or a bilingual or special language
 64-33 program under Subchapter B, Chapter 29, for the purpose of gaining
 64-34 an accommodation for the student in the administration of the
 64-35 assessment instrument;

64-36 (3) requires or encourages a student to be absent from
 64-37 a school campus during the day on which the assessment instrument is
 64-38 administered at the campus;

64-39 (4) tampers with the assessment instrument or related
 64-40 materials to alter the results of the assessment instrument; or

64-41 (5) engages in any other action designed to alter the
 64-42 accuracy of the results of the assessment instrument.

64-43 (b) An offense under this section is a Class A misdemeanor.

64-44 (c) An offense under Subsection (a)(4) is in addition to any
 64-45 offense under Section 37.10(c)(2), Penal Code, arising from the
 64-46 same action.

64-47 SECTION 2D.25. Subsection (b), Section 39.051, Education
 64-48 Code, as amended by Chapters 433 and 805, Acts of the 78th
 64-49 Legislature, Regular Session, 2003, is reenacted and amended to
 64-50 read as follows:

64-51 (b) Performance on the indicators adopted under this
 64-52 section shall be compared to state-established standards. The
 64-53 degree of change from one school year to the next in performance on
 64-54 each indicator adopted under this section shall also be considered.
 64-55 The indicators must be based on information that is disaggregated
 64-56 by race, ethnicity, gender, and socioeconomic status and must
 64-57 include:

64-58 (1) the results of assessment instruments required
 64-59 under Sections 39.023(a), (c), and (l), aggregated by grade level
 64-60 and subject area;

64-61 (2) dropout rates, including dropout rates and
 64-62 district completion rates for grade levels seven [9] through 12,
 64-63 computed:

64-64 (A) as a longitudinal rate and an annual
 64-65 completion rate by grade; and

64-66 (B) in accordance with standards and definitions
 64-67 adopted by the National Center for Education Statistics of the
 64-68 United States Department of Education;

64-69 (3) high school graduation rates, computed in

65-1 accordance with standards and definitions adopted in compliance
65-2 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
65-3 107-110);

65-4 (4) student attendance rates;
65-5 (5) the percentage of graduating students who attain
65-6 scores on the end-of-course [~~secondary exit-level~~] assessment
65-7 instruments required under Subchapter B that are equivalent to a
65-8 passing score on the assessment [~~test~~] instrument required under
65-9 Section 51.3062 [~~51.306~~];

65-10 (6) the percentage of graduating students who meet the
65-11 course requirements established for the recommended high school
65-12 program by State Board of Education rule;

65-13 (7) the results of the Scholastic Assessment Test
65-14 (SAT), the American College Test (ACT), articulated postsecondary
65-15 degree programs described by Section 61.852, and certified
65-16 workforce training programs described by Chapter 311, Labor Code;

65-17 (8) incremental growth in student achievement, as
65-18 measured under Section 39.034, aggregated by grade level and
65-19 subject area;

65-20 (9) the number and percentage of students at risk of
65-21 dropping out of school, the number and percentage of those students
65-22 who are administered each assessment instrument required under
65-23 Section 39.023, the number and percentage of those students who
65-24 perform satisfactorily on the assessment instruments, and the
65-25 results of those students, grouped by number and percentage, on the
65-26 assessment instruments, disaggregated by subject area and grade
65-27 level;

65-28 (10) the number and percentage of students, aggregated
65-29 by grade level, provided accelerated instruction under Section
65-30 28.0211(c), the results of assessments administered under that
65-31 section, the percentage of students promoted through the grade
65-32 placement committee process under Section 28.0211, the subject of
65-33 the assessment instrument on which each student failed to perform
65-34 satisfactorily, and the performance of those students in the school
65-35 year following that promotion on the assessment instruments
65-36 required under Section 39.023;

65-37 (11) [~~(9)~~] for students who have failed to perform
65-38 satisfactorily on an assessment instrument required under Section
65-39 39.023(a) or (c), the numerical progress of those students grouped
65-40 by number and percentage on subsequent assessment instruments
65-41 required under those sections, aggregated by grade level and
65-42 subject area;

65-43 (12) [~~(10)~~] the percentage of students exempted, by
65-44 exemption category, from the assessment program generally
65-45 applicable under this chapter; [~~and~~]

65-46 (13) [~~(11)~~] the percentage of students of limited
65-47 English proficiency exempted from the administration of an
65-48 assessment instrument under Section 39.027;

65-49 (14) [~~Sections 39.027(a)(3) and (4)~~] the percentage of
65-50 students in a special education program under Subchapter A, Chapter
65-51 29, assessed through assessment instruments developed or adopted
65-52 under Section 39.023(b);

65-53 (15) for students of limited English proficiency, as
65-54 defined by Section 29.052, a measure of progress toward English
65-55 language proficiency, as determined by the commissioner, including
65-56 the student's performance after transferring out of a bilingual
65-57 education program or instruction in English as a second language;
65-58 and

65-59 (16) the performance of students who are not
65-60 educationally disadvantaged on an assessment instrument under
65-61 Sections 39.023(a), (b), (c), and (1) and dropout rates and
65-62 district completion rates for grades nine through 12 for those
65-63 students.

65-64 SECTION 2D.26. Section 39.052(b), Education Code, is
65-65 amended to read as follows:

65-66 (b) The report card shall include the following
65-67 information:

65-68 (1) where applicable, the academic excellence
65-69 indicators adopted under Sections 39.051(b)(1) through (12) [~~(9)~~];

- 66-1 (2) average class size by grade level and subject;
 66-2 (3) the administrative and instructional costs per
 66-3 student, computed in a manner consistent with Section 44.0071; and
 66-4 (4) the district's instructional expenditures ratio
 66-5 and instructional employees ratio computed under Section 44.0071,
 66-6 and the statewide average of those ratios, as determined by the
 66-7 commissioner.

66-8 SECTION 2D.27. Section 39.055, Education Code, is amended
 66-9 to read as follows:

66-10 Sec. 39.055. ~~[ANNUAL]~~ AUDIT OF DROPOUT RECORDS; REPORT.

66-11 (a) The commissioner shall develop a process for auditing school
 66-12 district dropout records electronically. The commissioner shall
 66-13 also develop a system and standards for review of the audit or use
 66-14 systems already available at the agency. The system must be
 66-15 designed to identify districts that are at high risk of having
 66-16 inaccurate dropout records and that, as a result, may be subject to
 66-17 a special accreditation investigation under Section 39.075
 66-18 ~~[require on-site monitoring of dropout records. If the electronic~~
 66-19 ~~audit of a district's dropout records indicates that a district is~~
 66-20 ~~not at high risk of having inaccurate dropout records, the district~~
 66-21 ~~may not be subject to on-site monitoring under this subsection. If~~
 66-22 ~~the risk-based system indicates that a district is at high risk of~~
 66-23 ~~having inaccurate dropout records, the district is entitled to an~~
 66-24 ~~opportunity to respond to the commissioner's determination before~~
 66-25 ~~on-site monitoring may be conducted. The district must respond not~~
 66-26 ~~later than the 30th day after the date the commissioner notifies the~~
 66-27 ~~district of the commissioner's determination. If the district's~~
 66-28 ~~response does not change the commissioner's determination that the~~
 66-29 ~~district is at high risk of having inaccurate dropout records or if~~
 66-30 ~~the district does not respond in a timely manner, the commissioner~~
 66-31 ~~shall order agency staff to conduct on-site monitoring of the~~
 66-32 ~~district's dropout records].~~

66-33 (b) ~~[(e)]~~ The commissioner shall notify the superintendent
 66-34 ~~[board of trustees]~~ of a school district of any objection the
 66-35 commissioner has to the district's dropout data, any violation of
 66-36 sound accounting practices or of a law or rule revealed by the data,
 66-37 or any recommendation by the commissioner concerning the data. If
 66-38 the data reflect that a penal law has been violated, the
 66-39 commissioner shall notify the county attorney, district attorney,
 66-40 or criminal district attorney, as appropriate, and the attorney
 66-41 general. The commissioner is entitled to access to all district
 66-42 records the commissioner considers necessary or appropriate for the
 66-43 review, analysis, or approval of district dropout data.

66-44 SECTION 2D.28. Sections 39.071 and 39.072, Education Code,
 66-45 are amended to read as follows:

66-46 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
 66-47 district is determined in accordance with this section
 66-48 ~~[subchapter].~~

66-49 (b) Each year, the commissioner shall determine the
 66-50 accreditation status of each school district. In determining
 66-51 accreditation status, the commissioner:

66-52 (1) shall evaluate and consider the performance of the
 66-53 district under:

66-54 (A) the academic accountability system under
 66-55 Section 39.072; and

66-56 (B) the financial accountability system under
 66-57 Subchapter I;

66-58 (2) shall evaluate and consider:
 66-59 (A) the results of any special accreditation
 66-60 investigation under Section 39.075; and

66-61 (B) the district's current special education
 66-62 monitoring or compliance status with the agency; and

66-63 (3) may consider:
 66-64 (A) the district's compliance with statutory
 66-65 requirements and requirements imposed by rule of the commissioner
 66-66 or State Board of Education under specific statutory authority that
 66-67 relate to:

66-68 (i) reporting data through the Public
 66-69 Education Information Management System (PEIMS) or other reports

67-1 required by state or federal law or court order;
 67-2 (ii) the high school graduation
 67-3 requirements under Section 28.025; or

67-4 (iii) an item listed under Sections
 67-5 7.056(e)(3)(C)-(I) that applies to the district;

67-6 (B) the effectiveness of the district's programs
 67-7 for special populations; and

67-8 (C) the effectiveness of the district's career
 67-9 and technology program.

67-10 (c) Based on a school district's performance under
 67-11 Subsection (b), the commissioner shall:

67-12 (1) assign a district an accreditation status of:

67-13 (A) accredited;

67-14 (B) accredited-warned; or

67-15 (C) accredited-probation; or

67-16 (2) revoke the accreditation of the district and order
 67-17 closure of the district under Section 39.131.

67-18 (d) The commissioner shall notify a school district that
 67-19 receives an accreditation status of accredited-warned or
 67-20 accredited-probation that the performance of the district is below
 67-21 a standard required under this section. The commissioner shall
 67-22 require the district to notify the parents of students enrolled in
 67-23 the district and property owners in the district of the district's
 67-24 accreditation status and the implications of that accreditation
 67-25 status.

67-26 (e) A school district that is not accredited may not receive
 67-27 funds from the agency or hold itself out as operating a public
 67-28 school of this state.

67-29 (f) This chapter may not be construed to invalidate a
 67-30 diploma awarded, course credit earned, or grade promotion granted
 67-31 by a school district before the commissioner revoked the district's
 67-32 accreditation.

67-33 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [ACCREDITATION
 67-34 STANDARDS]. (a) The commissioner [State Board of Education] shall
 67-35 adopt rules for assigning [to evaluate the performance of school
 67-36 districts and to assign] to each school district and campus a
 67-37 performance rating as follows:

67-38 (1) exemplary (meets or exceeds state exemplary
 67-39 standards);

67-40 (2) recognized (meets or exceeds required improvement
 67-41 or [and] within 10 percent of state exemplary standards);

67-42 (3) academically acceptable (below the exemplary and
 67-43 recognized standards but exceeds the academically unacceptable
 67-44 standards); or

67-45 (4) academically unacceptable (below the state
 67-46 clearly unacceptable performance standard and does not meet
 67-47 required improvement).

67-48 (b) The academic excellence indicators adopted under
 67-49 Section 39.051(b) [Sections 39.051(b)(1) through (7) and the
 67-50 district's current special education compliance status with the
 67-51 agency] shall be the main considerations of the agency in the rating
 67-52 of a school [the] district or campus under this section.
 67-53 [Additional criteria in the rules may include consideration of:

67-54 (1) compliance with statutory requirements and
 67-55 requirements imposed by rule of the State Board of Education under
 67-56 specific statutory authority that relate to:

67-57 [(A) reporting data through the Public Education
 67-58 Information Management System (PEIMS);

67-59 [(B) the high school graduation requirements
 67-60 under Section 28.025; or

67-61 [(C) an item listed in Sections
 67-62 7.056(e)(3)(C)-(I) that applies to the district;

67-63 [(2) the effectiveness of the district's programs for
 67-64 special populations; and

67-65 [(3) the effectiveness of the district's career and
 67-66 technology programs.]

67-67 (c) The agency shall evaluate [against state standards] and
 67-68 [shall], not later than August 1 of each year, report the
 67-69 performance of each school [campus in a] district and campus. [each

68-1 ~~open-enrollment charter school on the basis of the campus's~~
 68-2 ~~performance on the indicators adopted under Sections 39.051(b)(1)~~
 68-3 ~~through (7). Consideration of the effectiveness of district~~
 68-4 ~~programs under Subsection (b)(2) or (3) must be based on data~~
 68-5 ~~collected through the Public Education Information Management~~
 68-6 ~~System for purposes of accountability under this chapter and~~
 68-7 ~~include the results of assessments required under Section 39.023.]~~

68-8 (d) The agency shall annually review the performance of each
 68-9 school district and campus and determine if a change in the academic
 68-10 performance rating of the district or campus is warranted.
 68-11 Notwithstanding any other provision of this code, the commissioner
 68-12 shall determine how the indicators adopted under Section 39.051(b)
 68-13 may be used to determine academic performance ratings and to select
 68-14 districts and campuses for acknowledgment.

68-15 (e) Each annual review shall include an analysis of the
 68-16 indicators under Section 39.051(b) to determine district and campus
 68-17 performance in relation to:

68-18 (1) state standards established for each indicator;
 68-19 (2) required improvement as defined under Section
 68-20 39.051(c); and

68-21 (3) comparable improvement as determined under
 68-22 Section 39.051(c).

68-23 (f) The academic performance rating of a school district may
 68-24 be raised or lowered based on the district's performance or may be
 68-25 lowered based on the unacceptable performance of one or more
 68-26 campuses in the district. The academic performance rating of a
 68-27 school district may also be lowered based on a determination that
 68-28 data provided to the agency by the district that is necessary for
 68-29 conducting an annual review under this section is unreliable.

68-30 (g) The commissioner shall notify a school district if the
 68-31 performance of the district or a campus in the district is below a
 68-32 standard required under this section. The commissioner shall
 68-33 require the school district to notify the parents of students who
 68-34 are enrolled in the district and property owners in the district of
 68-35 the academic performance rating and the implications of that
 68-36 rating.

68-37 (h) Notwithstanding any other provision of this code, for
 68-38 purposes of determining the performance of a school district or
 68-39 public charter district under this chapter, including the academic
 68-40 performance rating [accreditation status] of the district, a
 68-41 student attending a campus that is a [confined by court order in a
 68-42 residential program or] facility operated by or under contract with
 68-43 the Texas Youth Commission, a pre-adjudication secure detention
 68-44 facility or a post-adjudication secure correctional facility that
 68-45 is registered with the Texas Juvenile Probation Commission, or a
 68-46 residential facility is not considered to be a student of the school
 68-47 district or public charter district serving the student [in which
 68-48 the program or facility is physically located]. The performance of
 68-49 a student who attends such a campus [student] on an assessment
 68-50 instrument or other academic excellence indicator adopted under
 68-51 Section 39.051 shall be determined and [7] reported, but may not be
 68-52 used to determine the rating of the school district or public
 68-53 charter district unless the campus is the only campus operated by
 68-54 the district [and considered separately from the performance of
 68-55 students attending a school of the district in which the program or
 68-56 facility is physically located].

68-57 SECTION 2D.29. Subchapter D, Chapter 39, Education Code, is
 68-58 amended by adding Section 39.0722 to read as follows:

68-59 Sec. 39.0722. MEASURE OF POSTSECONDARY PREPARATION.

68-60 (a) In addition to school district performance ratings under
 68-61 Section 39.072, the commissioner shall annually rate districts
 68-62 according to the degree to which the districts prepare students for
 68-63 postsecondary success, including student performance on assessment
 68-64 instruments administered under Section 39.0261 and on the
 68-65 applicable indicators under Sections 39.051(b) and 39.0721. The
 68-66 commissioner shall consult with the P-16 Council established under
 68-67 Section 61.076 when adopting criteria under this section.

68-68 (b) The commissioner may adopt rules as necessary to
 68-69 administer this section.

69-1 SECTION 2D.30. Subsection (a), Section 39.075, Education
69-2 Code, is amended to read as follows:

69-3 (a) The commissioner may [~~shall~~] authorize special
69-4 accreditation investigations to be conducted:

69-5 (1) when excessive numbers of absences of students
69-6 eligible to be tested on state assessment instruments are
69-7 determined;

69-8 (2) when excessive numbers of allowable exemptions
69-9 from the required state assessment instrument are determined;

69-10 (3) in response to complaints submitted to the agency
69-11 with respect to alleged violations of civil rights or other
69-12 requirements imposed on the state by federal law or court order;

69-13 (4) in response to established monitoring or
69-14 compliance reviews of the district's financial accounting
69-15 practices and state and federal program requirements;

69-16 (5) when extraordinary numbers of student placements
69-17 in alternative education programs, other than placements under
69-18 Sections 37.006 and 37.007, are determined;

69-19 (6) in response to an allegation involving a conflict
69-20 between members of the board of trustees or between the board and
69-21 the district administration if it appears that the conflict
69-22 involves a violation of a role or duty of the board members or the
69-23 administration clearly defined by this code;

69-24 (7) when excessive numbers of students in special
69-25 education programs under Subchapter A, Chapter 29, are assessed
69-26 through assessment instruments developed or adopted under Section
69-27 39.023(b) or (b-1); [~~or~~]

69-28 (8) in response to questions concerning a program,
69-29 including special education, required by federal law or for which
69-30 the district receives federal funds;

69-31 (9) when an annual review indicates the academically
69-32 unacceptable performance under Section 39.072 of one or more
69-33 campuses in a district, except that the resulting investigation is
69-34 limited to those campuses;

69-35 (10) in response to concerns regarding the integrity
69-36 of data submitted to the agency;

69-37 (11) in response to allegations of a violation of
69-38 student assessment procedures for assessment instruments adopted
69-39 under Section 39.023; or

69-40 (12) as the commissioner otherwise determines
69-41 necessary.

69-42 SECTION 2D.31. Subsection (c), Section 39.075, Education
69-43 Code, as amended by Chapters 396 and 931, Acts of the 76th
69-44 Legislature, Regular Session, 1999, is reenacted and amended to
69-45 read as follows:

69-46 (c) Based on the results of a special accreditation
69-47 investigation, the commissioner may:

69-48 (1) take appropriate action under Subchapter G;
69-49 (2) raise or lower the district's accreditation status
69-50 [rating]; or

69-51 (3) take action under both Subdivisions (1) and (2).

69-52 SECTION 2D.32. Section 39.076, Education Code, is amended
69-53 by amending Subsection (a) and adding Subsections (a-1), (a-2),
69-54 (a-3), and (c) to read as follows:

69-55 (a) The agency shall adopt written procedures for
69-56 conducting [~~on-site~~] investigations under this subchapter. The
69-57 agency shall make the procedures available to the complainant, the
69-58 alleged violator, and the public. Agency staff must be trained in
69-59 the procedures and must follow the procedures in conducting the
69-60 investigation.

69-61 (a-1) An investigation conducted under this subchapter may
69-62 be an on-site, desk, or data-based investigation as determined by
69-63 the commissioner.

69-64 (a-2) If conducting an on-site investigation, the
69-65 investigators may obtain information from administrators,
69-66 teachers, or parents of students enrolled in the school district.
69-67 The commissioner shall adopt rules for:

69-68 (1) obtaining information from parents and using that
69-69 information in the investigator's report; and

70-1 (2) obtaining information from teachers in a manner
 70-2 that prevents a campus or district from screening the information.

70-3 (a-3) The agency may give written notice of any impending
 70-4 on-site investigation to the superintendent and the board of
 70-5 trustees of a school district.

70-6 (c) The investigators conducting an on-site investigation
 70-7 shall report the results of the investigation in writing to the
 70-8 board of trustees of the district and, as appropriate, to campus
 70-9 administrators, and shall make recommendations concerning any
 70-10 necessary improvements or sources of aid, such as regional
 70-11 education service centers.

70-12 SECTION 2D.33. Subchapter D, Chapter 39, Education Code, is
 70-13 amended by adding Sections 39.077 and 39.078 to read as follows:

70-14 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A
 70-15 school district or public charter district that wishes to challenge
 70-16 a decision to assign or lower an accreditation status, an academic
 70-17 performance rating, or a financial accountability rating must
 70-18 petition for an informal review as provided by Section 7.0571.

70-19 (b) A final decision by the commissioner to assign or lower
 70-20 an accreditation status, an academic performance rating, or a
 70-21 financial accountability rating following a review under Section
 70-22 7.0571 is final and may not be appealed.

70-23 Sec. 39.078. RULES. (a) The commissioner may adopt rules
 70-24 as necessary to administer this subchapter.

70-25 (b) Unless a provision of this code clearly specifies
 70-26 otherwise, any rule adopted under Subsection (a) must apply
 70-27 accreditation requirements and academic performance ratings under
 70-28 this subchapter to:

70-29 (1) a public charter district in the same manner as the
 70-30 requirements and ratings are applied to a school district; and

70-31 (2) a campus operated by a public charter district in
 70-32 the same manner as the requirements and ratings are applied to a
 70-33 campus operated by a school district.

70-34 SECTION 2D.34. Subchapter F, Chapter 39, Education Code, is
 70-35 amended by adding Section 39.113 to read as follows:

70-36 Sec. 39.113. STATE INCENTIVE PROGRAM FOR IMPROVING STUDENT
 70-37 PERFORMANCE ON AT-RISK CAMPUSES. (a) The commissioner shall adopt
 70-38 rules to create an incentive award system for annual growth in
 70-39 student achievement. A school that achieves incremental growth in
 70-40 student achievement, as described by Subsection (b), is eligible
 70-41 for an award if the school:

70-42 (1) has a student population of at least 50 percent
 70-43 educationally disadvantaged students;

70-44 (2) achieves an accreditation performance rating of
 70-45 academically acceptable or better; and

70-46 (3) demonstrates superior growth in the academic
 70-47 performance of educationally disadvantaged students.

70-48 (b) The commissioner by rule shall adopt performance
 70-49 criteria to measure annual growth in student academic performance.
 70-50 The commissioner shall consider the following criteria, as
 70-51 applicable:

70-52 (1) annual growth in student achievement that
 70-53 contributes to closing performance gaps among various populations
 70-54 of students;

70-55 (2) improvements in student scores on the assessment
 70-56 instruments required under Section 39.023;

70-57 (3) growth in high school completion rates;

70-58 (4) improvement in student scores on college advanced
 70-59 placement tests; and

70-60 (5) any other factor that contributes to student
 70-61 achievement.

70-62 (c) From funds appropriated for the purposes of this
 70-63 section, the commissioner shall award grants to campuses that meet
 70-64 performance criteria adopted under Subsection (b). The
 70-65 commissioner shall allocate awards to campuses not later than
 70-66 December 1 of each year, based on growth in student achievement as
 70-67 measured for the preceding two school years.

70-68 (c-1) The commissioner shall award grants under this
 70-69 section beginning September 1, 2006. This subsection expires

71-1 January 1, 2007.

71-2 (d) At least 75 percent of an award under this section must
 71-3 be used for additional teacher compensation at the campus level.
 71-4 The commissioner by rule shall provide for allocating awards under
 71-5 this subsection, including providing individual awards of at least
 71-6 \$3,000 for each teacher at a campus receiving an award under this
 71-7 subsection.

71-8 (e) Grants from funds appropriated for the award program may
 71-9 be awarded beginning with the 2006-2007 school year and may not
 71-10 exceed \$100 million in the 2006-2007 school year except as
 71-11 expressly authorized by the General Appropriations Act or other
 71-12 law.

71-13 (f) A determination of the commissioner under this section
 71-14 is final and may not be appealed.

71-15 (g) The commissioner shall annually evaluate the
 71-16 effectiveness of the state incentive program for improving student
 71-17 performance on at-risk campuses established under this section.
 71-18 The evaluation must consider:

71-19 (1) the performance of students in districts under
 71-20 this section on assessment instruments administered under Section
 71-21 39.023;

71-22 (2) the districts' high school graduation and
 71-23 completion rates; and

71-24 (3) the districts' teacher attrition rates.

71-25 SECTION 2D.35. Section 39.131, Education Code, is amended
 71-26 to read as follows:

71-27 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
 71-28 district does not satisfy the accreditation criteria under Section
 71-29 39.071, the academic performance standards under Section 39.072, or
 71-30 any financial accountability standard as determined by
 71-31 commissioner rule, the commissioner shall take any of the following
 71-32 actions~~[, listed in order of severity,]~~ to the extent the
 71-33 commissioner determines necessary:

71-34 (1) issue public notice of the deficiency to the board
 71-35 of trustees;

71-36 (2) order a hearing conducted by the board of trustees
 71-37 of the district for the purpose of notifying the public of the
 71-38 unacceptable performance, the improvements in performance expected
 71-39 by the agency, and the sanctions that may be imposed under this
 71-40 section if the performance does not improve;

71-41 (3) order the preparation of a student achievement
 71-42 improvement plan that addresses each academic excellence indicator
 71-43 for which the district's performance is unacceptable, the
 71-44 submission of the plan to the commissioner for approval, and
 71-45 implementation of the plan;

71-46 (4) order a hearing to be held before the commissioner
 71-47 or the commissioner's designee at which the president of the board
 71-48 of trustees of the district and the superintendent shall appear and
 71-49 explain the district's low performance, lack of improvement, and
 71-50 plans for improvement;

71-51 (5) arrange an on-site investigation of the district;

71-52 (6) appoint an agency monitor to participate in and
 71-53 report to the agency on the activities of the board of trustees or
 71-54 the superintendent;

71-55 (7) appoint a conservator to oversee the operations of
 71-56 the district;

71-57 (8) appoint a management team to direct the operations
 71-58 of the district in areas of unacceptable performance or require the
 71-59 district to obtain certain services under a contract with another
 71-60 person;

71-61 (9) if a district has a current accreditation status
 71-62 of accredited-warned or accredited-probation, is ~~been~~ rated ~~as~~
 71-63 academically unacceptable, or fails to satisfy financial
 71-64 accountability standards as determined by commissioner rule ~~[for a~~
 71-65 ~~period of one year or more]~~, appoint a board of managers to exercise
 71-66 the powers and duties of the board of trustees;

71-67 (10) if for two consecutive school years, including
 71-68 the current school year, a district has received an accreditation
 71-69 status of accredited-warned or accredited-probation, has been

72-1 rated academically unacceptable, or has failed to satisfy financial
 72-2 accountability standards as determined by commissioner rule,
 72-3 revoke the district's accreditation and [~~been rated as academically~~
 72-4 ~~unacceptable for a period of two years or more~~]:

72-5 (A) order closure of the district and annex the
 72-6 district to one or more adjoining districts under Section 13.054;
 72-7 or

72-8 (B) in the case of a home-rule school district or
 72-9 public charter district [~~open-enrollment charter school~~], order
 72-10 closure of all programs operated under the district's [~~or school's~~]
 72-11 charter; or

72-12 (11) if a district has been rated [~~as~~] academically
 72-13 unacceptable for [~~a period of~~] two consecutive school years,
 72-14 including the current school year, [~~or more~~] due to the district's
 72-15 dropout rates, impose sanctions designed to improve high school
 72-16 completion rates, including:

72-17 (A) ordering the development of a dropout
 72-18 prevention plan for approval by the commissioner;

72-19 (B) restructuring the district or appropriate
 72-20 school campuses to improve identification of and service to
 72-21 students who are at risk of dropping out of school, as defined by
 72-22 Section 29.081;

72-23 (C) ordering lower student-to-counselor ratios
 72-24 on school campuses with high dropout rates; and

72-25 (D) ordering the use of any other intervention
 72-26 strategy effective in reducing dropout rates, including mentor
 72-27 programs and flexible class scheduling.

72-28 (b) This subsection applies regardless of whether a
 72-29 district has satisfied the accreditation criteria. If for two
 72-30 consecutive school years, including the current school year, [~~a~~
 72-31 ~~period of one year or more~~] a district has had a conservator or
 72-32 management team assigned, the commissioner may appoint a board of
 72-33 managers, a majority of whom must be residents of the district, to
 72-34 exercise the powers and duties of the board of trustees.

72-35 SECTION 2D.36. Section 39.132, Education Code, is amended
 72-36 to read as follows:

72-37 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND
 72-38 CERTAIN OTHER CAMPUSES. [~~(a)~~] If a campus performance is below
 72-39 any standard under Section 39.072 [~~39.073(b)~~], the campus is
 72-40 considered an academically unacceptable [~~a low-performing~~] campus.
 72-41 The commissioner may permit the campus to participate in an
 72-42 innovative redesign of the campus to improve campus performance or
 72-43 shall [~~may~~] take any of the other following actions [~~, listed in~~
 72-44 ~~order of severity~~], to the extent the commissioner determines
 72-45 necessary:

72-46 (1) issue public notice of the deficiency to the board
 72-47 of trustees;

72-48 (2) order a hearing conducted by the board of trustees
 72-49 at the campus for the purpose of:

72-50 (A) notifying the public of the unacceptable
 72-51 performance, the improvements in performance expected by the
 72-52 agency, and the sanctions that may be imposed under this section if
 72-53 the performance does not improve within a designated period of
 72-54 time; and

72-55 (B) soliciting public comment on the initial
 72-56 steps being taken to improve performance;

72-57 (3) [~~order the preparation of a report regarding the~~
 72-58 ~~parental involvement program at the campus and a plan describing~~
 72-59 ~~strategies for improving parental involvement at the campus,~~

72-60 [~~(4) order the preparation of a report regarding the~~
 72-61 ~~effectiveness of the district- and campus-level planning and~~
 72-62 ~~decision-making committees established under Subchapter F, Chapter~~
 72-63 ~~11, and a plan describing strategies for improving the~~
 72-64 ~~effectiveness of those committees,~~

72-65 [~~(5)~~] order the preparation of a student [~~achievement~~]
 72-66 improvement plan that addresses each academic excellence indicator
 72-67 for which the campus's performance is unacceptable, the submission
 72-68 of the plan to the commissioner for approval, and implementation of
 72-69 the plan;

73-1 (4) [~~(6)~~] order a hearing to be held before the
73-2 commissioner or the commissioner's designee at which the president
73-3 of the board of trustees, the superintendent, and the campus
73-4 principal shall appear and explain the campus's low performance,
73-5 lack of improvement, and plans for improvement;

73-6 (5) appoint a technical assistance team under Section
73-7 39.1321; or

73-8 (6) appoint a campus intervention team under Section
73-9 39.1321

73-10 [~~(7)~~] appoint a special campus intervention team to:
73-11 [~~(A)~~] conduct a comprehensive on-site evaluation
73-12 of the campus to determine the cause for the campus's low
73-13 performance and lack of progress;

73-14 [~~(B)~~] recommend actions, including reallocation
73-15 of resources and technical assistance, changes in school procedures
73-16 or operations, staff development for instructional and
73-17 administrative staff, intervention for individual administrators
73-18 or teachers, waivers from state statute or rule, or other actions
73-19 the team considers appropriate;

73-20 [~~(C)~~] assist in the development of a campus plan
73-21 for student achievement; and

73-22 [~~(D)~~] assist the commissioner in monitoring the
73-23 progress of the campus in implementing the campus plan for
73-24 improvement of student achievement; or

73-25 [~~(8)~~] if a campus has been a low-performing campus for a
73-26 period of one year or more, appoint a board of managers composed of
73-27 residents of the district to exercise the powers and duties of the
73-28 board of trustees of the district in relation to the campus].

73-29 [~~(b)~~] If a campus has been a low-performing campus for a
73-30 period of two consecutive years or more, the commissioner shall
73-31 order the closure of the district or charter program on the campus
73-32 or reconstitute the campus. In reconstituting the campus, a
73-33 special campus intervention team shall be assembled for the purpose
73-34 of deciding which educators may be retained at that campus. If an
73-35 educator is not retained, the educator may be assigned to another
73-36 position in the district.]

73-37 SECTION 2D.37. Subchapter G, Chapter 39, Education Code, is
73-38 amended by adding Sections 39.1321 through 39.1326 to read as
73-39 follows:

73-40 Sec. 39.1321. TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION
73-41 TEAMS. (a) If a campus is rated academically acceptable for the
73-42 current school year but would be rated as academically unacceptable
73-43 if performance standards to be used for the following school year
73-44 were applied to the current school year, the commissioner shall
73-45 select and assign a technical assistance team to assist the campus
73-46 in executing a school improvement plan and any other school
73-47 improvement strategies the commissioner determines appropriate.

73-48 (b) If a campus has been identified as academically
73-49 unacceptable under Section 39.132, the commissioner shall assign a
73-50 campus intervention team.

73-51 (c) To the extent practicable, the commissioner shall
73-52 select and assign the technical assistance team under Subsection
73-53 (a) or the campus intervention team under Subsection (b) before the
73-54 first day of instruction for the school year.

73-55 (d) The commissioner may determine when the services of a
73-56 technical assistance team or campus intervention team are no longer
73-57 needed at a campus under this section.

73-58 Sec. 39.1322. CAMPUS INTERVENTION TEAM PROCEDURES. (a) A
73-59 campus intervention team shall:

73-60 (1) conduct a comprehensive on-site evaluation of the
73-61 campus to determine the cause for the campus's low performance and
73-62 lack of progress;

73-63 (2) recommend actions, including reallocation of
73-64 resources and technical assistance, changes in school procedures or
73-65 operations, staff development for instructional and administrative
73-66 staff, intervention for individual administrators or teachers,
73-67 wavers from state statute or rule, or other actions the team
73-68 considers appropriate;

73-69 (3) assist in the development of a school improvement

74-1 plan for student achievement; and

74-2 (4) assist the commissioner in monitoring the progress
74-3 of the campus in implementing the school improvement plan for
74-4 improvement of student achievement.

74-5 (b) A campus intervention team assigned under Section
74-6 39.1321(b) to a campus shall conduct a comprehensive on-site
74-7 evaluation of the campus to determine the cause for the campus's low
74-8 performance and lack of progress. The team shall have wide latitude
74-9 to determine what factors to assess and how to conduct the
74-10 assessment. Some factors to be considered are:

74-11 (1) an assessment of the staff to determine the
74-12 percentage of certified teachers who are teaching in their field,
74-13 the number of teachers with less than three years of experience, and
74-14 teacher turnover rates;

74-15 (2) compliance with the appropriate class-size rules
74-16 and number of class-size waivers received;

74-17 (3) an assessment of the quality, quantity, and
74-18 appropriateness of instructional materials, including the
74-19 availability of technology-based instructional materials;

74-20 (4) a report on the parental involvement strategies
74-21 and the effectiveness of those strategies;

74-22 (5) an assessment of the extent and quality of the
74-23 mentoring program provided for new teachers on that campus;

74-24 (6) an assessment of the type and quality of the
74-25 professional development provided to the staff;

74-26 (7) a demographic analysis of the student population,
74-27 including student demographics, at-risk populations, and special
74-28 education percentages;

74-29 (8) a report of disciplinary incidents and school
74-30 safety information;

74-31 (9) financial and accounting practices; and

74-32 (10) an assessment of appropriateness of the
74-33 curriculum and teaching strategies.

74-34 (c) On completing the evaluation under this section, the
74-35 campus intervention team shall recommend appropriate actions,
74-36 which may include:

74-37 (1) reallocation of resources;

74-38 (2) distribution of additional funds to the campus
74-39 from funds set aside by the agency for purposes of assisting
74-40 campuses in meeting standards specified in the intervention plan;

74-41 (3) technical assistance;

74-42 (4) changes in school procedures or operations;

74-43 (5) staff development for instructional and
74-44 administrative staff;

74-45 (6) intervention for individual administrators or
74-46 teachers;

74-47 (7) waivers from state statutes or rules; or

74-48 (8) other actions the campus intervention team
74-49 considers appropriate.

74-50 (d) In executing a school improvement plan developed under
74-51 Subsection (a)(3), the campus intervention team shall:

74-52 (1) assist the campus in implementing research-based
74-53 practices for curriculum development and classroom instruction,
74-54 including bilingual education and special education programs, if
74-55 appropriate, and financial management;

74-56 (2) provide technical assistance based on
74-57 scientifically based research, including data analysis, academic
74-58 deficiency identification, intervention implementation, and budget
74-59 analysis, to strengthen and improve the instructional programs at
74-60 the campus; and

74-61 (3) submit the school improvement plan to the
74-62 commissioner for approval.

74-63 (e) A campus intervention team assigned under Section
74-64 39.1321(b):

74-65 (1) shall continue to work with a campus until:

74-66 (A) the campus is rated academically acceptable
74-67 for a two-year period; or

74-68 (B) the campus is rated academically acceptable
74-69 for a one-year period and the commissioner determines that the

75-1 campus is operating and will continue to operate in a manner that
 75-2 improves student achievement; and

75-3 (2) may continually update the school improvement
 75-4 plan, with approval from the commissioner, to meet the needs of the
 75-5 campus.

75-6 (f) Notwithstanding any other provision of this subchapter,
 75-7 if the commissioner determines that a campus for which an
 75-8 intervention is ordered under Section 39.1321(b) is not fully
 75-9 implementing the campus intervention team's recommendations or
 75-10 school improvement plan, the commissioner may order the
 75-11 reconstitution of the campus, pursue alternative management of the
 75-12 campus as provided by Section 39.1325, or may order closure of the
 75-13 campus.

75-14 Sec. 39.1323. MANDATORY SANCTIONS. (a) If a campus has
 75-15 been identified as academically unacceptable for a period of two
 75-16 consecutive school years, including the current school year, the
 75-17 commissioner shall order the reconstitution of the campus and
 75-18 assign a campus intervention team. In determining whether a campus
 75-19 is rated academically unacceptable for a second year under this
 75-20 subsection, dropout rates and completion rates may not be
 75-21 considered. In reconstituting the campus, a campus intervention
 75-22 team shall assist the campus in:

75-23 (1) developing a school improvement plan;
 75-24 (2) obtaining approval of the plan from the
 75-25 commissioner; and

75-26 (3) executing the plan on approval by the
 75-27 commissioner.

75-28 (b) The campus intervention team shall decide which
 75-29 educators may be retained at that campus. A principal who has been
 75-30 employed by the campus in that capacity during the two-year period
 75-31 described by Subsection (a) may not be retained at that campus. A
 75-32 teacher of a subject assessed by an assessment instrument under
 75-33 Section 39.023 may be retained only if the campus intervention team
 75-34 determines that a pattern exists of significant academic growth by
 75-35 students taught by the teacher. If an educator is not retained, the
 75-36 educator may be assigned to another position in the district.

75-37 (c) A campus subject to Subsection (a) shall implement the
 75-38 school improvement plan as approved by the commissioner. The
 75-39 commissioner may appoint a monitor, a conservator, a management
 75-40 team, or a board of managers to the district to ensure and oversee
 75-41 the implementation of the school improvement plan.

75-42 (d) Notwithstanding any other provision of this subchapter,
 75-43 if the commissioner determines that a campus subject to Subsection
 75-44 (a) is not fully implementing the campus intervention team's
 75-45 recommendations or school improvement plan, the commissioner may
 75-46 pursue alternative management of the campus as provided by Section
 75-47 39.1325 or may order closure of the campus.

75-48 (e) If a campus is considered an academically unacceptable
 75-49 campus for three consecutive school years, the commissioner may
 75-50 pursue the remedies provided under Subsection (c), order
 75-51 reconstitution or closure of the campus, or pursue alternative
 75-52 management under Section 39.1325.

75-53 (f) If a campus is considered an academically unacceptable
 75-54 campus for the subsequent school year after the campus is
 75-55 reconstituted under this section, the commissioner shall pursue
 75-56 alternative management under Section 39.1325 or order closure of
 75-57 the campus.

75-58 Sec. 39.1324. TRANSITIONAL SANCTIONS PROVISIONS. For the
 75-59 2005-2006 school year, the commissioner shall assign a campus
 75-60 intervention team or a technical assistance team to a campus under
 75-61 Section 39.1321 on the basis of academic performance ratings for
 75-62 the 2004-2005 school year. The commissioner may impose a sanction
 75-63 on a campus under Section 39.1322(f) or 39.1323(a) on the basis of
 75-64 academic performance ratings for the 2004-2005 school year and the
 75-65 2005-2006 school year. A sanction ordered by the commissioner
 75-66 before July 1, 2005, shall remain in effect for the 2005-2006 school
 75-67 year. The commissioner may allow a principal subject to Section
 75-68 39.1323(b) to remain at a campus for the 2005-2006 school year.
 75-69 This section expires September 1, 2007.

76-1 Sec. 39.1325. MANAGEMENT OF CERTAIN ACADEMICALLY
 76-2 UNACCEPTABLE CAMPUSES. (a) A campus may be subject to this
 76-3 section if the campus has been identified as academically
 76-4 unacceptable under Section 39.132 and the commissioner orders
 76-5 alternative management under this subchapter.

76-6 (b) The commissioner shall solicit proposals from qualified
 76-7 entities to assume management of a campus subject to this section.

76-8 (c) If the commissioner determines that the basis for
 76-9 identifying a campus as academically unacceptable is limited to a
 76-10 specific condition that may be remedied with targeted technical
 76-11 assistance, the commissioner may:

76-12 (1) provide the campus a one-year waiver under this
 76-13 section; and

76-14 (2) require the district to contract for the
 76-15 appropriate technical assistance.

76-16 (d) The commissioner may annually solicit proposals under
 76-17 this section for the management of a campus subject to this section.
 76-18 The commissioner shall notify a qualified entity that has been
 76-19 approved as a provider under this section. The district must
 76-20 execute a contract with an approved provider and relinquish control
 76-21 of the campus before January 1 of the school year.

76-22 (e) To qualify for consideration as a managing entity under
 76-23 this section, the entity must submit a proposal that provides
 76-24 information relating to the entity's management and leadership team
 76-25 that will participate in management of the campus under
 76-26 consideration, including information relating to individuals that
 76-27 have:

76-28 (1) documented success in whole school interventions
 76-29 that increased the educational and performance levels of students
 76-30 in academically unacceptable campuses;

76-31 (2) a proven record of effectiveness with programs
 76-32 assisting low-performing students;

76-33 (3) a proven ability to apply research-based school
 76-34 intervention strategies;

76-35 (4) a proven record of financial ability to perform
 76-36 under the management contract; and

76-37 (5) any other experience or qualifications the
 76-38 commissioner determines necessary.

76-39 (f) In selecting a managing entity under this section, the
 76-40 commissioner shall give preference to an entity that:

76-41 (1) meets any qualifications under this section; and

76-42 (2) has documented success in educating students from
 76-43 similar demographic groups and with similar educational needs as
 76-44 the students who attend the campus that is to be operated by a
 76-45 managing entity under this section.

76-46 (g) The school district may negotiate the term of a
 76-47 management contract for not more than five years with an option to
 76-48 renew the contract. The management contract must include a
 76-49 provision describing the district's responsibilities in supporting
 76-50 the operation of the campus. The commissioner shall approve the
 76-51 contract before the contract is executed and, as appropriate, may
 76-52 require the district, as a term of the contract, to support the
 76-53 campus in the same manner as the district was required to support
 76-54 the campus before the execution of the management contract.

76-55 (h) A management contract under this section shall include
 76-56 provisions approved by the commissioner that require the managing
 76-57 entity to demonstrate improvement in campus performance, including
 76-58 negotiated performance measures. The performance measures must be
 76-59 consistent with the priorities of this chapter. The commissioner
 76-60 shall evaluate a managing entity's performance on the first and
 76-61 second anniversaries of the date of the management contract. If the
 76-62 evaluation fails to demonstrate improvement as negotiated under the
 76-63 contract by the first anniversary of the date of the management
 76-64 contract, the district may terminate the management contract, with
 76-65 the commissioner's consent, for nonperformance or breach of
 76-66 contract and select another provider from an approved list provided
 76-67 by the commissioner. If the evaluation fails to demonstrate
 76-68 significant improvement, as determined by the commissioner, by the
 76-69 second anniversary of the date of the management contract, the

77-1 district shall terminate the management contract and select another
 77-2 provider from an approved list provided by the commissioner or
 77-3 resume operation of the campus if approved by the commissioner. If
 77-4 the commissioner approves the district's operation of the campus,
 77-5 the commissioner shall assign a technical assistance team to assist
 77-6 the campus.

77-7 (i) Notwithstanding any other provision of this code, the
 77-8 funding for a campus operated by a managing entity must be
 77-9 equivalent to the funding of the other campuses in the district on a
 77-10 per student basis so that the managing entity receives the same
 77-11 funding the campus would otherwise have received.

77-12 (j) Each campus operated by a managing entity under this
 77-13 section is subject to this chapter in the same manner as any other
 77-14 campus in the district.

77-15 (k) The commissioner may adopt rules necessary to implement
 77-16 this section.

77-17 (l) With respect to the management of a campus under this
 77-18 section:

77-19 (1) a managing entity is considered to be a
 77-20 governmental body for purposes of Chapters 551 and 552, Government
 77-21 Code; and

77-22 (2) any requirement in Chapter 551 or 552, Government
 77-23 Code, that applies to a school district or the board of trustees of
 77-24 a school district applies to a managing entity.

77-25 Sec. 39.1326. REVIEW OF SANCTIONS FOR CAMPUSES SERVING
 77-26 RESIDENTIAL FACILITIES. (a) A school district or public charter
 77-27 district may petition the commissioner to review an academically
 77-28 unacceptable rating assigned to a campus if the campus
 77-29 predominantly served students residing in a residential facility
 77-30 during the rating period.

77-31 (b) If the commissioner determines that the basis for
 77-32 identifying the campus as academically unacceptable was limited to
 77-33 a condition that was not related to the educational purpose of the
 77-34 residential facility, the commissioner may take any of the
 77-35 following actions as the commissioner determines appropriate:

77-36 (1) change, modify, or suspend the academically
 77-37 unacceptable rating; or

77-38 (2) impose any sanction otherwise authorized under
 77-39 Section 39.131 or 39.132.

77-40 (c) The commissioner may consider a factor other than a
 77-41 factor used to assign a rating in evaluating a campus under this
 77-42 section. The commissioner may assign a campus intervention team
 77-43 under Section 39.1321 at the expense of the school district or
 77-44 public charter district as provided by Section 39.134 to develop a
 77-45 long-term intervention plan to improve services for students.

77-46 (d) On a determination that a campus subject to this section
 77-47 is appropriately meeting the educational needs of its students, the
 77-48 commissioner may waive revocation of a public charter district for
 77-49 a period not to exceed two years. A waiver under this subsection
 77-50 may be extended for additional two-year periods based on subsequent
 77-51 evaluations of the campus.

77-52 (e) This section does not limit the commissioner's ability
 77-53 to sanction a public charter district for the performance of a
 77-54 campus subject to this section or any other law.

77-55 (f) A decision by the commissioner under this section is
 77-56 final and may not be appealed.

77-57 SECTION 2D.38. Section 39.133, Education Code, is amended
 77-58 to read as follows:

77-59 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall
 77-60 review annually the performance of a district or campus subject to a
 77-61 sanction under this subchapter to determine the appropriate actions
 77-62 to be implemented under this subchapter. The determination shall
 77-63 take into account the number, severity, and duration of the
 77-64 problems identified. [The commissioner must review at least
 77-65 annually the performance of a district for which the accreditation
 77-66 rating has been lowered due to unacceptable student performance and
 77-67 may not raise the rating until the district has demonstrated
 77-68 improved student performance.] If the review reveals a lack of
 77-69 improvement, the commissioner shall increase the level of state

78-1 intervention and sanction unless the commissioner finds good cause
78-2 for maintaining the current status.

78-3 (b) The commissioner shall review at least annually the
78-4 performance of a school district for which the academic performance
78-5 rating has been lowered due to unacceptable student performance and
78-6 may not raise the rating until the district has demonstrated
78-7 improved student performance.

78-8 SECTION 2D.381. Subchapter G, Chapter 39, Education Code,
78-9 is amended by adding Section 39.1331 to read as follows:

78-10 Sec. 39.1331. CONDITIONAL ANNEXATION. The commissioner may
78-11 order annexation of a district contingent upon certain performance
78-12 measures not being met in one or more subsequent school years. A
78-13 conditional annexation order under this section may defer
78-14 collection of amounts owed to the state for no more than one school
78-15 year for the purposes of enabling a district to remedy serious
78-16 instructional or infrastructure deficits. The commissioner shall
78-17 ensure that the district and any district proposed for annexation
78-18 have agreed to a plan to repay all amounts deferred under this
78-19 section. The commissioner shall annually determine whether the
78-20 measures have been met and announce the final annexation upon a
78-21 determination that any of them has not been fulfilled. Nothing in
78-22 this section shall be construed to limit the commissioner's
78-23 authority to order a final annexation at any time as authorized
78-24 under Section 39.131.

78-25 SECTION 2D.382. Subchapter G, Chapter 39, Education Code,
78-26 is amended by adding Sections 39.1332, 39.1333, and 39.1334 to read
78-27 as follows:

78-28 Sec. 39.1332. ACQUISITION OF PROFESSIONAL SERVICES. In
78-29 addition to other sanctions authorized under Sections 39.131 and
78-30 39.132, the commissioner may order a school district or campus to
78-31 acquire professional services at the expense of the district or
78-32 campus to address the applicable financial, assessment, data
78-33 quality, program, or governance deficiency. The commissioner's
78-34 order may require the district or campus to:

78-35 (1) select an external auditor, data quality expert,
78-36 professional authorized to monitor district assessment instrument
78-37 administration, or curriculum or program expert; or

78-38 (2) provide for the appropriate training of district
78-39 staff or board of trustees members in the case of a district, or
78-40 campus staff, in the case of a campus.

78-41 Sec. 39.1333. CLOSURE OF SCHOOL DISTRICT OR CAMPUS.
78-42 (a) The commissioner may revoke the accreditation of a school
78-43 district and order the closure of the district or a campus, as
78-44 appropriate, under the following circumstances:

78-45 (1) the commissioner is authorized to close the
78-46 district or campus under Section 39.131(a)(10);

78-47 (2) the commissioner determines that the district is
78-48 insolvent and unable to complete the school year; or

78-49 (3) the commissioner determines that the district has
78-50 ceased operations for 11 or more instructional days during the
78-51 current or most recent scheduled school year without the
78-52 commissioner's authorization.

78-53 (b) The commissioner shall issue an order of closure under
78-54 this section that includes provisions necessary for the
78-55 continuation of the education of students enrolled in the district
78-56 or campus, including annexation to one or more adjoining districts
78-57 as provided by Section 13.054. An order of closure may:

78-58 (1) except as provided by Section 39.1331, establish
78-59 an effective date for accreditation, revocation, and closure that
78-60 is not later than the first anniversary of the date of the order;

78-61 (2) provide for an interim board of managers to
78-62 exercise the duties of the board of trustees of the district as
78-63 designated by the commissioner that includes some representation of
78-64 residents of the district;

78-65 (3) require enrollment or student services to be
78-66 provided by another district as necessary to allow students
78-67 enrolled in the closed district to complete a school year, and make
78-68 adjustments in the state and federal funding to which the district
78-69 would otherwise be entitled as determined by the commissioner; and

79-1 (4) require the preservation, transfer, or surrender
 79-2 of all student records and other records required for an audit of
 79-3 any state and federal funding provided to the district.

79-4 (c) A person who intentionally destroys, conceals, or
 79-5 tampers with a record that is required to be preserved,
 79-6 transferred, or surrendered under Subsection (b)(4) commits an
 79-7 offense punishable under Section 37.10(c)(2), Penal Code.

79-8 (d) A board of managers exercising authority under
 79-9 Subsection (b)(2) may exercise the authority of the board of
 79-10 trustees with regard to financial management of the district and
 79-11 personnel actions.

79-12 (e) An open-enrollment charter school ordered closed under
 79-13 this section is not entitled to a separate hearing concerning the
 79-14 revocation or nonrenewal of the charter under Section 12.116.

79-15 Sec. 39.1334. FINALITY OF DECISION BY COMMISSIONER. (a) A
 79-16 school district, open-enrollment charter school, or other person
 79-17 that wishes to challenge a decision to impose a sanction under this
 79-18 subchapter, including a decision to close a district, school, or
 79-19 campus under Section 39.1333, must petition for an informal review
 79-20 as provided by Section 7.0571.

79-21 (b) A school district may not collaterally contest an
 79-22 academic performance rating or other accreditation standard as part
 79-23 of the review of a sanction under this subchapter if a review
 79-24 opportunity has already been provided for the academic performance
 79-25 rating.

79-26 SECTION 2D.39. Section 39.134, Education Code, is amended
 79-27 to read as follows:

79-28 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing
 79-29 a monitor, conservator, management team, ~~or special~~ campus
 79-30 intervention team, technical assistance team, or managing entity
 79-31 under this subchapter shall be paid by the district. If the
 79-32 district fails or refuses to pay the costs in a timely manner, the
 79-33 commissioner may:

79-34 (1) pay the costs using amounts withheld from any
 79-35 funds to which the district is otherwise entitled; or

79-36 (2) recover the amount of the costs in the manner
 79-37 provided for recovery of an overallocation of state funds under
 79-38 Section 42.317 ~~[42.258]~~.

79-39 SECTION 2D.40. Subsection (a), Section 39.182, Education
 79-40 Code, as amended by S.B. No. 42, Acts of the 79th Legislature,
 79-41 Regular Session, 2005, is amended to read as follows:

79-42 (a) Not later than December 1 of each year, the agency shall
 79-43 prepare and deliver to the governor, the lieutenant governor, the
 79-44 speaker of the house of representatives, each member of the
 79-45 legislature, the Legislative Budget Board, and the clerks of the
 79-46 standing committees of the senate and house of representatives with
 79-47 primary jurisdiction over the public school system a comprehensive
 79-48 report covering the preceding school year and containing:

79-49 (1) an evaluation of the achievements of the state
 79-50 educational program in relation to the statutory goals for the
 79-51 public education system under Section 4.002;

79-52 (2) an evaluation of the status of education in the
 79-53 state as reflected by the academic excellence indicators adopted
 79-54 under Section 39.051;

79-55 (3) a summary compilation of the percentage of
 79-56 graduating students who attain scores on the end-of-course
 79-57 assessment instruments required under Section 39.023(c) that are
 79-58 equivalent to a passing score on the assessment instrument required
 79-59 under Section 51.3062;

79-60 (4) a summary compilation of overall student
 79-61 performance on academic skills assessment instruments required by
 79-62 Section 39.023 with the number and percentage of students exempted
 79-63 from the administration of those instruments and the basis of the
 79-64 exemptions, aggregated by grade level, subject area, campus, and
 79-65 district, with appropriate interpretations and analysis, and
 79-66 disaggregated by race, ethnicity, gender, and socioeconomic
 79-67 status;

79-68 (5) ~~[(4)]~~ a summary compilation of overall
 79-69 performance of students placed in a disciplinary alternative

80-1 education program established under Section 37.008 on academic
 80-2 skills assessment instruments required by Section 39.023 with the
 80-3 number of those students exempted from the administration of those
 80-4 instruments and the basis of the exemptions, aggregated by
 80-5 district, grade level, and subject area, with appropriate
 80-6 interpretations and analysis, and disaggregated by race,
 80-7 ethnicity, gender, and socioeconomic status;

80-8 (6) [~~(5)~~] a summary compilation of the progress
 80-9 [~~overall performance~~] of students at risk of dropping out of
 80-10 school, as defined by Section 29.081(d), including information
 80-11 described by the academic excellence indicators under Sections
 80-12 39.051(b)(7), (8), (10), and (11), provided statewide and
 80-13 aggregated by district, on academic skills assessment instruments
 80-14 required by Section 39.023 and any other assessment instrument
 80-15 required by the commissioner [~~with the number of those students~~
 80-16 ~~exempted from the administration of those instruments and the basis~~
 80-17 ~~of the exemptions, aggregated by district, grade level, and subject~~
 80-18 ~~area], with appropriate interpretations and analysis, and
 80-19 disaggregated by race, ethnicity, gender, and socioeconomic
 80-20 status;~~

80-21 (7) [~~(6)~~] an evaluation of the correlation between
 80-22 student grades and student performance on academic skills
 80-23 assessment instruments required by Section 39.023;

80-24 (8) [~~(7)~~] a statement of the dropout rate of students
 80-25 in grade levels 7 through 12, expressed in the aggregate and by
 80-26 grade level, and a statement of the completion rates of students for
 80-27 grade levels 9 through 12;

80-28 (9) [~~(8)~~] a statement of:
 80-29 (A) the completion rate of students who enter
 80-30 grade level 9 and graduate not more than four years later;

80-31 (B) the completion rate of students who enter
 80-32 grade level 9 and graduate, including students who require more
 80-33 than four years to graduate;

80-34 (C) the completion rate of students who enter
 80-35 grade level 9 and not more than four years later receive a high
 80-36 school equivalency certificate;

80-37 (D) the completion rate of students who enter
 80-38 grade level 9 and receive a high school equivalency certificate,
 80-39 including students who require more than four years to receive a
 80-40 certificate; and

80-41 (E) the number and percentage of all students who
 80-42 have not been accounted for under Paragraph (A), (B), (C), or (D);

80-43 (10) [~~(9)~~] a statement of the projected
 80-44 cross-sectional and longitudinal dropout rates for grade levels 9
 80-45 through 12 for the next five years, assuming no state action is
 80-46 taken to reduce the dropout rate;

80-47 (11) [~~(10)~~] a description of a systematic, measurable
 80-48 plan for reducing the projected cross-sectional and longitudinal
 80-49 dropout rates to five percent or less for the 1997-1998 school year;

80-50 (12) [~~(11)~~] a summary of the information required by
 80-51 Section 29.083 regarding grade level retention of students and
 80-52 information concerning:

80-53 (A) the number and percentage of students
 80-54 retained; and

80-55 (B) the performance of retained students on
 80-56 assessment instruments required under Section 39.023(a);

80-57 (13) [~~(12)~~] information, aggregated by district type
 80-58 and disaggregated by race, ethnicity, gender, and socioeconomic
 80-59 status, on:

80-60 (A) the number of students placed in a
 80-61 disciplinary alternative education program established under
 80-62 Section 37.008;

80-63 (B) the average length of a student's placement
 80-64 in a disciplinary alternative education program established under
 80-65 Section 37.008;

80-66 (C) the academic performance of students on
 80-67 assessment instruments required under Section 39.023(a) during the
 80-68 year preceding and during the year following placement in a
 80-69 disciplinary alternative education program; and

81-1 (D) the dropout rates of students who have been
 81-2 placed in a disciplinary alternative education program established
 81-3 under Section 37.008;

81-4 (14) [~~(13)~~] a list of each school district or campus
 81-5 that does not satisfy performance standards, with an explanation of
 81-6 the actions taken by the commissioner to improve student
 81-7 performance in the district or campus and an evaluation of the
 81-8 results of those actions;

81-9 (15) [~~(14)~~] an evaluation of the status of the
 81-10 curriculum taught in public schools, with recommendations for
 81-11 legislative changes necessary to improve or modify the curriculum
 81-12 required by Section 28.002;

81-13 (16) [~~(15)~~] a description of all funds received by and
 81-14 each activity and expenditure of the agency;

81-15 (17) [~~(16)~~] a summary and analysis of the
 81-16 instructional expenditures ratios and instructional employees
 81-17 ratios of school districts computed under Section 44.0071;

81-18 (18) [~~(17)~~] a summary of the effect of deregulation,
 81-19 including exemptions and waivers granted under Section 7.056 or
 81-20 39.112;

81-21 (19) [~~(18)~~] a statement of the total number and length
 81-22 of reports that school districts and school district employees must
 81-23 submit to the agency, identifying which reports are required by
 81-24 federal statute or rule, state statute, or agency rule, and a
 81-25 summary of the agency's efforts to reduce overall reporting
 81-26 requirements;

81-27 (20) [~~(19)~~] a list of each school district that is not
 81-28 in compliance with state special education requirements,
 81-29 including:

81-30 (A) the period for which the district has not
 81-31 been in compliance;

81-32 (B) the manner in which the agency considered the
 81-33 district's failure to comply in determining the district's
 81-34 accreditation status; and

81-35 (C) an explanation of the actions taken by the
 81-36 commissioner to ensure compliance and an evaluation of the results
 81-37 of those actions;

81-38 (21) an evaluation of public charter districts,
 81-39 including:

81-40 (A) the academic performance of students
 81-41 enrolled in public charter districts, disaggregated by race,
 81-42 ethnicity, gender, and socioeconomic status;

81-43 (B) the costs of instruction, administration,
 81-44 and transportation incurred by public charter districts; and

81-45 (C) other issues, as determined by the
 81-46 commissioner [~~(20) a comparison of the performance of~~
 81-47 ~~open-enrollment charter schools and school districts on the~~
 81-48 ~~academic excellence indicators specified in Section 39.051(b) and~~
 81-49 ~~accountability measures adopted under Section 39.051(g), with a~~
 81-50 ~~separately aggregated comparison of the performance of~~
 81-51 ~~open-enrollment charter schools predominantly serving students at~~
 81-52 ~~risk of dropping out of school, as defined by Section 29.081(d),~~
 81-53 ~~with the performance of school districts];~~

81-54 (22) [~~(21)~~] a summary of the information required by
 81-55 Section 38.0141 regarding student health and physical activity from
 81-56 each school district; ~~and]~~

81-57 (23) a statement of the percentage of students scoring
 81-58 at the proficient and advanced levels on the National Assessment of
 81-59 Educational Progress; and

81-60 (24) [~~(22)~~] any additional information considered
 81-61 important by the commissioner or the State Board of Education.

81-62 SECTION 2D.41. Subsection (b), Section 39.182, Education
 81-63 Code, is amended to read as follows:

81-64 (b) In reporting the information required by Subsection
 81-65 (a)(4) or (5) [~~(a)(3) or (4)~~], the agency may separately aggregate
 81-66 the performance data of students enrolled in a special education
 81-67 program under Subchapter A, Chapter 29, or a bilingual education or
 81-68 special language program under Subchapter B, Chapter 29.

81-69 SECTION 2D.42. Section 39.182, Education Code, is amended

82-1 by adding Subsections (b-1) and (b-2) to read as follows:

82-2 (b-1) The report must include an assessment of the impact of
 82-3 the performance-based grant system developed under Subchapter E,
 82-4 Chapter 7, on student academic performance, including:

82-5 (1) an analysis of performance and spending
 82-6 information relating to grants administered by the agency; and

82-7 (2) recommendations on any statutory changes needed
 82-8 for the agency to more effectively administer grant programs,
 82-9 including recommendations on whether to eliminate or modify
 82-10 inefficient grant programs, expand effective grant programs, or
 82-11 consolidate similar grant programs to maximize the effectiveness
 82-12 and efficiencies of those programs.

82-13 (b-2) Subsection (b-1) applies beginning January 1, 2009.
 82-14 This subsection expires February 1, 2009.

82-15 SECTION 2D.43. Subsection (a), Section 39.202, Education
 82-16 Code, is amended to read as follows:

82-17 (a) The commissioner shall, in consultation with the
 82-18 comptroller, develop and implement a financial accountability
 82-19 rating system for school districts in this state that includes
 82-20 procedures for:

82-21 (1) providing additional transparency to public
 82-22 education finance;

82-23 (2) establishing financial accountability standards
 82-24 commensurate with academic standards reaching to the campus level;
 82-25 and

82-26 (3) enabling the commissioner and district
 82-27 administrators to provide meaningful financial oversight and
 82-28 improvement.

82-29 SECTION 2D.44. Subsection (b), Section 39.203, Education
 82-30 Code, is amended to read as follows:

82-31 (b) The annual financial management report must include:

82-32 (1) a description of the district's financial
 82-33 management performance based on a comparison, provided by the
 82-34 agency, of the district's performance on the standards [~~indicators~~]
 82-35 adopted under Section 39.202 [~~39.202(b)~~] to:

82-36 (A) state-established standards; and

82-37 (B) the district's previous performance on the
 82-38 standards adopted under Section 39.202 [~~indicators~~]; [~~and~~]

82-39 (2) a description of the district's actual
 82-40 expenditures for each campus and any difference between those
 82-41 campus expenditures and the foundation school program allotments
 82-42 received for the campus; and

82-43 (3) any descriptive information required by the
 82-44 commissioner.

82-45 SECTION 2D.45. Subchapter I, Chapter 39, Education Code, is
 82-46 amended by adding Section 39.205 to read as follows:

82-47 Sec. 39.205. REPORT TO LEGISLATURE. (a) Not later than
 82-48 September 1, 2006, the agency shall submit a report to the
 82-49 legislature on the status of the financial accountability system
 82-50 that recommends to the legislature methods for linking school
 82-51 district financial management performance and academic
 82-52 performance.

82-53 (b) This section expires September 2, 2006.

82-54 SECTION 2D.46. Subchapter A, Chapter 44, Education Code, is
 82-55 amended by adding Section 44.0073 to read as follows:

82-56 Sec. 44.0073. INSTRUCTIONAL COSTS. (a) For purposes of
 82-57 this section:

82-58 (1) "Direct instructional costs" includes a school
 82-59 district's expenses related to instruction, instructional
 82-60 resources and media services, curriculum development,
 82-61 instructional staff development, instructional leadership, school
 82-62 leadership, and evaluation and counseling services.

82-63 (2) "Indirect instructional costs" includes:

82-64 (A) a school district's expenses related to
 82-65 social work services, health services, student transportation,
 82-66 food services, facility maintenance and operations, security and
 82-67 monitoring services, and data processing services; and

82-68 (B) payments to another district under the public
 82-69 education grant program under Subchapter G, Chapter 29, payments to

83-1 another district that is a member of a shared services arrangement,
 83-2 payments to a fiscal agent, and payments under Section 37.012 to a
 83-3 juvenile justice alternative education program.

83-4 (b) For purposes of school district financial
 83-5 accountability, the agency shall identify each district's direct
 83-6 and indirect instructional costs for the preceding fiscal year and
 83-7 make that information available to the public on the agency's
 83-8 Internet website.

83-9 SECTION 2D.47. Subsection (q), Section 51.3062, Education
 83-10 Code, is amended to read as follows:

83-11 (q) A student who has achieved scores [a score] set by the
 83-12 board on end-of-course assessment instruments [an exit-level
 83-13 assessment instrument] required under Section 39.023 is exempt from
 83-14 the requirements of this section. The exemption is effective for
 83-15 the three-year period following the date a student takes the last
 83-16 assessment instrument required for purposes of this section and
 83-17 achieves the standard set by the board. This subsection does not
 83-18 apply during any period for which the board designates the
 83-19 end-of-course assessment instruments [exit-level assessment
 83-20 instrument] required under Section 39.023 as the primary assessment
 83-21 instrument under this section, except that the three-year period
 83-22 described by this subsection remains in effect for students who
 83-23 qualify for an exemption under this subsection [section] before
 83-24 that period.

83-25 SECTION 2D.48. (a) Not later than the 2006-2007 school
 83-26 year, the Texas Education Agency shall collect information
 83-27 concerning:

83-28 (1) incremental growth in student achievement for
 83-29 purposes of Subdivision (8), Subsection (b), Section 39.051,
 83-30 Education Code, as amended by this Act; and

83-31 (2) the measure of progress toward English language
 83-32 proficiency for purposes of Subdivision (15), Subsection (b),
 83-33 Section 39.051, Education Code, as added by this Act.

83-34 (b) Not later than the 2007-2008 school year, the Texas
 83-35 Education Agency shall include, in evaluating the performance of
 83-36 school districts, campuses, and public charter districts under
 83-37 Subchapter D, Chapter 39, Education Code:

83-38 (1) incremental growth in student achievement under
 83-39 Subdivision (8), Subsection (b), Section 39.051, Education Code, as
 83-40 amended by this Act; and

83-41 (2) the measure of progress toward English language
 83-42 proficiency under Subdivision (15), Subsection (b), Section
 83-43 39.051, Education Code, as added by this Act.

83-44 SECTION 2D.49. The commissioner of education shall develop
 83-45 and implement the reporting procedures for:

83-46 (1) districts to prepare and distribute annual
 83-47 financial management reports under Section 39.203, Education Code,
 83-48 as amended by this Act, beginning with the 2006-2007 school year;
 83-49 and

83-50 (2) campuses to provide financial information under
 83-51 Section 39.202, Education Code, as amended by this Act, beginning
 83-52 with the 2007-2008 school year.

83-53 PART E. INSTRUCTIONAL MATERIALS

83-54 SECTION 2E.01. Subchapter B, Chapter 7, Education Code, is
 83-55 amended by adding Section 7.030 to read as follows:

83-56 Sec. 7.030. REVIEW OF STATE-FUNDED AND FEDERALLY FUNDED
 83-57 GRANT PROGRAMS. (a) The agency shall conduct a review of
 83-58 state-funded and federally funded grant programs and incentives
 83-59 designed to improve student academic performance and shall actively
 83-60 determine the full extent to which funds awarded under those
 83-61 programs may be used to enhance or expand the use of technology in
 83-62 public schools. For purposes of removing barriers to and
 83-63 encouraging the use of technology in public schools, the
 83-64 commissioner may, as appropriate, issue a waiver to one or more
 83-65 schools.

83-66 (b) Not later than December 1, 2006, the agency shall submit
 83-67 a report regarding the findings of the review conducted under this
 83-68 section to the legislature. The report must include a summary of
 83-69 promising practices for current grant programs that leverage

84-1 technology. This section expires January 15, 2007.

84-2 SECTION 2E.02. Subdivision (28), Subsection (b), Section
84-3 7.055, Education Code, is amended to read as follows:

84-4 (28) The commissioner shall perform duties relating to
84-5 the funding, adoption, and purchase of instructional materials
84-6 [~~textbooks~~] under Chapter 31.

84-7 SECTION 2E.03. Subsection (f), Section 7.056, Education
84-8 Code, is amended to read as follows:

84-9 (f) A school district or campus that is required to develop
84-10 and implement a student achievement improvement plan under Section
84-11 39.131 or 39.132 may receive an exemption or waiver under this
84-12 section from any law or rule other than:

84-13 (1) a prohibition on conduct that constitutes a
84-14 criminal offense;

84-15 (2) a requirement imposed by federal law or rule;

84-16 (3) a requirement, restriction, or prohibition
84-17 imposed by state law or rule relating to:

84-18 (A) public school accountability as provided by
84-19 Subchapters B, C, D, and G, Chapter 39; or

84-20 (B) educator rights and benefits under
84-21 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
84-22 A, Chapter 22; or

84-23 (4) [~~textbook~~] selection of instructional materials
84-24 under Chapter 31.

84-25 SECTION 2E.04. Subdivision (23), Subsection (c), Section
84-26 7.102, Education Code, is amended to read as follows:

84-27 (23) The board shall adopt and purchase or license
84-28 instructional materials [~~textbooks~~] as provided by Chapter 31 and
84-29 adopt rules required by that chapter.

84-30 SECTION 2E.05. Subsections (a) and (c), Section 7.108,
84-31 Education Code, are amended to read as follows:

84-32 (a) A person interested in selling bonds of any type, [~~or~~] a
84-33 publisher, or any other person engaged in manufacturing, shipping,
84-34 selling, or advertising instructional materials [~~textbooks~~] or
84-35 otherwise connected with the instructional material [~~textbook~~]
84-36 business commits an offense if the person makes or authorizes a
84-37 political contribution to or takes part in, directly or indirectly,
84-38 the campaign of any person seeking election to or serving on the
84-39 board.

84-40 (c) In this section:

84-41 (1) "Instructional material" and "publisher" have the
84-42 meanings assigned by Section 31.002.

84-43 (2) "Political contribution" has the meaning assigned
84-44 by Section 251.001, Election Code.

84-45 [~~(2) "Textbook" has the meaning assigned by Section~~
84-46 ~~31.002.]~~

84-47 SECTION 2E.06. The heading to Section 7.112, Education
84-48 Code, is amended to read as follows:

84-49 Sec. 7.112. REPRESENTATION OF [~~TEXTBOOK~~] PUBLISHER OF
84-50 INSTRUCTIONAL MATERIALS BY FORMER MEMBER OF BOARD.

84-51 SECTION 2E.07. Subsection (a), Section 7.112, Education
84-52 Code, is amended to read as follows:

84-53 (a) A former member of the State Board of Education who is
84-54 employed by or otherwise receives compensation from a [~~textbook~~]
84-55 publisher of instructional materials may not, before the second
84-56 anniversary of the date on which the person last served as a member
84-57 of the State Board of Education:

84-58 (1) confer with a member of the board of trustees of a
84-59 school district concerning instructional materials [~~a textbook~~]
84-60 published by that [~~textbook~~] publisher; or

84-61 (2) appear at a meeting of the board of trustees on
84-62 behalf of the [~~textbook~~] publisher.

84-63 SECTION 2E.08. Subdivision (2), Subsection (c), Section
84-64 7.112, Education Code, is amended to read as follows:

84-65 (2) "Instructional material" and "publisher"
84-66 [~~"Publisher" and "textbook"~~] have the meanings assigned by Section
84-67 31.002.

84-68 SECTION 2E.09. Subsection (b), Section 11.158, Education
84-69 Code, is amended to read as follows:

(b) The board may not charge fees for:

(1) instructional materials [~~textbooks~~], workbooks, laboratory supplies, or other supplies necessary for participation in any instructional course except as authorized under this code;

(2) field trips required as a part of a basic education program or course;

(3) any specific form of dress necessary for any required educational program or diplomas;

(4) the payment of instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(5) library materials [~~books~~] required to be used for any educational course or program, other than fines for lost, damaged, or overdue materials [~~books~~];

(6) admission to any activity the student is required to attend as a prerequisite to graduation;

(7) admission to or examination in any required educational course or program; or

(8) lockers.

SECTION 2E.10. Subsection (a), Section 11.164, Education Code, is amended to read as follows:

(a) The board of trustees of each school district shall limit redundant requests for information and the number and length of written reports that a classroom teacher is required to prepare. A classroom teacher may not be required to prepare any written information other than:

(1) any report concerning the health, safety, or welfare of a student;

(2) a report of a student's grade on an assignment or examination;

(3) a report of a student's academic progress in a class or course;

(4) a report of a student's grades at the end of each grade reporting period;

(5) a [~~textbook~~] report on instructional materials;

(6) a unit or weekly lesson plan that outlines, in a brief and general manner, the information to be presented during each period at the secondary level or in each subject or topic at the elementary level;

(7) an attendance report;

(8) any report required for accreditation review;

(9) any information required by a school district that relates to a complaint, grievance, or actual or potential litigation and that requires the classroom teacher's involvement; or

(10) any information specifically required by law, rule, or regulation.

SECTION 2E.11. Subsection (e), Section 19.007, Education Code, is amended to read as follows:

(e) The district may participate in the instructional materials [~~textbook~~] program under Chapter 31.

SECTION 2E.12. Subsections (a) and (c), Section 26.006, Education Code, are amended to read as follows:

(a) A parent is entitled to:

(1) review all teaching materials, instructional materials [~~textbooks~~], and other teaching aids used in the classroom of the parent's child; and

(2) review each test administered to the parent's child after the test is administered.

(c) A student's parent is entitled to request that the school district or open-enrollment charter school the student attends allow the student to take home any instructional materials [~~textbook~~] used by the student. Subject to the availability of the instructional materials [~~a textbook~~], the district or school shall honor the request. A student who takes home instructional materials [~~a textbook~~] must return the instructional materials [~~textbook~~] to school at the beginning of the next school day if requested to do so by the student's teacher. In this subsection, "instructional material" [~~"textbook"~~] has the meaning assigned by

86-1 Section 31.002.

86-2 SECTION 2E.13. Subsections (c) and (h), Section 28.002,
86-3 Education Code, are amended to read as follows:

86-4 (c) The State Board of Education, with the direct
86-5 participation of educators, parents, business and industry
86-6 representatives, and employers shall by rule identify the essential
86-7 knowledge and skills of each subject of the required curriculum
86-8 that all students should be able to demonstrate and that will be
86-9 used in evaluating instructional materials [~~textbooks~~] under
86-10 Chapter 31 and addressed on the assessment instruments required
86-11 under Subchapter B, Chapter 39. As a condition of accreditation,
86-12 the board shall require each district to provide instruction in the
86-13 essential knowledge and skills at appropriate grade levels.

86-14 (h) The State Board of Education and each school district
86-15 shall foster the continuation of the tradition of teaching United
86-16 States and Texas history and the free enterprise system in regular
86-17 subject matter, [~~and~~] in social studies, economics, and reading
86-18 courses, and in the adoption of instructional materials
86-19 [~~textbooks~~]. A primary purpose of the public school curriculum is
86-20 to prepare thoughtful, active citizens who understand the
86-21 importance of patriotism and can function productively in a free
86-22 enterprise society with appreciation for the basic democratic
86-23 values of our state and national heritage.

86-24 SECTION 2E.14. Subchapter A, Chapter 28, Education Code, is
86-25 amended by adding Section 28.010 to read as follows:

86-26 Sec. 28.010. COMPUTER-ADAPTIVE ASSESSMENT TOOLS. (a) The
86-27 agency shall develop or acquire ongoing, computer-adaptive,
86-28 interactive assessment tools for each subject and grade level for
86-29 which an assessment instrument is adopted under Section 39.023.

86-30 (b) From funds appropriated for the purpose, the agency
86-31 shall make assessment tools developed or acquired under this
86-32 section available to public schools at no cost.

86-33 SECTION 2E.15. The heading to Chapter 31, Education Code,
86-34 is amended to read as follows:

86-35 CHAPTER 31. INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

86-36 SECTION 2E.16. Section 31.001, Education Code, is amended
86-37 to read as follows:

86-38 Sec. 31.001. FREE INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].
86-39 Instructional materials [~~Textbooks~~] selected for use in the public
86-40 schools shall be furnished without cost to the students attending
86-41 those schools.

86-42 SECTION 2E.17. Section 31.002, Education Code, is amended
86-43 to read as follows:

86-44 Sec. 31.002. DEFINITIONS. In this chapter:

86-45 (1) "Instructional material" [~~"Electronic textbook"~~]
86-46 means a medium or a combination of media for conveying information
86-47 to a student. The term includes a book, supplementary materials, a
86-48 combination of a book, workbook, and supplementary materials,
86-49 computer software, [~~interactive videodisc,~~] magnetic media, DVD,
86-50 CD-ROM, computer courseware, on-line services, or an electronic
86-51 medium, or other means of conveying information to the student or
86-52 otherwise contributing to the learning process through electronic
86-53 means.

86-54 (2) "Publisher" means a person who prepares,
86-55 manufactures, or distributes instructional materials for sale or
86-56 distribution to public schools. The term includes an on-line
86-57 service or a developer or distributor of [~~an~~] electronic
86-58 instructional materials [~~textbook~~].

86-59 (3) "State-adopted" means adopted by the State Board
86-60 of Education under Section 31.024 [~~"Textbook" means a book, a~~
86-61 ~~system of instructional materials, or a combination of a book and~~
86-62 ~~supplementary instructional materials that conveys information to~~
86-63 ~~the student or otherwise contributes to the learning process, or an~~
86-64 ~~electronic textbook~~].

86-65 (4) "Technological equipment" means hardware, a
86-66 device, or equipment necessary for:

86-67 (A) instructional use in the classroom,
86-68 including to gain access to or enhance the use of [~~an~~] electronic
86-69 instructional materials [~~textbook~~]; or

(B) professional use by a classroom teacher.

SECTION 2E.18. Section 31.003, Education Code, is amended to read as follows:

Sec. 31.003. RULES. The State Board of Education may adopt rules, consistent with this chapter, for the adoption, requisition, distribution, care, use, and disposal of instructional materials [~~textbooks~~].

SECTION 2E.19. Section 31.021, Education Code, as amended by S.B. No. 151, Acts of the 79th Legislature, Regular Session, 2005, is amended to read as follows:

Sec. 31.021. STATE INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~] FUND. (a) The state instructional materials [~~textbook~~] fund consists of:

(1) an amount set aside by the State Board of Education from the available school fund, computed in accordance with this section; and

~~(2) [all funds accruing from the state's sale of disused textbooks; and~~

~~[-(3)-] all amounts lawfully paid into the fund from any other source.~~

(b) Beginning with the 2007-2008 school year, the [~~The~~] State Board of Education shall annually set aside out of the available school fund of the state an amount sufficient for the allotment under Section 31.0211 to provide [~~board,~~] school districts[~~,~~] and open-enrollment charter schools with the funds required to purchase and distribute the necessary state-adopted instructional materials [~~textbooks~~] for the use of the students of this state for the following school year. The board shall determine the amount of the available school fund to set aside for the state instructional materials [~~textbook~~] fund based on the amount of the allotment under Section 31.0211 and on reports of maximum attendance and anticipated enrollment growth submitted under Section 31.103[~~,~~

~~[-(1)- a report by the commissioner issued on July 1 or, if that date is a Saturday or Sunday, on the following Monday, stating the amount of unobligated money in the fund;~~

~~[-(2)- the commissioner's estimate, based on textbooks selected under Section 31.101 and on attendance reports submitted under Section 31.103 by school districts and open-enrollment charter schools, of the amount of funds, in addition to funds reported under Subdivision (1), that will be necessary for purchase and distribution of textbooks for the following school year; and~~

~~[-(3)- any amount the board determines should be set aside for emergency purposes caused by unexpected increases in attendance].~~

(c) This subsection applies only if the pilot project established under Section 54.2161 is implemented, and expires September 1, 2007 [~~August 15, 2009~~]. In addition to the amount set aside under Subsection (b), the State Board of Education shall annually set aside out of the available school fund an amount sufficient for each school district with one or more students entitled to free textbooks under the pilot project established under Section 54.2161 to pay the costs of those textbooks as required by Section 31.031 for the following school year. The board shall determine the amount of the available school fund to set aside for the instructional materials [~~state textbook~~] fund for purposes of this subsection based on the commissioner's estimate of the amount that will be necessary to pay the costs of textbooks as required under Section 31.031.

(d) Money transferred to the state instructional materials [~~textbook~~] fund remains in the fund until spent and does not lapse to the state at the end of the fiscal year.

~~[-(e)- All necessary expenses incurred under this chapter shall be paid from the state textbook fund on invoices approved by the commissioner.]~~

SECTION 2E.20. Effective September 1, 2007, Subchapter B, Chapter 31, Education Code, is amended by adding Sections 31.0211 and 31.0212 to read as follows:

Sec. 31.0211. INSTRUCTIONAL MATERIALS AND TECHNOLOGY

88-1 ALLOTMENT. (a) For the maximum attendance and anticipated
 88-2 enrollment growth reported under Section 31.103 in a school year, a
 88-3 school district is entitled to an annual allotment of \$150 for each
 88-4 student or a greater amount for any year provided by appropriation.

88-5 (a-1) This subsection applies only if the pilot project
 88-6 established under Section 54.2161 is implemented. In addition to
 88-7 amounts to which the district is entitled under Subsection (a), a
 88-8 school district is entitled to an amount sufficient for the
 88-9 district to pay the costs of textbooks for students participating
 88-10 in the pilot project established under Section 54.2161. This
 88-11 subsection expires August 15, 2009.

88-12 (b) From the funds a school district receives under
 88-13 Subsection (a), the district shall use \$60 for each student in
 88-14 average daily attendance to fund targeted technology programs under
 88-15 Section 32.007. A school district shall use funds for targeted
 88-16 technology programs in a manner that allows each student and
 88-17 teacher assigned to a targeted campus, grade level on a campus, or
 88-18 specific educational program to benefit from a targeted technology
 88-19 program. The commissioner shall adopt rules concerning the use of
 88-20 funds under this subsection.

88-21 (c) An allotment under this section may be used only to:

88-22 (1) provide for the purchase by school districts of
 88-23 instructional materials or technological equipment that
 88-24 contributes to student learning; and

88-25 (2) pay for training educational personnel directly
 88-26 involved in student learning in the appropriate use of electronic
 88-27 instructional materials and for providing for access to
 88-28 technological equipment for instructional use.

88-29 (d) The allotment under this section may be paid from:

88-30 (1) the state instructional materials fund;

88-31 (2) the telecommunications infrastructure fund under
 88-32 Subchapter C, Chapter 57, Utilities Code;

88-33 (3) the available school fund; or

88-34 (4) any other fund that may be used for that purpose
 88-35 and that is identified in the General Appropriations Act as the
 88-36 source of payment of the allotment.

88-37 Sec. 31.0212. ALLOTMENT FOR JUVENILE JUSTICE ALTERNATIVE
 88-38 EDUCATION PROGRAMS. (a) Notwithstanding any other provision of
 88-39 this chapter, a juvenile justice alternative education program
 88-40 operating under Section 37.011 is entitled to receive an allotment
 88-41 under Section 31.0211 to be used in purchasing state-adopted
 88-42 instructional materials as if the program were a school district.

88-43 (b) The State Board of Education, in coordination with the
 88-44 Texas Juvenile Probation Commission, shall adopt rules as necessary
 88-45 to administer this section.

88-46 SECTION 2E.21. Subchapter B, Chapter 31, Education Code, is
 88-47 amended by amending Sections 31.022, 31.023, 31.024, and 31.026
 88-48 through 31.030 and adding Section 31.0221 to read as follows:

88-49 Sec. 31.022. INSTRUCTIONAL MATERIALS [~~TEXTBOOK~~] REVIEW AND
 88-50 ADOPTION CYCLE. (a) The State Board of Education shall adopt a
 88-51 review and adoption cycle for instructional materials [~~textbooks~~]
 88-52 for elementary grade levels, including prekindergarten, and
 88-53 secondary grade levels, for each subject in the required curriculum
 88-54 under Section 28.002.

88-55 (b) The board shall organize the cycle for subjects in the
 88-56 foundation curriculum so that not more than one-sixth of the
 88-57 instructional materials [~~textbooks~~] for subjects in the foundation
 88-58 curriculum are reviewed each year. The board shall adopt rules to
 88-59 provide for a full and complete investigation of instructional
 88-60 materials [~~textbooks~~] for each subject in the foundation curriculum
 88-61 at least every six years. The adoption of instructional materials
 88-62 [~~textbooks~~] for a subject in the foundation curriculum may be
 88-63 extended beyond the six-year period only if the content of
 88-64 instructional materials [~~textbooks~~] for a subject is sufficiently
 88-65 current.

88-66 (c) The board shall adopt rules to provide for a full and
 88-67 complete investigation of instructional materials [~~textbooks~~] for
 88-68 each subject in the enrichment curriculum on a cycle the board
 88-69 considers appropriate, but not less than every eight years.

89-1 (d) At least 24 months before the beginning of the school
 89-2 year for which instructional materials [~~textbooks~~] for a particular
 89-3 subject and grade level will be purchased under the review and
 89-4 adoption cycle adopted by the board, the board shall publish notice
 89-5 of the review and adoption cycle for those instructional materials
 89-6 [~~textbooks~~].

89-7 (e) In organizing the cycle for review and adoption of
 89-8 instructional materials, the board shall:

89-9 (1) generally align the cycle with the schedule for
 89-10 any revision of the essential knowledge and skills under Section
 89-11 28.002 of the subjects and grade levels addressed by the
 89-12 instructional materials;

89-13 (2) seek advice from the Legislative Budget Board and
 89-14 the Governor's Office of Budget, Planning, and Policy before
 89-15 approving and publishing any notice or amendment of the cycle;

89-16 (3) review and consider expected average costs of the
 89-17 instructional materials that will be adopted and the amount of the
 89-18 allotment under Section 31.0211 to ensure that the instructional
 89-19 materials that will be adopted over a two-year period may be
 89-20 purchased within the amount of the allotment under Section 31.0211
 89-21 for that same period; and

89-22 (4) follow any directive provided in the General
 89-23 Appropriations Act regarding the organization of the cycle.

89-24 (f) In addition to organizing a review and adoption cycle,
 89-25 the board by rule shall allow an instructional material to be
 89-26 submitted, reviewed, and adopted at a time when the subject or grade
 89-27 level is not scheduled in the cycle to be considered for at least
 89-28 two years, in conformance with the procedures for adoption of other
 89-29 state-adopted instructional materials. The board shall place each
 89-30 instructional material submitted under this subsection and adopted
 89-31 under Section 31.024 on an applicable list under Section 31.023.

89-32 Sec. 31.0221. CORRECTION OF FACTUAL ERRORS. (a) To
 89-33 promote efficiency in the correction of factual errors during the
 89-34 instructional materials review and adoption process, the State
 89-35 Board of Education shall:

89-36 (1) to the extent practicable, conduct the review of
 89-37 instructional materials using page proofs or other appropriate
 89-38 draft versions of the instructional materials; and

89-39 (2) require the publisher to provide instructional
 89-40 materials, including page proofs, draft versions, or sample
 89-41 instructional materials, directly to state instructional materials
 89-42 review panel members in a timely manner before the members meet to
 89-43 conduct a complete and formal review of the materials.

89-44 (b) During the instructional materials review and adoption
 89-45 process, the publisher of instructional materials proposed for
 89-46 adoption in this state shall promptly correct any factual errors
 89-47 discovered in the instructional materials. For purposes of this
 89-48 section, a factual error includes an objectively verifiable
 89-49 mistake, including an incorrect reference to a date, place, or
 89-50 person, an incorrect computational process or result, or similar
 89-51 incorrect provisions. A factual error does not include a
 89-52 difference in professional opinion, conclusion, emphasis, or
 89-53 perspective expressed in instructional materials.

89-54 (c) If the board determines that an instructional material
 89-55 proposed for adoption may contain a factual error, the board may
 89-56 appoint a panel of experts and scholars to evaluate the material for
 89-57 any factual error.

89-58 (d) The board shall adopt rules authorizing the imposition
 89-59 of an administrative penalty in the manner provided by Section
 89-60 31.151 against a publisher who knowingly violates Subsection (b).
 89-61 In setting the amount of any penalty to be imposed under this
 89-62 subsection, the board shall consider the stage of the instructional
 89-63 materials review and adoption process at which the violation occurs
 89-64 and set progressively higher penalties for violations that occur
 89-65 later in the process.

89-66 Sec. 31.023. [TEXTBOOK] LISTS OF STATE-ADOPTED
 89-67 INSTRUCTIONAL MATERIALS. (a) For each subject and grade level,
 89-68 the State Board of Education shall adopt two lists of instructional
 89-69 materials [~~textbooks~~]. The conforming list includes each

90-1 state-adopted instructional material [~~textbook~~] submitted for the
 90-2 subject and grade level that meets applicable physical
 90-3 specifications adopted by the State Board of Education and contains
 90-4 material covering each element of the essential knowledge and
 90-5 skills of the subject and grade level as determined by the State
 90-6 Board of Education under Section 28.002 and adopted under Section
 90-7 31.024. The nonconforming list includes each state-adopted
 90-8 instructional material [~~textbook~~] submitted for the subject and
 90-9 grade level that:

90-10 (1) meets applicable physical specifications adopted
 90-11 by the State Board of Education;

90-12 (2) contains material covering at least half, but not
 90-13 all, of the elements of the essential knowledge and skills of the
 90-14 subject and grade level; and

90-15 (3) is adopted under Section 31.024.

90-16 (b) Each state-adopted instructional material [~~textbook~~] on
 90-17 a conforming or nonconforming list must be free from factual
 90-18 errors.

90-19 Sec. 31.024. ADOPTION BY STATE BOARD OF EDUCATION.

90-20 (a) The State Board of Education shall meet biannually to adopt
 90-21 instructional materials. By majority vote, the board [~~State Board~~
 90-22 ~~of Education~~] shall:

90-23 (1) place each submitted instructional material
 90-24 [~~textbook~~] on a conforming or nonconforming list; or

90-25 (2) reject an instructional material [~~a textbook~~]
 90-26 submitted for placement on a conforming or nonconforming list.

90-27 (b) Not later than December 1 of the year preceding the
 90-28 school year for which the state-adopted instructional materials
 90-29 [~~textbooks~~] for a particular subject and grade level will be
 90-30 purchased under the cycle adopted by the board under Section
 90-31 31.022, the board shall make available [~~provide~~] the lists of
 90-32 state-adopted instructional materials, including instructional
 90-33 materials under Section 31.022(f) [~~adopted textbooks~~] to each
 90-34 school district. Each nonconforming list must include:

90-35 (1) the reasons an adopted instructional material
 90-36 [~~textbook~~] is not eligible for the conforming list; and

90-37 (2) a list of the essential knowledge and skills
 90-38 contained in each adopted instructional material on the
 90-39 nonconforming list.

90-40 Sec. 31.026. CONTRACT; PRICE. (a) The commissioner, with
 90-41 the assistance of the Department of Information Resources, the
 90-42 State Board of Education, and the office of the attorney general,
 90-43 shall develop model contracts that may be used by school districts
 90-44 [~~State Board of Education shall execute a contract~~].

90-45 [~~(1)~~] for the purchase or licensing of instructional
 90-46 materials under this chapter [~~each adopted textbook other than an~~
 90-47 ~~electronic textbook, and~~

90-48 [~~(2)~~ for the purchase or licensing of each adopted
 90-49 electronic textbook].

90-50 (b) A contract must require the publisher to provide all of
 90-51 the instructional materials [~~the number of textbooks~~] required by
 90-52 school districts in this state for the term of the contract [~~, which~~
 90-53 ~~must coincide with the board's adoption cycle~~].

90-54 (c) As applicable, a contract must provide for the purchase
 90-55 or licensing of instructional materials [~~a textbook~~] at a specific
 90-56 price, which may not exceed the lowest price paid by any other state
 90-57 or any school or school district. The price must be fixed for the
 90-58 term of the contract. The price may decrease if the lowest price
 90-59 paid by another state or another school or school district
 90-60 decreases during the term of the contract.

90-61 Sec. 31.027. INFORMATION TO SCHOOL DISTRICTS; SAMPLE
 90-62 COPIES. (a) A publisher shall provide each school district and
 90-63 open-enrollment charter school with information that fully
 90-64 describes each of the publisher's state-adopted instructional
 90-65 materials [~~adopted textbooks~~]. On request of a school district, a
 90-66 publisher shall provide a sample copy of a state-adopted
 90-67 instructional material [~~an adopted textbook~~].

90-68 (b) A publisher shall provide at least two sample copies of
 90-69 each state-adopted instructional material [~~adopted textbook~~] to be

91-1 maintained for at least two years at each regional education
 91-2 service center or an alternate location designated by the
 91-3 applicable service center.

91-4 Sec. 31.028. SPECIAL INSTRUCTIONAL MATERIALS [TEXTBOOKS].

91-5 (a) The State Board of Education may make available [purchase]
 91-6 special instructional materials [textbooks] for the education of
 91-7 blind and visually impaired students in public schools. In
 91-8 addition, from funds appropriated for the purpose, for a teacher
 91-9 who is blind or visually impaired, the board shall provide a
 91-10 teacher's edition in Braille or large type, as requested by the
 91-11 teacher, for each printed state-adopted instructional material
 91-12 [textbook] the teacher uses in the instruction of students. The
 91-13 teacher edition must be available at the same time the student
 91-14 instructional materials [textbooks] become available.

91-15 (b) The publisher of a printed state-adopted instructional
 91-16 material [an adopted textbook] shall provide the agency with
 91-17 computerized [textbook] files for the production of Braille
 91-18 instructional materials [textbooks] or other versions of
 91-19 instructional materials [textbooks] to be used by students with
 91-20 disabilities, on request of the State Board of Education. A
 91-21 publisher shall arrange the computerized [textbook] files in one of
 91-22 several optional formats specified by the State Board of Education.

91-23 (c) The board may also enter into agreements providing for
 91-24 the acceptance, requisition, and distribution of special
 91-25 instructional materials [textbooks and instructional aids]
 91-26 pursuant to 20 U.S.C. Section 101 et seq. for use by students
 91-27 enrolled in:

91-28 (1) public schools; or

91-29 (2) private nonprofit schools, if state funds, other
 91-30 than for administrative costs, are not involved.

91-31 (c-1) The board shall require electronic instructional
 91-32 materials included on the conforming list and nonconforming list
 91-33 under Section 31.023 to comply with the standards established under
 91-34 Section 508, Rehabilitation Act of 1973 (29 U.S.C. Section 794d),
 91-35 if the materials are for use by students enrolled in:

91-36 (1) public schools; or

91-37 (2) private nonprofit schools, if state funds, other
 91-38 than for administrative costs, are not involved.

91-39 (d) In this section:

91-40 (1) "Blind or visually impaired student" includes any
 91-41 student whose visual acuity is impaired to the extent that the
 91-42 student is unable to read the text [print] in state-adopted
 91-43 instructional materials [a regularly adopted textbook] used in the
 91-44 student's class.

91-45 (2) "Special instructional materials" [textbook]
 91-46 means instructional materials [a textbook] in Braille, large type,
 91-47 audiotape, accessible web page, accessible DVD/CD-ROM, or any other
 91-48 medium or any apparatus that conveys information to a student or
 91-49 otherwise contributes to the learning process.

91-50 Sec. 31.029. BILINGUAL INSTRUCTIONAL MATERIALS
 91-51 [TEXTBOOKS]. The board shall adopt instructional materials
 91-52 [purchase or otherwise acquire textbooks] for use in bilingual
 91-53 education classes.

91-54 Sec. 31.030. USED INSTRUCTIONAL MATERIALS [TEXTBOOKS]. The
 91-55 State Board of Education shall adopt rules to ensure that used
 91-56 instructional materials [textbooks] sold to school districts and
 91-57 open-enrollment charter schools are not sample copies that contain
 91-58 factual errors. The rules may provide for the imposition of an
 91-59 administrative penalty in accordance with Section 31.151 against a
 91-60 seller of used instructional materials [textbooks] who knowingly
 91-61 violates this section.

91-62 SECTION 2E.22. Subsection (b), Section 31.031, Education
 91-63 Code, as added by S.B. No. 151, Acts of the 79th Legislature,
 91-64 Regular Session, 2005, is amended to read as follows:

91-65 (b) From the amount set aside by the State Board of
 91-66 Education under Section 31.021(c) or allocated to a school district
 91-67 under Section 31.0211(a-1), the school district that a student
 91-68 entitled to free textbooks under the pilot project established by
 91-69 Section 54.2161 attends shall pay the costs of each textbook the

92-1 student requires for a course described by Section 54.2161(b)(2).

92-2 SECTION 2E.23. Subchapter B, Chapter 31, Education Code, is
92-3 amended by adding Sections 31.032 and 31.033 to read as follows:

92-4 Sec. 31.032. SUBSCRIPTION-BASED ELECTRONIC INSTRUCTIONAL
92-5 MATERIALS. The publisher of a state-adopted electronic
92-6 instructional material may offer the material to school districts
92-7 on a subscription basis.

92-8 Sec. 31.033. UPDATES. The publisher of a state-adopted
92-9 instructional material may update the instructional material, and a
92-10 school district or open-enrollment charter school may purchase the
92-11 update. The State Board of Education by rule shall provide for an
92-12 expedited review process to determine the extent to which updated
92-13 instructional material aligns with the essential knowledge and
92-14 skills adopted by the State Board of Education under Section 28.002
92-15 and does not contain factual errors.

92-16 SECTION 2E.24. Section 31.101, Education Code, is amended
92-17 to read as follows:

92-18 Sec. 31.101. SELECTION AND PURCHASE OF INSTRUCTIONAL
92-19 MATERIALS [TEXTBOOKS] BY SCHOOL DISTRICTS. (a) Each year, during
92-20 any [a] period established by the State Board of Education, the
92-21 board of trustees of each school district and the governing body of
92-22 each open-enrollment charter school shall:

92-23 (1) ~~[for a subject in the foundation curriculum,]~~
92-24 notify the State Board of Education of the state-adopted
92-25 instructional materials [textbooks] selected by the board of
92-26 trustees or governing body for the following school year from among
92-27 the instructional materials [textbooks] on the appropriate
92-28 conforming or nonconforming list; and [or]

92-29 (2) provide an accounting of the expenditure of its
92-30 allotment under Section 31.0211 during that period [for a subject
92-31 in the enrichment curriculum:

92-32 ~~[(A) notify the State Board of Education of each~~
92-33 ~~textbook selected by the board of trustees or governing body for the~~
92-34 ~~following school year from among the textbooks on the appropriate~~
92-35 ~~conforming or nonconforming list; or~~

92-36 ~~[(B) notify the State Board of Education that the~~
92-37 ~~board of trustees or governing body has selected a textbook that is~~
92-38 ~~not on the conforming or nonconforming list].~~

92-39 (b) The board of trustees of each [If a] school district or
92-40 the governing body of each open-enrollment charter school shall use
92-41 the allotment under Section 31.0211 to purchase instructional
92-42 materials selected by the board of trustees or the governing body
92-43 [selects a textbook] for a [particular] subject in the required
92-44 [enrichment] curriculum [and grade level that is not on the
92-45 conforming or nonconforming list, the state shall pay to the
92-46 district or school an amount equal to the lesser of:

92-47 ~~[(1) 70 percent of the cost to the district of the~~
92-48 ~~textbook, multiplied by the number of textbooks the district or~~
92-49 ~~school needs for that subject and grade level; or~~

92-50 ~~[(2) 70 percent of the limitation established under~~
92-51 ~~Section 31.025 for a textbook for that subject and grade level,~~
92-52 ~~multiplied by the number of textbooks the district or school needs~~
92-53 ~~for that subject and grade level].~~

92-54 (c) A school district or open-enrollment charter school may
92-55 purchase an instructional material under Subsection (b) only if the
92-56 instructional material is purchased not later than the beginning of
92-57 the second school year that begins after the adoption of the
92-58 conforming or nonconforming list that includes the instructional
92-59 material. This subsection does not apply to:

92-60 (1) instructional materials under Section 31.022(f);

92-61 (2) the purchase of replacement instructional
92-62 materials due to loss or damage; or

92-63 (3) the purchase of additional instructional
92-64 materials needed because of enrollment growth [that selects a
92-65 textbook that is not on the conforming or nonconforming list:

92-66 ~~[(1) is responsible for the portion of the cost of the~~
92-67 ~~textbook that is not paid by the state under Subsection (b); and~~

92-68 ~~[(2) may use funds received from the state under~~
92-69 ~~Subsection (b) only for purchasing the textbook for which the funds~~

93-1 ~~were received].~~

93-2 ~~[(d) For a textbook that is not on the conforming or~~
 93-3 ~~nonconforming list, a school district or open-enrollment charter~~
 93-4 ~~school must use the textbook for the period of the review and~~
 93-5 ~~adoption cycle the State Board of Education has established for the~~
 93-6 ~~subject and grade level for which the textbook is used.]~~

93-7 SECTION 2E.25. Section 31.102, Education Code, is amended
 93-8 to read as follows:

93-9 Sec. 31.102. TITLE AND CUSTODY. (a) Except as provided by
 93-10 this subsection, each instructional material ~~[Each textbook]~~
 93-11 purchased by the state as provided by this chapter is the property
 93-12 of this state. Beginning with the 2007-2008 school year, each
 93-13 instructional material purchased through the allotment under
 93-14 Section 31.0211 by a school district or open-enrollment charter
 93-15 school is the property of the district or charter school.

93-16 (b) Subsection (a) applies to an electronic instructional
 93-17 material ~~[textbook]~~ only to the extent of any applicable licensing
 93-18 agreement.

93-19 (c) The board of trustees of a school district or the
 93-20 governing body of an open-enrollment charter school is the legal
 93-21 custodian of instructional materials ~~[textbooks]~~ purchased as
 93-22 provided by this chapter for or by the district or school. The
 93-23 board of trustees or governing body shall distribute instructional
 93-24 materials ~~[textbooks]~~ to students in the manner that the board or
 93-25 governing body determines is most effective and economical.

93-26 (d) An open-enrollment charter school may not transfer
 93-27 instructional materials unless the transfer is approved by the
 93-28 commissioner. The commissioner may not approve such a transfer
 93-29 unless the transfer is to another public school of this state.

93-30 SECTION 2E.26. Section 31.103, Education Code, is amended
 93-31 to read as follows:

93-32 Sec. 31.103. INSTRUCTIONAL MATERIALS ~~[TEXTBOOK]~~
 93-33 REQUISITIONS. (a) Not later than the seventh day after the first
 93-34 school day in April, each principal shall report the maximum
 93-35 attendance for the school to the superintendent. Not later than
 93-36 April 25, the superintendent of a school district or the chief
 93-37 operating officer of an open-enrollment charter school shall report
 93-38 to the commissioner the district's or school's maximum attendance
 93-39 and anticipated enrollment growth ~~[to the commissioner].~~

93-40 (b) ~~[A requisition for textbooks for the following school~~
 93-41 ~~year shall be based on the maximum attendance reports under~~
 93-42 ~~Subsection (a), plus an additional 10 percent, except as otherwise~~
 93-43 ~~provided.]~~ A school district or open-enrollment charter school
 93-44 shall make a requisition for instructional materials ~~[a textbook]~~
 93-45 on the conforming or nonconforming list ~~[through the commissioner]~~
 93-46 to the instructional materials ~~[state]~~ depository designated by the
 93-47 publisher or as provided by State Board of Education rule, as
 93-48 applicable, not later than June 1 of each year. The designated
 93-49 instructional materials ~~[state]~~ depository or, if the publisher ~~[or~~
 93-50 ~~manufacturer]~~ does not have a designated instructional materials
 93-51 [textbook] depository in this state under Section 31.151(a)(6)(B),
 93-52 the publisher ~~[or manufacturer]~~ shall fill a requisition approved
 93-53 by the agency at any other time in the case of an emergency. ~~[As~~
 93-54 ~~made necessary by available funds, the commissioner shall reduce~~
 93-55 ~~the additional percentage of attendance for which a district or~~
 93-56 ~~school may requisition textbooks. The commissioner may, on~~
 93-57 ~~application of a district or school that is experiencing high~~
 93-58 ~~enrollment growth, increase the additional percentage of~~
 93-59 ~~attendance for which the district or school may requisition~~
 93-60 ~~textbooks.]~~

93-61 (c) In making a requisition under this section, a school
 93-62 district or open-enrollment charter school may requisition
 93-63 instructional materials ~~[textbooks]~~ on the conforming or
 93-64 nonconforming list for grades above or below the grade level in
 93-65 which a student is enrolled~~[, except that the total quantity of~~
 93-66 ~~textbooks requisitioned under this section may not exceed the limit~~
 93-67 ~~prescribed by Subsection (b)].~~

93-68 SECTION 2E.27. Sections 31.104, 31.105, and 31.106,
 93-69 Education Code, are amended to read as follows:

94-1 Sec. 31.104. DISTRIBUTION AND HANDLING. (a) The board of
 94-2 trustees of a school district or the governing body of an
 94-3 open-enrollment charter school may delegate to an employee the
 94-4 authority to requisition, purchase, distribute, and manage the
 94-5 inventory of instructional materials [~~textbooks~~] in a manner
 94-6 consistent with this chapter and rules adopted under this chapter.

94-7 (b) A school district or open-enrollment charter school may
 94-8 order replacements for instructional materials [~~textbooks~~] that
 94-9 have been lost or damaged directly from:

94-10 (1) the instructional materials [~~textbook~~]
 94-11 depository; or

94-12 (2) the [~~textbook~~] publisher of the instructional
 94-13 materials [~~or manufacturer~~] if the [~~textbook~~] publisher [~~or~~
 94-14 ~~manufacturer~~] does not have a designated instructional materials
 94-15 [~~textbook~~] depository in this state under Section 31.151(a)(6)(B).

94-16 (c) Each instructional material [~~textbook~~] must state that
 94-17 the instructional material [~~textbook~~] is the property of or is
 94-18 licensed to this state or a school district, as appropriate. Each
 94-19 instructional material [~~textbook~~], other than an electronic
 94-20 instructional material [~~textbook~~], must be covered by the student
 94-21 under the direction of the teacher. A student must return all
 94-22 instructional materials [~~textbooks~~] to the teacher at the end of
 94-23 the school year or when the student withdraws from school.

94-24 (d) Each student, or the student's parent or guardian, is
 94-25 responsible for each instructional material [~~textbook~~] not
 94-26 returned by the student. A student who fails to return all
 94-27 instructional materials [~~textbooks~~] forfeits the right to free
 94-28 instructional materials [~~textbooks~~] until each instructional
 94-29 material [~~textbook~~] previously issued but not returned is paid for
 94-30 by the student, parent, or guardian. As provided by policy of the
 94-31 board of trustees or governing body, a school district or
 94-32 open-enrollment charter school may waive or reduce the payment
 94-33 requirement if the student is from a low-income family. The
 94-34 district or school shall allow the student to use instructional
 94-35 materials [~~textbooks~~] at school during each school day. If an
 94-36 instructional material [~~a textbook~~] is not returned or paid for,
 94-37 the district or school may withhold the student's records. A
 94-38 district or school may not, under this subsection, prevent a
 94-39 student from graduating, participating in a graduation ceremony, or
 94-40 receiving a diploma.

94-41 (e) The board of trustees of a school district may not
 94-42 require an employee of the district to pay for an instructional
 94-43 material [~~a textbook~~] or instructional technology that is stolen,
 94-44 misplaced, or not returned by a student.

94-45 Sec. 31.105. SALE OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~].
 94-46 The board of trustees of a school district or governing body of an
 94-47 open-enrollment charter school may sell instructional materials
 94-48 [~~textbooks~~], other than electronic instructional materials
 94-49 [~~textbooks~~], to a student or another school [~~at the state contract~~
 94-50 ~~price~~]. The district shall use [~~send~~] money received from the sale
 94-51 of instructional materials in accordance with uses prescribed by
 94-52 Section 31.0211 [~~textbooks to the commissioner as required by the~~
 94-53 ~~commissioner. The commissioner shall deposit the money in the~~
 94-54 ~~state textbook fund~~].

94-55 Sec. 31.106. USE OF LOCAL FUNDS. In addition to any
 94-56 instructional materials [~~textbook~~] selected under this chapter, a
 94-57 school district or open-enrollment charter school may use local
 94-58 funds to purchase any instructional materials [~~textbooks~~].

94-59 SECTION 2E.28. The heading to Section 31.151, Education
 94-60 Code, is amended to read as follows:

94-61 Sec. 31.151. DUTIES OF PUBLISHERS [~~AND MANUFACTURERS~~].

94-62 SECTION 2E.29. Subsections (a), (b), and (d), Section
 94-63 31.151, Education Code, are amended to read as follows:

94-64 (a) A publisher [~~or manufacturer~~] of instructional
 94-65 materials [~~textbooks~~]:

94-66 (1) shall furnish any instructional material
 94-67 [~~textbook~~] the publisher [~~or manufacturer~~] offers in this state [7]
 94-68 at a price that does not exceed the lowest price at which the
 94-69 publisher offers that instructional material [~~textbook~~] for

95-1 adoption or sale to any state, public school, or school district in
95-2 the United States;

95-3 (2) shall automatically reduce the price of an
95-4 instructional material [~~a textbook~~] sold for use in a school
95-5 district or open-enrollment charter school to the extent that the
95-6 price is reduced elsewhere in the United States;

95-7 (3) shall provide any instructional material
95-8 [~~textbook~~] or ancillary item free of charge in this state to the
95-9 same extent that the publisher [~~or manufacturer~~] provides the
95-10 instructional material [~~textbook~~] or ancillary item free of charge
95-11 to any state, public school, or school district in the United
95-12 States;

95-13 (4) shall guarantee that each copy of an instructional
95-14 material [~~a textbook~~] sold in this state is at least equal in
95-15 quality to copies of that instructional material [~~textbook~~] sold
95-16 elsewhere in the United States and is free from factual error;

95-17 (5) may not become associated or connected with,
95-18 directly or indirectly, any combination in restraint of trade in
95-19 instructional materials [~~textbooks~~] or enter into any
95-20 understanding or combination to control prices or restrict
95-21 competition in the sale of instructional materials [~~textbooks~~] for
95-22 use in this state;

95-23 (6) shall:

95-24 (A) maintain a depository in this state or
95-25 arrange with a depository in this state to receive and fill orders
95-26 for instructional materials [~~textbooks~~], other than electronic
95-27 instructional materials or electronic instructional material
95-28 [~~on-line textbooks or on-line textbook~~] components, consistent
95-29 with State Board of Education rules; or

95-30 (B) deliver instructional materials [~~textbooks~~]
95-31 to a school district or open-enrollment charter school without a
95-32 delivery charge to the school district, open-enrollment charter
95-33 school, or state, if:

95-34 (i) the publisher [~~or manufacturer~~] does
95-35 not maintain or arrange with a depository in this state under
95-36 Paragraph (A) and the publisher's instructional materials [~~or~~
95-37 ~~manufacturer's textbooks~~] and related products are warehoused or
95-38 otherwise stored less than 300 miles from a border of this state; or

95-39 (ii) the instructional materials
95-40 [~~textbooks~~] are electronic instructional materials or electronic
95-41 instructional material [~~on-line textbooks or on-line textbook~~]
95-42 components;

95-43 (7) shall, at the time an order for instructional
95-44 materials [~~textbooks~~] is acknowledged, provide to school districts
95-45 or open-enrollment charter schools an accurate shipping date for
95-46 instructional materials [~~textbooks~~] that are back-ordered;

95-47 (8) shall guarantee delivery of instructional
95-48 materials [~~textbooks~~] at least 10 business days before the opening
95-49 day of school of the year for which the instructional materials
95-50 [~~textbooks~~] are ordered if the instructional materials [~~textbooks~~]
95-51 are ordered by a date specified in the sales contract; and

95-52 (9) shall submit to the State Board of Education an
95-53 affidavit certifying any instructional material [~~textbook~~] the
95-54 publisher [~~or manufacturer~~] offers in this state to be free of
95-55 factual errors at the time the publisher executes a [~~the~~] contract
95-56 for the purchase of instructional materials in this state [~~required~~
95-57 ~~by Section 31.026~~].

95-58 (b) The State Board of Education may impose a reasonable
95-59 administrative penalty against a publisher [~~or manufacturer~~] who
95-60 knowingly violates Subsection (a). The board shall provide for a
95-61 hearing to be held to determine whether a penalty is to be imposed
95-62 and, if so, the amount of the penalty. The board shall base the
95-63 amount of the penalty on:

95-64 (1) the seriousness of the violation;

95-65 (2) any history of a previous violation;

95-66 (3) the amount necessary to deter a future violation;

95-67 (4) any effort to correct the violation; and

95-68 (5) any other matter justice requires.

95-69 (d) A penalty collected under this section shall be

96-1 deposited to the credit of the state instructional materials
96-2 [~~textbook~~] fund.

96-3 SECTION 2E.30. The heading to Section 31.152, Education
96-4 Code, is amended to read as follows:

96-5 Sec. 31.152. ACCEPTING REBATE ON INSTRUCTIONAL MATERIALS
96-6 [~~TEXTBOOKS~~].

96-7 SECTION 2E.31. Subsections (a), (b), and (d), Section
96-8 31.152, Education Code, are amended to read as follows:

96-9 (a) A school trustee, administrator, or teacher commits an
96-10 offense if that person receives any commission or rebate on any
96-11 instructional materials [~~textbooks~~] used in the schools with which
96-12 the person is associated as a trustee, administrator, or teacher.

96-13 (b) A school trustee, administrator, or teacher commits an
96-14 offense if the person accepts a gift, favor, or service that:

96-15 (1) is given to the person or the person's school;

96-16 (2) might reasonably tend to influence a trustee,
96-17 administrator, or teacher in the selection of instructional
96-18 materials [~~a textbook~~]; and

96-19 (3) could not be lawfully purchased with funds from
96-20 the state instructional materials [~~textbook~~] fund.

96-21 (d) In this section, "gift, favor, or service" does not
96-22 include:

96-23 (1) staff development, in-service, or teacher
96-24 training; or

96-25 (2) instructional materials[~~7~~] such as maps or
96-26 worksheets[~~, that convey information to the student or otherwise~~
96-27 ~~contribute to the learning process~~].

96-28 SECTION 2E.32. The heading to Section 31.153, Education
96-29 Code, is amended to read as follows:

96-30 Sec. 31.153. VIOLATION OF FREE INSTRUCTIONAL MATERIALS
96-31 [~~TEXTBOOK~~] LAW.

96-32 SECTION 2E.33. Subsection (a), Section 31.153, Education
96-33 Code, is amended to read as follows:

96-34 (a) A person commits an offense if the person knowingly
96-35 violates any law providing for the purchase or distribution of free
96-36 instructional materials [~~textbooks~~] for the public schools.

96-37 SECTION 2E.34. Subchapter E, Chapter 31, Education Code, is
96-38 amended to read as follows:

96-39 SUBCHAPTER E. DISPOSITION OF INSTRUCTIONAL MATERIALS [~~TEXTBOOKS~~]

96-40 Sec. 31.201. DISPOSITION OF INSTRUCTIONAL MATERIALS
96-41 [~~TEXTBOOKS~~]. (a) The commissioner, with the approval of the State
96-42 Board of Education, may provide for the disposition of:

96-43 (1) instructional materials [~~textbooks~~], other than
96-44 electronic instructional materials [~~textbooks~~], that are no longer
96-45 in acceptable condition to be used for instructional purposes; or

96-46 (2) discontinued instructional materials [~~textbooks~~],
96-47 other than electronic instructional materials [~~textbooks~~].

96-48 (b) The commissioner, as provided by rules adopted by the
96-49 State Board of Education, shall make available on request copies of
96-50 discontinued instructional materials [~~textbooks~~], other than
96-51 electronic instructional materials [~~textbooks~~], for use in
96-52 libraries maintained in municipal and county jails and facilities
96-53 of the institutional division of the Texas Department of Criminal
96-54 Justice and other state agencies.

96-55 (c) The State Board of Education shall adopt rules under
96-56 which a school district or open-enrollment charter school may
96-57 donate discontinued instructional materials [~~textbooks~~], other
96-58 than electronic instructional materials [~~textbooks~~], to a student,
96-59 to an adult education program, or to a nonprofit organization.

96-60 SECTION 2E.35. Section 32.005, Education Code, is amended
96-61 by amending Subsection (a) and adding Subsection (d) to read as
96-62 follows:

96-63 (a) Each school district is entitled to an allotment of \$50
96-64 [~~\$30~~] for each student in average daily attendance or a different
96-65 amount for any year provided by appropriation.

96-66 (d) This section expires September 1, 2007.

96-67 SECTION 2E.36. Subchapter A, Chapter 32, Education Code, is
96-68 amended by adding Section 32.006 to read as follows:

96-69 Sec. 32.006. AGREEMENT WITH PUBLIC BROADCASTING STATION.

97-1 (a) The commissioner may enter into an agreement with a public
 97-2 broadcasting station, or a consortium of public broadcasting
 97-3 stations, under which the station or consortium will provide online
 97-4 instructional content and educational materials.

97-5 (b) From funds appropriated to the agency, the commissioner
 97-6 may, under an agreement entered into under Subsection (a), make
 97-7 instructional materials available through public broadcasting
 97-8 stations for purposes of instruction and professional development
 97-9 and for use in providing adult-based education.

97-10 (c) An agreement entered into under Subsection (a) must, to
 97-11 the extent practicable, provide access to instructional materials
 97-12 and online content to persons located in all parts of this state.

97-13 (d) For purposes of providing high-quality online
 97-14 instructional materials under this section, the commissioner may:

97-15 (1) use federal funds that may be used for those
 97-16 purposes; or

97-17 (2) use unexpended balances of funds appropriated to
 97-18 the agency for educational purposes, including adult education.

97-19 SECTION 2E.37. Effective September 1, 2007, Subchapter A,
 97-20 Chapter 32, Education Code, is amended by adding Section 32.007 to
 97-21 read as follows:

97-22 Sec. 32.007. TARGETED TECHNOLOGY PROGRAMS. (a) Each
 97-23 school district shall use funds designated for targeted technology
 97-24 programs under Section 31.0211(b) in accordance with this section
 97-25 and in a manner consistent with the long-range plan developed by the
 97-26 State Board of Education under Section 32.001 and the district's
 97-27 own technology plan. A school district may use funds from other
 97-28 sources, including grants, donations, and state and federal funds,
 97-29 to provide targeted technology programs.

97-30 (b) A targeted technology program must provide for each
 97-31 student and teacher at a targeted campus or grade level on a
 97-32 targeted campus:

97-33 (1) the provision of:

97-34 (A) wireless electronic mobile computing devices
 97-35 or other technology devices that convey instruction;

97-36 (B) productivity software and hardware,
 97-37 including writing, computation, presentation, printing, and
 97-38 communication tools;

97-39 (C) electronic learning software aligned with
 97-40 the essential knowledge and skills adopted by the State Board of
 97-41 Education under Section 28.002;

97-42 (D) library and other research tools;

97-43 (E) electronic assessment tools;

97-44 (F) electronic learning tools to improve
 97-45 communications among students, teachers, school administrators,
 97-46 parents, and the community;

97-47 (G) classroom management systems; and

97-48 (H) portable electronic devices capable of
 97-49 supporting instructional material for each subject in the
 97-50 foundation and enrichment curriculums;

97-51 (2) professional development for teachers to
 97-52 integrate the tools and solutions described by Subdivision (1); or

97-53 (3) the provision of other infrastructure,
 97-54 components, and technologies to support and enhance student
 97-55 performance through individual instruction programs.

97-56 (c) The Legislative Budget Board shall:

97-57 (1) conduct a biennial study of the cost of school
 97-58 district targeted technology programs, including the cost of
 97-59 implementing those programs on a statewide basis; and

97-60 (2) based on the results of the study required by
 97-61 Subdivision (1), make recommendations to the legislature before the
 97-62 beginning of each regular session of the legislature concerning
 97-63 statewide implementation of targeted technology programs.

97-64 (d) Each biennium, the Legislative Budget Board and the
 97-65 commissioner shall jointly conduct a performance evaluation of
 97-66 school district targeted technology programs.

97-67 SECTION 2E.38. Section 32.154, Education Code, as added by
 97-68 Chapter 834, Acts of the 78th Legislature, Regular Session, 2003,
 97-69 is amended by amending Subsection (b) and adding Subsection (a-1)

98-1 to read as follows:

98-2 (a-1) In addition to school districts and schools selected
 98-3 before September 1, 2005, for participation in the technology
 98-4 immersion pilot project, the agency shall expand the program by
 98-5 selecting for participation in the pilot project for the 2005-2006
 98-6 and subsequent school years each high school to which a school
 98-7 district regularly assigns students who were enrolled in grade
 98-8 eight during the 2004-2005 school year at a district school
 98-9 participating in the pilot project. The agency shall establish
 98-10 criteria for expanding the pilot project under this subsection.

98-11 (b) Except as provided by Subsection (a-1), the [The] agency
 98-12 shall select the participating [districts and] schools for the
 98-13 pilot project based on each [district's or] school's need for the
 98-14 pilot project. In selecting participants, the agency shall
 98-15 consider the following criteria:

98-16 (1) whether the [~~district or~~] school has limited
 98-17 access to educational resources that could be improved through the
 98-18 use of wireless mobile computing devices and other technologies;

98-19 (2) whether the [~~district or~~] school has the following
 98-20 problems and whether those problems can be mitigated through the
 98-21 use of wireless mobile computing devices and other technologies:

98-22 (A) documented teacher shortages in critical
 98-23 areas;

98-24 (B) limited access to advanced placement
 98-25 courses;

98-26 (C) low rates of satisfactory performance on
 98-27 assessment instruments under Subchapter B, Chapter 39; and

98-28 (D) high dropout rates;

98-29 (3) the [~~district's or~~] school's readiness to
 98-30 incorporate technology into its classrooms;

98-31 (4) the possibility of obtaining a trained technology
 98-32 support staff and high-speed Internet services for the [~~district~~
 98-33 ~~or~~] school; and

98-34 (5) the methods the [~~district or~~] school will use to
 98-35 measure the progress of the pilot project in the [~~district or~~]
 98-36 school in accordance with Section 32.155(e).

98-37 SECTION 2E.39. Section 32.156, Education Code, as added by
 98-38 Chapter 1216, Acts of the 78th Legislature, Regular Session, 2003,
 98-39 is amended to read as follows:

98-40 Sec. 32.156. ON-LINE INSTRUCTIONAL MATERIALS [TEXTBOOKS].
 98-41 (a) The agency may develop and adopt strategies for making
 98-42 instructional materials [textbooks] available through the portal
 98-43 or through other means in an electronic format as an alternative or
 98-44 supplement to traditional instructional materials [textbooks].

98-45 (b) In developing and adopting strategies under this
 98-46 section, the agency shall seek to achieve a system under which a
 98-47 student may, in addition to [~~a~~] traditional instructional materials
 98-48 [textbook], be provided with secure Internet access to each
 98-49 instructional material [textbook] used by the student.

98-50 SECTION 2E.40. Subsection (b), Section 32.161, Education
 98-51 Code, is amended to read as follows:

98-52 (b) To the extent possible considering other statutory
 98-53 requirements, the commissioner and agency shall encourage the use
 98-54 of instructional materials [textbook] funds under Section 31.021
 98-55 and technology allotment funds under Section 32.005 [31.021(b)(2)]
 98-56 in a manner that facilitates the development and use of the portal.

98-57 SECTION 2E.41. From funds appropriated for the Foundation
 98-58 School Program for the state fiscal biennium beginning September 1,
 98-59 2005, the commissioner of education shall set aside an amount
 98-60 sufficient to pay the cost of textbooks under Proclamation 2002
 98-61 issued by the State Board of Education.

98-62 SECTION 2E.42. Section 31.0221, Education Code, as added by
 98-63 this part, applies only to instructional materials submitted for
 98-64 review by the State Board of Education on or after the effective
 98-65 date of this Act. Instructional materials submitted for review
 98-66 before the effective date of this Act are governed by the law in
 98-67 effect when the instructional materials were submitted for review,
 98-68 and the former law is continued in effect for that purpose.

98-69 SECTION 2E.43. (a) This section applies to a contract

99-1 entered into by the State Board of Education before January 1, 2005,
 99-2 for the purchase of an adopted instructional material, as that term
 99-3 is defined by Section 31.002, Education Code, as amended by this
 99-4 part, or the purchase or licensing of an electronic instructional
 99-5 material.

99-6 (b) A contract described by Subsection (a) of this section
 99-7 continues in effect as a state contract for the remainder of the
 99-8 contract term, and the former law is continued in effect for that
 99-9 purpose.

99-10 PART F. BILINGUAL EDUCATION AND SPECIAL EDUCATION PROGRAMS

99-11 SECTION 2F.01. Subchapter B, Chapter 21, Education Code, is
 99-12 amended by adding Sections 21.0485 and 21.0486 to read as follows:

99-13 Sec. 21.0485. DUAL LANGUAGE EDUCATION TEACHER
 99-14 CERTIFICATION. (a) To ensure that there are teachers with special
 99-15 training to work with other teachers and with students in a dual
 99-16 language education program, the commissioner shall establish a dual
 99-17 language education teaching certificate.

99-18 (b) The commissioner shall adopt rules establishing the
 99-19 training requirements, including the minimum academic
 99-20 qualifications, a person must accomplish to obtain a certificate
 99-21 under this section.

99-22 (c) The commissioner shall adopt rules establishing the
 99-23 requirements for a teacher who receives training in a foreign
 99-24 country to obtain a certificate under this section.

99-25 Sec. 21.0486. MASTER LANGUAGE TEACHER CERTIFICATION.

99-26 (a) To ensure that there are teachers with special training to
 99-27 work with other teachers and with students in order to improve
 99-28 student performance in English and other languages, the
 99-29 commissioner shall establish:

99-30 (1) a master language teacher certificate to teach
 99-31 bilingual education, dual language instruction, or English as a
 99-32 second language at elementary school grade levels;

99-33 (2) a master language teacher certificate to teach
 99-34 bilingual education, dual language instruction, or English as a
 99-35 second language at middle school grade levels; and

99-36 (3) a master language teacher certificate to teach
 99-37 dual language instruction at high school grade levels.

99-38 (b) The board shall issue the appropriate master language
 99-39 teacher certificate to each eligible person.

99-40 (c) To be eligible for a master language teacher
 99-41 certificate, a person must:

99-42 (1) hold a teaching certificate issued under this
 99-43 subchapter;

99-44 (2) have at least three years of experience teaching
 99-45 bilingual education, dual language instruction, or English as a
 99-46 second language;

99-47 (3) satisfactorily complete a knowledge-based course
 99-48 of instruction on second language acquisition and the science of
 99-49 teaching children language that includes training in language
 99-50 instruction and professional peer mentoring techniques that,
 99-51 through scientific testing, have been proven effective;

99-52 (4) perform satisfactorily on the appropriate master
 99-53 language certification examination prescribed by the board; and

99-54 (5) satisfy any other requirements prescribed by the
 99-55 board.

99-56 SECTION 2F.02. Subsection (b), Section 21.050, Education
 99-57 Code, is amended to read as follows:

99-58 (b) The commissioner [~~board~~] may not require more than 18
 99-59 semester credit hours of education courses at the baccalaureate
 99-60 level for the granting of a teaching certificate. The commissioner
 99-61 [~~board~~] shall provide for a minimum number of semester credit hours
 99-62 of internship to be included in the hours needed for certification.
 99-63 The commissioner [~~board~~] may adopt [~~propose~~] rules requiring
 99-64 additional credit hours for certification in bilingual education,
 99-65 dual language instruction, English as a second language, early
 99-66 childhood education, or special education.

99-67 SECTION 2F.03. Section 21.054, Education Code, is amended
 99-68 by adding Subsection (c) to read as follows:

99-69 (c) Rules adopted under Subsection (a) must permit an

100-1 educator to fulfill continuing education requirements by acquiring
 100-2 conversational skills in one or more languages other than English
 100-3 and academic language development in the subject area for which the
 100-4 educator provides instruction. The rules must permit educators to
 100-5 obtain language instruction through a variety of methods, including
 100-6 attendance at workshops offered by qualified entities and
 100-7 enrollment on a noncredit basis in courses offered by public or
 100-8 private colleges and universities.

100-9 SECTION 2F.04. Subchapter B, Chapter 21, Education Code, is
 100-10 amended by adding Section 21.060 to read as follows:

100-11 Sec. 21.060. NOTICE OF EDUCATIONAL AIDE TUITION EXEMPTION.
 100-12 On issuing an educator certificate to an educational aide or
 100-13 renewing such a certificate, the board shall notify the person to
 100-14 whom the certificate is issued of the existence of the educational
 100-15 aide exemption under Section 54.214.

100-16 SECTION 2F.05. Section 28.0051, Education Code, is amended
 100-17 by adding Subsection (d) to read as follows:

100-18 (d) The commissioner shall provide for the issuance of
 100-19 teaching certificates appropriate for dual language instruction to
 100-20 teachers who:

100-21 (1) possess a speaking, reading, and writing language
 100-22 ability in a language other than English in which a dual language
 100-23 immersion program is offered; and

100-24 (2) meet the general requirements of Subchapter B,
 100-25 Chapter 21.

100-26 SECTION 2F.06. Subchapter A, Chapter 28, Education Code, is
 100-27 amended by adding Section 28.0052 to read as follows:

100-28 Sec. 28.0052. DUAL LANGUAGE EDUCATION PILOT PROJECT.

100-29 (a) The commissioner shall establish a pilot project in school
 100-30 districts selected by the commissioner under which the agency
 100-31 examines dual language education programs and the effect of those
 100-32 programs on a student's ability to graduate from high school.

100-33 (b) In selecting school districts under Subsection (a), the
 100-34 commissioner shall:

100-35 (1) select districts that:

100-36 (A) will commit to at least a three-year dual
 100-37 language education program; and

100-38 (B) demonstrate a substantially equal enrollment
 100-39 of students with limited English proficiency and students whose
 100-40 primary language is English or, if a district does not have a
 100-41 sufficient number of limited English proficiency students to meet
 100-42 the equal enrollment standard, include the enrollment of students
 100-43 with limited English proficiency, students whose primary language
 100-44 is English, and bilingual students; and

100-45 (2) give preference to a district that:

100-46 (A) demonstrates the potential for expanding the
 100-47 program through middle school; and

100-48 (B) will implement the program at the
 100-49 kindergarten level.

100-50 (c) The commissioner by rule shall require a district to
 100-51 limit activities of the dual language education program during the
 100-52 first year of the program to planning activities, including:

100-53 (1) hiring and training teachers and ensuring teacher
 100-54 certification;

100-55 (2) establishing parental and community support for
 100-56 the program; and

100-57 (3) acquiring adequate learning materials in both
 100-58 program languages.

100-59 (d) From amounts appropriated to the agency, the
 100-60 commissioner shall award grants to school districts that
 100-61 participate in the program. A grant under this section must be in
 100-62 an amount sufficient to pay the costs to the district of
 100-63 participating in the program, as determined by the commissioner. A
 100-64 determination of the commissioner under this subsection is final
 100-65 and may not be appealed.

100-66 (e) A school district that applies for the expansion of an
 100-67 existing dual language education program is eligible for a grant
 100-68 under Subsection (d).

100-69 (f) A school district may use a grant awarded under

101-1 Subsection (d) for:

101-2 (1) classroom materials;
 101-3 (2) tuition and textbook expenses for students seeking
 101-4 teacher certification under Section 21.0485; and

101-5 (3) other necessary costs of operating the program, as
 101-6 approved by the commissioner.

101-7 (f-1) During the 2005-2006 school year, the commissioner
 101-8 may award grants to school districts under this section only for the
 101-9 purpose of planning activities described by Subsection (c) in an
 101-10 amount not to exceed two percent of the total amount required to
 101-11 fully implement the pilot project for the 2006-2007 school year.
 101-12 This subsection expires September 1, 2007.

101-13 (g) Grants under this section may not exceed \$13 million for
 101-14 each biennium.

101-15 (h) The agency shall report to the legislature describing
 101-16 the agency's activities under the pilot project, the effect of the
 101-17 project on grade-level completion, and the recommendations arising
 101-18 from the project. The agency shall submit an interim report under
 101-19 this subsection not later than January 1, 2009, and a final report
 101-20 not later than January 1, 2011.

101-21 (i) This section expires August 1, 2011.

101-22 SECTION 2F.07. Section 29.056, Education Code, is amended
 101-23 by amending Subsections (a), (d), and (g) and adding Subsections
 101-24 (g-1) and (i) to read as follows:

101-25 (a) The agency shall establish standardized criteria for
 101-26 the identification, assessment, and classification of students of
 101-27 limited English proficiency eligible for entry into the program or
 101-28 exit from the program. Except as provided by this subsection, the
 101-29 [The] student's parent must approve a student's entry into the
 101-30 program, exit from the program, or placement in the program. A
 101-31 school district shall provide notice to the student's parent that
 101-32 the district intends to transfer the student from the program. If
 101-33 the student's parent fails to respond to the notice on or before the
 101-34 30th day after the date the notice is provided, the district may
 101-35 transfer the student from the program without the student's
 101-36 parent's approval. The district must inform the student's parent of
 101-37 the student's transfer from the program. The school district or
 101-38 parent may appeal the decision under Section 29.064. The criteria
 101-39 for identification, assessment, and classification may include:

101-40 (1) results of a home language survey conducted within
 101-41 four weeks of each student's enrollment to determine the language
 101-42 normally used in the home and the language normally used by the
 101-43 student, conducted in English and the home language, signed by the
 101-44 student's parents if the student is in kindergarten through grade 8
 101-45 or by the student if the student is in grades 9 through 12, and kept
 101-46 in the student's permanent folder by the language proficiency
 101-47 assessment committee;

101-48 (2) the results of an agency-approved English language
 101-49 proficiency test administered to all students identified through
 101-50 the home survey as normally speaking a language other than English
 101-51 to determine the level of English language proficiency, with
 101-52 students in kindergarten or grade 1 being administered an oral
 101-53 English proficiency test and students in grades 2 through 12 being
 101-54 administered an oral English proficiency test and, if the oral
 101-55 English proficiency test demonstrates proficiency, a written
 101-56 English proficiency test; and

101-57 (3) the results of an agency-approved proficiency test
 101-58 in the primary language administered to all students identified
 101-59 under Subdivision (2) as being of limited English proficiency to
 101-60 determine the level of primary language proficiency, with students
 101-61 in kindergarten or grade 1 being administered an oral primary
 101-62 language proficiency test and students in grades 2 through 12 being
 101-63 administered an oral and written primary language proficiency test.

101-64 (d) Not later than the 20th [~~10th~~] day after the date of the
 101-65 student's classification as a student of limited English
 101-66 proficiency, the language proficiency assessment committee shall
 101-67 give written notice of the classification to the student's parent.
 101-68 The notice must be in English and the parent's primary language.
 101-69 The parents of students eligible to participate in the required

102-1 bilingual education program shall be informed of the benefits of
 102-2 the bilingual education or special language program and that it is
 102-3 an integral part of the school program.

102-4 (g) A district may transfer a student of limited English
 102-5 proficiency out of a bilingual education or special language
 102-6 program for the first time or a subsequent time if the student is
 102-7 able to participate equally in a regular all-English instructional
 102-8 program as determined by:

102-9 (1) agency-approved tests administered at the end of
 102-10 each school year to determine the extent to which the student has
 102-11 developed oral and written language proficiency and specific
 102-12 language skills in [~~both the student's primary language and~~
 102-13 English;

102-14 (2) satisfactory performance on the reading
 102-15 assessment instrument under Section 39.023(a) or the English I or
 102-16 II assessment instrument under Section 39.023(c), as applicable,
 102-17 with the assessment instrument administered in English, or, if the
 102-18 student is enrolled in the first or second grade, an achievement
 102-19 score at or above the 40th percentile in the reading and language
 102-20 arts sections of an English standardized test approved by the
 102-21 agency; and

102-22 (3) agency-approved [~~other indications of a student's~~
 102-23 ~~overall progress, including~~ criterion-referenced tests and the
 102-24 results of a [~~test scores,~~ subjective teacher evaluation[~~, and~~
 102-25 ~~parental evaluation~~].

102-26 (g-1) A school district may transfer a student of limited
 102-27 English proficiency who is eligible for special education services
 102-28 under Subchapter A out of a bilingual education or special language
 102-29 program and into a special education program if the language
 102-30 proficiency assessment committee and the student's admission,
 102-31 review, and dismissal committee agree that the student has a
 102-32 learning disability and would be better served in a special
 102-33 education program. The student's admission, review, and dismissal
 102-34 committee must document that the student has a learning disability
 102-35 that cannot be addressed effectively in a bilingual education or
 102-36 special language program and that the student's learning disability
 102-37 is not due to the student's limited English proficiency. The
 102-38 commissioner by rule shall adopt criteria for a school district to
 102-39 use in transferring a student under this subsection.

102-40 (i) On approval of the student's parent, a school district
 102-41 may allow a student of limited English proficiency who meets the
 102-42 criteria for being transferred out of a bilingual education or
 102-43 special language program to continue participating in the program.

102-44 SECTION 2F.08. Subchapter B, Chapter 29, Education Code, is
 102-45 amended by adding Section 29.0561 to read as follows:

102-46 Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS;
 102-47 REENROLLMENT. (a) The language proficiency assessment committee
 102-48 shall reevaluate a student who is transferred out of a bilingual
 102-49 education or special language program under Section 29.056(g) if
 102-50 the student earns a failing grade in a subject in the foundation
 102-51 curriculum under Section 28.002(a)(1) during any grading period in
 102-52 the first two school years after the student is transferred to
 102-53 determine whether the student should be reenrolled in a bilingual
 102-54 education or special language program.

102-55 (b) During the first two school years after a student is
 102-56 transferred out of a bilingual education or special language
 102-57 program under Section 29.056(g), the language proficiency
 102-58 assessment committee shall review the student's performance and
 102-59 consider:

102-60 (1) the total amount of time the student was enrolled
 102-61 in a bilingual education or special language program;

102-62 (2) the student's grades each grading period in each
 102-63 subject in the foundation curriculum under Section 28.002(a)(1);

102-64 (3) the student's performance on each assessment
 102-65 instrument administered under Section 39.023(a) or (c);

102-66 (4) the number of credits the student has earned
 102-67 toward high school graduation, if applicable; and

102-68 (5) any disciplinary actions taken against the student
 102-69 under Subchapter A, Chapter 37.

103-1 (c) After an evaluation under this section, the language
 103-2 proficiency assessment committee may require intensive instruction
 103-3 for the student or reenroll the student in a bilingual education or
 103-4 special language program.

103-5 SECTION 2F.09. Subchapter B, Chapter 29, Education Code, is
 103-6 amended by adding Section 29.065 to read as follows:

103-7 Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE
 103-8 PROFICIENCY. The commissioner by rule shall develop a longitudinal
 103-9 measure of progress toward English language proficiency under which
 103-10 a student of limited English proficiency is evaluated from the time
 103-11 the student enters public school until, for two consecutive school
 103-12 years, the student scores at a specific level determined by the
 103-13 commissioner on the reading assessment instrument under Section
 103-14 39.023(a) or the English I or II assessment instrument under
 103-15 Section 39.023(c), as applicable. The commissioner shall:

103-16 (1) as part of the measure of progress, include
 103-17 student advancement from one proficiency level to a higher level
 103-18 under the reading proficiency in English assessment system
 103-19 developed under Section 39.027(e) and from the highest level under
 103-20 that assessment system to the level determined by the commissioner
 103-21 under this section on the reading assessment instrument under
 103-22 Section 39.023(a) or the English I or II assessment instrument
 103-23 under Section 39.023(c), as applicable; and

103-24 (2) to the extent practicable in developing the
 103-25 measure of progress, use applicable research and analysis done in
 103-26 developing an annual measurable achievement objective as required
 103-27 by Section 3122, No Child Left Behind Act of 2001 (20 U.S.C. Section
 103-28 6842).

103-29 SECTION 2F.10. Not later than January 1, 2006, the
 103-30 commissioner of education shall adopt rules:

103-31 (1) establishing requirements and prescribing an
 103-32 examination for master language teacher certification as required
 103-33 by Section 21.0486, Education Code, as added by this Act;

103-34 (2) establishing requirements and prescribing an
 103-35 examination for dual language instruction teacher certification as
 103-36 required by Subsection (b), Section 21.050, Education Code, as
 103-37 amended by this Act, and Subsection (d), Section 28.0051, Education
 103-38 Code, as added by this Act; and

103-39 (3) permitting an educator to fulfill continuing
 103-40 education requirements by acquiring conversational skill in a
 103-41 language other than English as required by Subsection (c), Section
 103-42 21.054, Education Code, as added by this Act.

103-43 PART G. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

103-44 SECTION 2G.01. Subchapter D, Chapter 29, Education Code, is
 103-45 amended by adding Section 29.124 to read as follows:

103-46 Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) In this
 103-47 section, "public senior college or university" has the meaning
 103-48 assigned by Section 61.003.

103-49 (b) A Texas governor's school is a summer residential
 103-50 program for high-achieving high school students. A governor's
 103-51 school program may include any or all of the following educational
 103-52 curricula:

103-53 (1) mathematics and science;

103-54 (2) humanities; or

103-55 (3) leadership and public policy.

103-56 (c) A public senior college or university may apply to the
 103-57 commissioner to administer a Texas governor's school program under
 103-58 this section. The commissioner shall give preference to a public
 103-59 senior college or university that applies in cooperation with a
 103-60 nonprofit association. The commissioner shall give additional
 103-61 preference if the nonprofit association receives private
 103-62 foundation funds that may be used to finance the program.

103-63 (d) The commissioner may approve an application under this
 103-64 section only if the applicant:

103-65 (1) applies within the period and in the manner
 103-66 required by rule adopted by the commissioner;

103-67 (2) submits a program proposal that includes:

103-68 (A) a curriculum consistent with Subsection (b);

103-69 (B) criteria for selecting students to

104-1 participate in the program;

104-2 (C) a statement of the length of the program,
104-3 which must be at least three weeks; and

104-4 (D) a statement of the location of the program;

104-5 (3) agrees to use a grant under this section only for
104-6 the purpose of administering a program; and

104-7 (4) satisfies any other requirements established by
104-8 rule adopted by the commissioner.

104-9 (e) From funds appropriated for the purpose, the
104-10 commissioner may make a grant in an amount not to exceed \$750,000
104-11 each year to public senior colleges or universities whose
104-12 applications are approved under this section to pay the costs of
104-13 administering a Texas governor's school program.

104-14 (f) The commissioner may adopt other rules necessary to
104-15 implement this section.

104-16 SECTION 2G.02. Section 39.051, Education Code, is amended
104-17 by adding Subsection (b-1) to read as follows:

104-18 (b-1) In addition to the indicators adopted under
104-19 Subsection (b), the commissioner shall adopt the following
104-20 indicators relating to high academic achievement to be considered
104-21 in assigning a district an exemplary performance rating under
104-22 Section 39.072:

104-23 (1) the percentage of students, disaggregated by race,
104-24 ethnicity, gender, and socioeconomic status, who are enrolled in an
104-25 educational program for gifted and talented students;

104-26 (2) student results on advanced placement and
104-27 international baccalaureate examinations, including the percentage
104-28 of students scoring three or higher on the advanced placement
104-29 examinations and the percentage of students scoring four or higher
104-30 on the international baccalaureate examinations;

104-31 (3) student results on the Scholastic Assessment Test
104-32 (SAT) and the American College Test (ACT);

104-33 (4) the percentage of students scoring in the top five
104-34 percent on nationally recognized norm-referenced assessment
104-35 instruments;

104-36 (5) the percentage of high school students enrolled in
104-37 an advanced course;

104-38 (6) the percentage of students achieving commended
104-39 performance, as determined by the State Board of Education, on an
104-40 assessment instrument required under Section 39.023(a), (c), or
104-41 (1);

104-42 (7) the percentage of students completing the
104-43 recommended or advanced high school program established under
104-44 Section 28.025; and

104-45 (8) the percentage of the district's graduating
104-46 students who enroll in an institution of higher education for the
104-47 academic year following graduation.

104-48 SECTION 2G.03. Subsection (a), Section 39.053, Education
104-49 Code, is amended to read as follows:

104-50 (a) Each board of trustees shall publish an annual report
104-51 describing the educational performance of the district and of each
104-52 campus in the district that includes uniform student performance
104-53 and descriptive information as determined under rules adopted by
104-54 the commissioner. The annual report must also include:

104-55 (1) campus performance objectives established under
104-56 Section 11.253 and the progress of each campus toward those
104-57 objectives, which shall be available to the public;

104-58 (2) the performance rating for the district [~~as~~
104-59 ~~provided under Section 39.072(a)] and [~~the performance rating of~~
104-60 ~~each campus in the district as provided under Section 39.072~~
104-61 ~~[39.072(c)]];~~~~

104-62 (3) the district's current special education
104-63 compliance status with the agency;

104-64 (4) a statement of the number, rate, and type of
104-65 violent or criminal incidents that occurred on each district
104-66 campus, to the extent permitted under the Family Educational Rights
104-67 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

104-68 (5) information concerning school violence prevention
104-69 and violence intervention policies and procedures that the district

105-1 is using to protect students; ~~and~~

105-2 (6) the findings that result from evaluations
105-3 conducted under the Safe and Drug-Free Schools and Communities Act
105-4 of 1994 (20 U.S.C. Section 7101 et seq.) and its subsequent
105-5 amendments; ~~and~~

105-6 (7) information received under Section 51.403(e) for
105-7 each high school campus in the district, presented in a form
105-8 determined by the commissioner; and

105-9 (8) information relating to high academic achievement
105-10 in the district, as determined by the district's performance on the
105-11 indicators under Section 39.051(b-1).

105-12 SECTION 2G.04. (a) Not later than the 2006-2007 school
105-13 year, the Texas Education Agency shall collect information
105-14 concerning high academic achievement for purposes of Subsection
105-15 (b-1), Section 39.051, Education Code, as added by this Act.

105-16 (b) Not later than the 2007-2008 school year, the Texas
105-17 Education Agency shall include information concerning high
105-18 academic achievement for purposes of Subsection (b-1), Section
105-19 39.051, Education Code, as added by this Act, in evaluating the
105-20 performance of school districts, campuses, and public charter
105-21 districts under Subchapter D, Chapter 39, Education Code.

105-22 (c) Not later than the 2007-2008 school year, the Texas
105-23 Education Agency shall include the information required by
105-24 Subdivision (23), Subsection (a), Section 39.182, Education Code,
105-25 as added by this Act, in the agency's comprehensive annual report
105-26 under Section 39.182, Education Code.

105-27 PART H. PREKINDERGARTEN PROGRAMS

105-28 SECTION 2H.01. Section 29.1532, Education Code, is amended
105-29 by adding Subsections (d), (e), and (f) to read as follows:

105-30 (d) Before a school district may implement a
105-31 prekindergarten program, the district shall:

105-32 (1) investigate the possibility of sharing program
105-33 sites with existing child-care programs licensed by the Department
105-34 of Family and Protective Services and existing federal Head Start
105-35 programs; and

105-36 (2) coordinate use of any sites to the greatest extent
105-37 possible.

105-38 (e) A school district shall implement to the greatest extent
105-39 possible coordinated use of licensed child-care and Head Start
105-40 sites with existing prekindergarten programs.

105-41 (f) The commissioner may adopt rules relating to the
105-42 operation of prekindergarten and early childhood care and education
105-43 programs that receive state funds to foster school readiness in
105-44 children enrolled in those programs.

105-45 PART I. SCHOOL DISCIPLINE

105-46 SECTION 2I.01. Chapter 26, Education Code, is amended by
105-47 adding Section 26.0083 to read as follows:

105-48 Sec. 26.0083. RIGHT TO PROMPT NOTICE OF DISCIPLINARY
105-49 ACTION. (a) A parent is entitled to notice from a school district
105-50 or public charter district as provided by this section if the
105-51 parent's child is removed from class under Section 37.006 for
105-52 placement in a disciplinary alternative education program or under
105-53 Section 37.007 for expulsion or placement in a juvenile justice
105-54 alternative education program. A school district or public charter
105-55 district shall make a good faith effort to provide the notice
105-56 required by this subsection on the same day the parent's child is
105-57 removed from class. If the district fails to provide the notice on
105-58 that day, the district shall provide or mail the notice not later
105-59 than 5 p.m. on the first business day after the day the student is
105-60 removed from class.

105-61 (b) A noncustodial parent who has requested notice of
105-62 disciplinary actions as provided by Section 37.0091 is entitled to
105-63 notice under Subsection (a).

105-64 SECTION 2I.02. Section 37.004, Education Code, is amended
105-65 by adding Subsections (e) and (f) to read as follows:

105-66 (e) Notwithstanding any other provision of this subchapter,
105-67 in a county with a juvenile justice alternative education program
105-68 established under Section 37.011, the expulsion under a provision
105-69 of Section 37.007 described by this subsection of a student with a

106-1 disability who receives special education services must occur in
 106-2 accordance with this subsection and Subsection (f). The school
 106-3 district from which the student was expelled shall, in accordance
 106-4 with applicable federal law, provide the administrator of the
 106-5 juvenile justice alternative education program or the
 106-6 administrator's designee with reasonable notice of the meeting of
 106-7 the student's admission, review, and dismissal committee to discuss
 106-8 the student's expulsion. A representative of the juvenile justice
 106-9 alternative education program may participate in the meeting to the
 106-10 extent that the meeting relates to the student's placement in the
 106-11 program. This subsection applies only to an expulsion under:

106-12 (1) Section 37.007(b), (c), or (f); or

106-13 (2) Section 37.007(d) as a result of conduct that
 106-14 contains the elements of any offense listed in Section
 106-15 37.007(b)(2)(C) against any employee or volunteer in retaliation
 106-16 for or as a result of the person's employment or association with a
 106-17 school district.

106-18 (f) If, after placement of a student in a juvenile justice
 106-19 alternative education program under Subsection (e), the
 106-20 administrator of the program or the administrator's designee has
 106-21 concerns that the student's educational or behavioral needs cannot
 106-22 be met in the program, the administrator or designee shall
 106-23 immediately provide written notice of those concerns to the school
 106-24 district from which the student was expelled. The student's
 106-25 admission, review, and dismissal committee shall meet to reconsider
 106-26 the placement of the student in the program. The district shall, in
 106-27 accordance with applicable federal law, provide the administrator
 106-28 or designee with reasonable notice of the meeting, and a
 106-29 representative of the program may participate in the meeting to the
 106-30 extent that the meeting relates to the student's continued
 106-31 placement in the program.

106-32 SECTION 2I.03. Section 37.008, Education Code, is amended
 106-33 by amending Subsections (m) and (m-1) and adding Subsection (n) to
 106-34 read as follows:

106-35 (m) Notwithstanding Section 7.028, the ~~[The]~~ commissioner
 106-36 shall adopt rules necessary to evaluate through an annual
 106-37 monitoring process ~~[annually]~~ the performance of each district's
 106-38 disciplinary alternative education program established under this
 106-39 subchapter. The monitoring process ~~[evaluation]~~ required by this
 106-40 section may be electronic and shall be based on indicators defined
 106-41 by the commissioner, but must include student performance on
 106-42 assessment instruments required under Sections 39.023(a) and (c)
 106-43 and at least one indicator that measures student academic progress.
 106-44 Academically, the mission of disciplinary alternative education
 106-45 programs shall be to enable students to perform at grade level.

106-46 (m-1) The agency shall integrate the monitoring process
 106-47 developed under Subsection (m) with the monitoring the agency is
 106-48 authorized to conduct under Section 7.028(a). The commissioner may
 106-49 require ~~[shall develop a process for evaluating]~~ a school district
 106-50 to contract at the district's expense in the manner provided by
 106-51 Section 39.134 with a public or private service provider for
 106-52 services determined by the commissioner to be necessary to:

106-53 (1) improve student performance;

106-54 (2) improve disciplinary alternative education
 106-55 program effectiveness; and

106-56 (3) ~~[electronically. The commissioner shall also~~
 106-57 ~~develop a system and standards for review of the evaluation or use~~
 106-58 ~~systems already available at the agency. The system must be~~
 106-59 ~~designed to identify districts that are at high risk of having~~
 106-60 ~~inaccurate disciplinary alternative education program data or of~~
 106-61 ~~failing to]~~ comply with disciplinary alternative education program
 106-62 state and federal requirements.

106-63 (n) ~~[The commissioner shall notify the board of trustees of~~
 106-64 ~~a district of any objection the commissioner has to the district's~~
 106-65 ~~disciplinary alternative education program data or of a violation~~
 106-66 ~~of a law or rule revealed by the data, including any violation of~~
 106-67 ~~disciplinary alternative education program requirements, or of any~~
 106-68 ~~recommendation by the commissioner concerning the data. If the~~
 106-69 ~~data reflect that a penal law has been violated, the commissioner~~

107-1 ~~shall notify the county attorney, district attorney, or criminal~~
 107-2 ~~district attorney, as appropriate, and the attorney general.]~~ The
 107-3 commissioner is entitled to access to all district records the
 107-4 commissioner considers necessary or appropriate for the review,
 107-5 analysis, or approval of disciplinary alternative education
 107-6 program data.

107-7 SECTION 2I.04. Subsections (b) and (c), Section 37.020,
 107-8 Education Code, are amended to read as follows:

107-9 (b) For each placement in a disciplinary alternative
 107-10 education program established under Section 37.008, the district
 107-11 shall report:

107-12 (1) information identifying the student, including
 107-13 the student's race, sex, and date of birth, that will enable the
 107-14 agency to compare placement data with information collected through
 107-15 other reports;

107-16 (2) information indicating whether the student was
 107-17 enrolled in a special education program under Subchapter A, Chapter
 107-18 29, at the time of the placement;

107-19 (3) information indicating whether the placement was
 107-20 based on:

107-21 (A) conduct violating the student code of conduct
 107-22 adopted under Section 37.001;

107-23 (B) conduct for which a student may be removed
 107-24 from class under Section 37.002(b);

107-25 (C) conduct for which placement in a disciplinary
 107-26 alternative education program is required by Section 37.006; or

107-27 (D) conduct occurring while a student was
 107-28 enrolled in another district and for which placement in a
 107-29 disciplinary alternative education program is permitted by Section
 107-30 37.008(j);

107-31 (4) ~~(3)~~ the number of full or partial days the
 107-32 student was assigned to the program and the number of full or
 107-33 partial days the student attended the program; and

107-34 (5) ~~(4)~~ the number of placements that were
 107-35 inconsistent with the guidelines included in the student code of
 107-36 conduct under Section 37.001(a)(5).

107-37 (c) For each expulsion under Section 37.007, the district
 107-38 shall report:

107-39 (1) information identifying the student, including
 107-40 the student's race, sex, and date of birth, that will enable the
 107-41 agency to compare placement data with information collected through
 107-42 other reports;

107-43 (2) information indicating whether the student was
 107-44 enrolled in a special education program under Subchapter A, Chapter
 107-45 29, at the time of the expulsion;

107-46 (3) information indicating whether the expulsion was
 107-47 based on:

107-48 (A) conduct for which expulsion is required under
 107-49 Section 37.007, including information specifically indicating
 107-50 whether a student was expelled on the basis of Section 37.007(e); or

107-51 (B) conduct for which expulsion is permitted
 107-52 under Section 37.007;

107-53 (4) ~~(3)~~ the number of full or partial days the
 107-54 student was expelled;

107-55 (5) ~~(4)~~ information indicating whether:

107-56 (A) the student was placed in a juvenile justice
 107-57 alternative education program under Section 37.011;

107-58 (B) the student was placed in a disciplinary
 107-59 alternative education program; or

107-60 (C) the student was not placed in a juvenile
 107-61 justice or other disciplinary alternative education program; and

107-62 (6) ~~(5)~~ the number of expulsions that were
 107-63 inconsistent with the guidelines included in the student code of
 107-64 conduct under Section 37.001(a)(5).

107-65 PART J. CRIMINAL HISTORY RECORDS INFORMATION

107-66 SECTION 2J.01. Subchapter B, Chapter 21, Education Code, is
 107-67 amended by adding Section 21.0401 to read as follows:

107-68 Sec. 21.0401. COLLECTION OF FINGERPRINTS REQUIRED. The
 107-69 commissioner shall obtain a complete set of fingerprints from:

108-1 (1) each applicant for a certificate issued under this
 108-2 subchapter;

108-3 (2) each applicant for or holder of a teaching permit
 108-4 issued under this subchapter; and

108-5 (3) each person described by Section 11A.153 or
 108-6 Section 21.0032 for whom the commissioner has received information
 108-7 from a public charter district.

108-8 SECTION 2J.02. Subsection (c), Section 21.041, Education
 108-9 Code, is amended to read as follows:

108-10 (c) The commissioner by rule [~~board~~] shall set fees [~~propose~~
 108-11 ~~a rule adopting a fee~~] for:

108-12 (1) the issuance and maintenance of each [~~an~~] educator
 108-13 certificate that is adequate to cover the cost of administration of
 108-14 this subchapter, including costs related to the operation of the
 108-15 board and any amount necessary to cover the cost of obtaining
 108-16 fingerprints under Section 21.0401 or conducting a national
 108-17 criminal background review and investigation under Sections
 108-18 21.0032 and 22.082; and

108-19 (2) the cost of obtaining fingerprints from or
 108-20 conducting a national criminal background review of a holder of a
 108-21 teaching permit issued under this subchapter.

108-22 SECTION 2J.03. Section 22.082, Education Code, is amended
 108-23 to read as follows:

108-24 Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY STATE
 108-25 EDUCATION AUTHORITIES [~~BOARD FOR EDUCATOR CERTIFICATION~~].

108-26 (a) The agency [~~State Board for Educator Certification~~] shall
 108-27 obtain from any law enforcement or criminal justice agency all
 108-28 state and national criminal history record information that relates
 108-29 to:

108-30 (1) an applicant for or holder of a certificate or
 108-31 permit issued under Subchapter B, Chapter 21; or

108-32 (2) a person described by Section 11A.153 or 21.0032.

108-33 (b) The Educators' Professional Practices Board may obtain
 108-34 from any law enforcement or criminal justice agency all criminal
 108-35 history record information that relates to a holder of a
 108-36 certificate issued under Subchapter B, Chapter 21.

108-37 (c) The agency shall require each applicant, holder, and
 108-38 person described by Subsection (a)(2) to pay any costs to the agency
 108-39 related to obtaining criminal history record information related to
 108-40 the person under this section.

108-41 SECTION 2J.04. Subsection (d), Section 22.083, Education
 108-42 Code, is amended to read as follows:

108-43 (d) The superintendent of a district or the director of a
 108-44 public charter district [~~an open-enrollment charter school~~],
 108-45 private school, regional education service center, or shared
 108-46 services arrangement shall promptly notify the Educators'
 108-47 Professional Practices [~~State~~] Board [~~for Educator Certification~~]
 108-48 in writing if the person obtains or has knowledge of information
 108-49 showing that an applicant for or holder of a certificate issued
 108-50 under Subchapter B, Chapter 21, has a reported criminal history.
 108-51 The board shall notify the commissioner of the reported criminal
 108-52 history.

108-53 SECTION 2J.05. Sections 22.085 and 22.086, Education Code,
 108-54 are amended to read as follows:

108-55 Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES.
 108-56 A school district, public charter district [~~open-enrollment~~
 108-57 ~~charter school~~], private school, regional education service
 108-58 center, or shared services arrangement may discharge an employee if
 108-59 the district or school obtains information of the employee's
 108-60 conviction of a felony or of a misdemeanor involving moral
 108-61 turpitude that the employee did not disclose to the agency [~~State~~
 108-62 ~~Board for Educator Certification~~] or the district, school, service
 108-63 center, or shared services arrangement. An employee discharged
 108-64 under this section is considered to have been discharged for
 108-65 misconduct for purposes of Section 207.044, Labor Code.

108-66 Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency,
 108-67 the Educators' Professional Practices [~~State~~] Board [~~for Educator~~
 108-68 ~~Certification~~], a school district, a public charter district [~~an~~
 108-69 ~~open-enrollment charter school~~], a private school, a regional

109-1 education service center, a shared services arrangement, or an
 109-2 employee of the agency, board, district, school, service center, or
 109-3 shared services arrangement is not civilly or criminally liable for
 109-4 making a report required under this subchapter.

109-5 SECTION 2J.06. Section 411.090, Government Code, is amended
 109-6 to read as follows:

109-7 Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION
 109-8 AND FINGERPRINTS: STATE EDUCATIONAL AUTHORITIES [~~BOARD FOR~~
 109-9 ~~EDUCATOR CERTIFICATION~~]. (a) The Texas Education Agency [State
 109-10 Board for Educator Certification] is entitled to obtain from the
 109-11 department any criminal history record information maintained by
 109-12 the department about:

109-13 (1) a person who has applied or expressed to the
 109-14 commissioner an intention to apply [board] for a certificate or
 109-15 permit or holds a certificate or permit under Subchapter B, Chapter
 109-16 21, Education Code; or

109-17 (2) a person described by Section 11A.153 or 21.0032,
 109-18 Education Code.

109-19 (b) Criminal history record information obtained by the
 109-20 agency [board] under Subsection (a):

109-21 (1) may be used for any purpose related to the issuance
 109-22 or [7] denial [~~, suspension, or cancellation~~] of a certificate issued
 109-23 under Subchapter B, Chapter 21, Education Code, or for any purpose
 109-24 authorized by Section 11A.153 or 21.0032, Education Code [by the
 109-25 board];

109-26 (2) may be provided to the Educators' Professional
 109-27 Practices Board to be used for any purpose related to the suspension
 109-28 or revocation of a certificate issued under Subchapter B, Chapter
 109-29 21, Education Code;

109-30 (3) may not be released to any other person except on
 109-31 court order or with the consent of the subject of the criminal
 109-32 history record information [applicant for a certificate]; and

109-33 (4) [~~(3)~~] shall be destroyed by the agency [board]
 109-34 after the information is used for the authorized purposes.

109-35 (c) The Texas Education Agency may keep on file with the
 109-36 department all fingerprints obtained by the agency under Section
 109-37 21.0401, Education Code. The department shall notify the agency of
 109-38 the arrest of any person who has fingerprints on file with the
 109-39 department pursuant to that section.

109-40 (d) On receipt of notice from the department of an arrest of
 109-41 a person described by Section 11A.153 or 21.0032, Education Code,
 109-42 the Texas Education Agency shall notify the public charter district
 109-43 affected.

109-44 PART K. HEALTH AND SAFETY

109-45 SECTION 2K.01. Chapter 34, Education Code, is amended by
 109-46 adding Section 34.012 to read as follows:

109-47 Sec. 34.012. FUNDING FOR SAFETY OR LAP BELTS. (a) A person
 109-48 may offer to donate safety or lap belts or money for the purchase of
 109-49 safety or lap belts for a school district's school buses.

109-50 (b) The board of trustees of a school district shall
 109-51 consider any offer made by a person under Subsection (a). The board
 109-52 of trustees may accept or decline the offer after adequate
 109-53 consideration.

109-54 (c) The board of trustees may acknowledge a person who
 109-55 donates safety or lap belts or money for the purchase of safety or
 109-56 lap belts for a school bus under this section by displaying a small,
 109-57 discreet sign on the side or back of the bus recognizing the person
 109-58 who made the donation. The sign may not serve as an advertisement
 109-59 for the person who made the donation.

109-60 SECTION 2K.02. The heading to Section 38.015, Education
 109-61 Code, is amended to read as follows:

109-62 Sec. 38.015. SELF-ADMINISTRATION OF PRESCRIPTION ASTHMA OR
 109-63 ANAPHYLAXIS MEDICINE BY STUDENTS.

109-64 SECTION 2K.03. Subsections (a) and (b), Section 38.015,
 109-65 Education Code, are amended to read as follows:

109-66 (a) In this section:

109-67 (1) "Parent" includes a person standing in parental
 109-68 relation.

109-69 (2) "Self-administration of prescription asthma or

110-1 anaphylaxis medicine" means a student's discretionary use of
 110-2 prescription asthma or anaphylaxis medicine.

110-3 (b) A student with asthma or anaphylaxis is entitled to
 110-4 possess and self-administer prescription asthma or anaphylaxis
 110-5 medicine while on school property or at a school-related event or
 110-6 activity if:

110-7 (1) the prescription [~~asthma~~] medicine has been
 110-8 prescribed for that student as indicated by the prescription label
 110-9 on the medicine;

110-10 (2) the student has demonstrated to the student's
 110-11 physician or other licensed health care provider and the school
 110-12 nurse, if available, the skill level necessary to self-administer
 110-13 the prescription medication, including the use of any device
 110-14 required to administer the medication;

110-15 (3) the self-administration is done in compliance with
 110-16 the prescription or written instructions from the student's
 110-17 physician or other licensed health care provider; and

110-18 (4) [~~(3)~~] a parent of the student provides to the
 110-19 school:

110-20 (A) a written authorization, signed by the
 110-21 parent, for the student to self-administer the prescription
 110-22 [asthma] medicine while on school property or at a school-related
 110-23 event or activity; and

110-24 (B) a written statement from the student's
 110-25 physician or other licensed health care provider, signed by the
 110-26 physician or provider, that states:

110-27 (i) that the student has asthma or
 110-28 anaphylaxis and is capable of self-administering the prescription
 110-29 [asthma] medicine;

110-30 (ii) the name and purpose of the medicine;
 110-31 (iii) the prescribed dosage for the
 110-32 medicine;

110-33 (iv) the times at which or circumstances
 110-34 under which the medicine may be administered; and

110-35 (v) the period for which the medicine is
 110-36 prescribed.

110-37 PART L. SCHOOL SAFETY

110-38 SECTION 2L.01. Chapter 33, Education Code, is amended by
 110-39 adding Subchapter F to read as follows:

110-40 SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN 110-41 EXTRACURRICULAR ACTIVITIES

110-42 Sec. 33.201. APPLICABILITY. This subchapter applies to
 110-43 each public school in this state and to any other school in this
 110-44 state subject to University Interscholastic League regulations.

110-45 Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The
 110-46 commissioner by rule shall develop and adopt a safety training
 110-47 program as provided by this section. In developing the program, the
 110-48 commissioner may use materials available from the American Red
 110-49 Cross or another appropriate entity.

110-50 (b) The following persons must satisfactorily complete the
 110-51 safety training program:

110-52 (1) a coach, trainer, or sponsor for an
 110-53 extracurricular athletic activity;

110-54 (2) except as provided by Subsection (f), a physician
 110-55 who is employed by a school or school district or who volunteers to
 110-56 assist with an extracurricular athletic activity; and

110-57 (3) a director responsible for a school marching band.

110-58 (c) The safety training program must include:

110-59 (1) certification of participants by the American Red
 110-60 Cross, the American Heart Association, or a similar organization or
 110-61 the University Interscholastic League, as determined by the
 110-62 commissioner;

110-63 (2) annual training in:

110-64 (A) emergency action planning;

110-65 (B) cardiopulmonary resuscitation if the person
 110-66 is not required to obtain certification under Section 33.086;

110-67 (C) communicating effectively with 9-1-1
 110-68 emergency service operators and other emergency personnel; and

110-69 (D) recognizing symptoms of potentially

111-1 catastrophic injuries, including head and neck injuries,
 111-2 concussions, injuries related to second impact syndrome, asthma
 111-3 attacks, heatstroke, cardiac arrest, and injuries requiring use of
 111-4 a defibrillator; and

111-5 (3) at least once each school year, a safety drill that
 111-6 incorporates the training described by Subdivision (2) and
 111-7 simulates various injuries described by Subdivision (2)(D).

111-8 (d) A student participating in an extracurricular athletic
 111-9 activity must receive training related to:

111-10 (1) recognizing the symptoms of injuries described by
 111-11 Subsection (c)(2)(D); and

111-12 (2) identifying the risks of using supplements
 111-13 designed or marketed to enhance athletic performance.

111-14 (e) The safety training program and the training under
 111-15 Subsection (d) may each be conducted by a school or school district
 111-16 or by an organization described by Subsection (c)(1).

111-17 (f) A physician who is employed by a school or school
 111-18 district or who volunteers to assist with an extracurricular
 111-19 athletic activity is exempt from the requirements of Subsection (b)
 111-20 if the physician attends a continuing medical education course that
 111-21 specifically addresses emergency medicine for athletic team
 111-22 physicians.

111-23 Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC
 111-24 LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an
 111-25 extracurricular athletic activity must complete the University
 111-26 Interscholastic League forms entitled "Preparticipation Physical
 111-27 Evaluation--Medical History" and "Acknowledgment of Rules." Each
 111-28 form must be signed by both the student and the student's parent or
 111-29 guardian.

111-30 (b) Each form described by Subsection (a) must clearly state
 111-31 that failure to accurately and truthfully answer all questions on a
 111-32 form required by statute or by the University Interscholastic
 111-33 League as a condition for participation in an extracurricular
 111-34 athletic activity subjects a signer of the form to penalties
 111-35 determined by the University Interscholastic League.

111-36 (c) The "Preparticipation Physical Evaluation--Medical
 111-37 History" form described by Subsection (a) must contain the
 111-38 following statement:

111-39 "An individual answering in the affirmative to
 111-40 any question relating to a possible cardiovascular
 111-41 health issue, as identified on the form, should be
 111-42 restricted from further participation until the
 111-43 individual is examined by the individual's primary
 111-44 care physician. Ultimately, the individual may need
 111-45 to be evaluated by a cardiologist and/or undergo
 111-46 cardiac testing (including an echocardiogram and/or
 111-47 other heart-related examination) based on the
 111-48 assessment by the primary care physician."

111-49 Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES
 111-50 PROHIBITED. A coach, trainer, or sponsor for an extracurricular
 111-51 athletic activity may not encourage or permit a student
 111-52 participating in the activity to engage in any unreasonably
 111-53 dangerous athletic technique that unnecessarily endangers the
 111-54 health of a student, including using a helmet or any other sports
 111-55 equipment as a weapon.

111-56 Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A
 111-57 coach, trainer, or sponsor for an extracurricular athletic activity
 111-58 shall at each athletic practice or competition ensure that:

111-59 (1) each student participating in the activity is
 111-60 adequately hydrated;

111-61 (2) any prescribed asthma medication for a student
 111-62 participating in the activity is readily available to the student;

111-63 (3) emergency lanes providing access to the practice
 111-64 or competition area are open and clear; and

111-65 (4) heatstroke prevention materials are readily
 111-66 available.

111-67 (b) If a student participating in an extracurricular
 111-68 athletic activity, including a practice or competition, is rendered
 111-69 unconscious during the activity, the student may not:

112-1 (1) return to the practice or competition during which
 112-2 the student was rendered unconscious; or

112-3 (2) continue to participate in any extracurricular
 112-4 athletic activity until the student receives written authorization
 112-5 from a physician.

112-6 Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a
 112-7 school shall make available to the public proof of compliance for
 112-8 each person enrolled in, employed by, or volunteering for the
 112-9 school who is required to receive safety training described by
 112-10 Section 33.202.

112-11 (b) The superintendent of a school district or the director
 112-12 of a school subject to this subchapter shall maintain complete and
 112-13 accurate records of the district's or school's compliance with
 112-14 Section 33.202.

112-15 (c) A school campus that is determined by the school's
 112-16 superintendent or director to not be in compliance with Section
 112-17 33.202, 33.204, or 33.205 shall discontinue all extracurricular
 112-18 athletic activities offered by the school campus, including all
 112-19 practices and competitions, until the superintendent or director
 112-20 determines that the school campus is in compliance.

112-21 Sec. 33.207. CONTACT INFORMATION. (a) The commissioner
 112-22 shall maintain an existing telephone number and an electronic mail
 112-23 address to allow a person to report a violation of this subchapter.

112-24 (b) Each school that offers an extracurricular athletic
 112-25 activity shall prominently display at the administrative offices of
 112-26 the school the telephone number and electronic mail address
 112-27 maintained under Subsection (a).

112-28 Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an
 112-29 extracurricular athletic activity shall provide to each student
 112-30 participating in an extracurricular athletic activity and to the
 112-31 student's parent or guardian a copy of the text of Sections
 112-32 33.201-33.207 and a copy of the University Interscholastic League's
 112-33 parent information manual.

112-34 (b) A document required to be provided under this section
 112-35 may be provided in an electronic format unless otherwise requested
 112-36 by a student, parent, or guardian.

112-37 Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The
 112-38 University Interscholastic League shall incorporate the provisions
 112-39 of Sections 33.203-33.207 into the league's constitution and
 112-40 contest rules.

112-41 Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken
 112-42 under this subchapter is not considered to be a ministerial act for
 112-43 purposes of Section 22.0511.

112-44 SECTION 2L.02. Subchapter D, Chapter 33, Education Code, is
 112-45 amended by adding Section 33.088 to read as follows:

112-46 Sec. 33.088. REPORT CONCERNING AUTOMATED EXTERNAL
 112-47 DEFIBRILLATORS. (a) Using existing funds and other resources
 112-48 available for the purpose, the agency and the University
 112-49 Interscholastic League shall jointly investigate the availability
 112-50 of federal, state, local, and private funds for purchasing
 112-51 automated external defibrillators, as defined by Section 779.001,
 112-52 Health and Safety Code, for use by University Interscholastic
 112-53 League member schools, and the possibility of receiving a bulk
 112-54 discount on such purchases.

112-55 (b) The agency and the University Interscholastic League
 112-56 shall submit a report describing the findings of the investigation
 112-57 to the legislature not later than June 1, 2006.

112-58 (c) This section expires July 1, 2006.

112-59 ARTICLE 3. CONFORMING AMENDMENTS

112-60 SECTION 3.01. Subsection (a), Section 7.024, Education
 112-61 Code, is amended to read as follows:

112-62 (a) The investment capital fund consists of money
 112-63 transferred to the fund as provided by Section 42.152(e)(4)
 112-64 [42.152(1)]. The agency shall administer the fund. The purposes of
 112-65 this fund are to assist eligible public schools to implement
 112-66 practices and procedures consistent with deregulation and school
 112-67 restructuring in order to improve student achievement and to help
 112-68 schools identify and train parents and community leaders who will
 112-69 hold the school and the school district accountable for achieving

113-1 high academic standards.

113-2 SECTION 3.02. Subdivision (34), Subsection (b), Section
113-3 7.055, Education Code, is amended to read as follows:

113-4 (34) The commissioner shall perform duties in
113-5 connection with equalization actions [~~the equalized wealth level~~]
113-6 under Chapter 41.

113-7 SECTION 3.03. Subsection (a), Section 11.158, Education
113-8 Code, is amended to read as follows:

113-9 (a) The board of trustees of an independent school district
113-10 may require payment of:

113-11 (1) a fee for materials used in any program in which
113-12 the resultant product in excess of minimum requirements becomes, at
113-13 the student's option, the personal property of the student, if the
113-14 fee does not exceed the cost of materials;

113-15 (2) membership dues in student organizations or clubs
113-16 and admission fees or charges for attending extracurricular
113-17 activities, if membership or attendance is voluntary;

113-18 (3) a security deposit for the return of materials,
113-19 supplies, or equipment;

113-20 (4) a fee for personal physical education and athletic
113-21 equipment and apparel, although any student may provide the
113-22 student's own equipment or apparel if it meets reasonable
113-23 requirements and standards relating to health and safety
113-24 established by the board;

113-25 (5) a fee for items of personal use or products that a
113-26 student may purchase at the student's option, such as student
113-27 publications, class rings, annuals, and graduation announcements;

113-28 (6) a fee specifically permitted by any other statute;

113-29 (7) a fee for an authorized voluntary student health
113-30 and accident benefit plan;

113-31 (8) a reasonable fee, not to exceed the actual annual
113-32 maintenance cost, for the use of musical instruments and uniforms
113-33 owned or rented by the district;

113-34 (9) a fee for items of personal apparel that become the
113-35 property of the student and that are used in extracurricular
113-36 activities;

113-37 (10) a parking fee or a fee for an identification card;

113-38 (11) a fee for a driver training course, not to exceed
113-39 the actual district cost per student in the program for the current
113-40 school year;

113-41 (12) a fee for a course offered for credit that
113-42 requires the use of facilities not available on the school premises
113-43 or the employment of an educator who is not part of the school's
113-44 regular staff, if participation in the course is at the student's
113-45 option;

113-46 (13) a fee for a course offered during summer school,
113-47 except that the board may charge a fee for a course required for
113-48 graduation only if the course is also offered without a fee during
113-49 the regular school year;

113-50 (14) a reasonable fee for transportation of a student
113-51 who lives within two miles of the school the student attends to and
113-52 from that school [~~except that the board may not charge a fee for~~
113-53 ~~transportation for which the school district receives funds under~~
113-54 ~~Section 42.155(d)~~]; or

113-55 (15) a reasonable fee, not to exceed \$50, for costs
113-56 associated with an educational program offered outside of regular
113-57 school hours through which a student who was absent from class
113-58 receives instruction voluntarily for the purpose of making up the
113-59 missed instruction and meeting the level of attendance required
113-60 under Section 25.092.

113-61 SECTION 3.04. Subsection (b), Section 12.013, Education
113-62 Code, is amended to read as follows:

113-63 (b) A home-rule school district is subject to:

113-64 (1) a provision of this title establishing a criminal
113-65 offense;

113-66 (2) a provision of this title relating to limitations
113-67 on liability; and

113-68 (3) a prohibition, restriction, or requirement, as
113-69 applicable, imposed by this title or a rule adopted under this

114-1 title, relating to:

114-2 (A) the Public Education Information Management
114-3 System (PEIMS) to the extent necessary to monitor compliance with
114-4 this subchapter as determined by the commissioner;

114-5 (B) educator certification under Chapter 21 and
114-6 educator rights under Sections 21.407, 21.408, and 22.001;

114-7 (C) criminal history records under Subchapter C,
114-8 Chapter 22;

114-9 (D) student admissions under Section 25.001;

114-10 (E) school attendance under Sections 25.085,
114-11 25.086, and 25.087;

114-12 (F) inter-district or inter-county transfers of
114-13 students under Subchapter B, Chapter 25;

114-14 (G) elementary class size limits under Section
114-15 25.112, in the case of any campus in the district that is considered
114-16 academically unacceptable [~~low-performing~~] under Section 39.132;

114-17 (H) high school graduation under Section 28.025;

114-18 (I) special education programs under Subchapter
114-19 A, Chapter 29;

114-20 (J) bilingual education under Subchapter B,
114-21 Chapter 29;

114-22 (K) prekindergarten programs under Subchapter E,
114-23 Chapter 29;

114-24 (L) safety provisions relating to the
114-25 transportation of students under Sections 34.002, 34.003, 34.004,
114-26 and 34.008;

114-27 (M) computation and distribution of state aid
114-28 under Chapters 31, 42, and 43;

114-29 (N) extracurricular activities under Section
114-30 33.081;

114-31 (O) health and safety under Chapter 38;

114-32 (P) public school accountability under
114-33 Subchapters B, C, D, and G, Chapter 39;

114-34 (Q) equalization [~~equalized wealth~~] under
114-35 Section 42.401 [~~Chapter 41~~];

114-36 (R) a bond or other obligation or tax rate under
114-37 Chapters 42, 43, and 45; and

114-38 (S) purchasing under Chapter 44.

114-39 SECTION 3.05. Subsection (f), Section 13.054, Education
114-40 Code, is amended to read as follows:

114-41 (f) For five years beginning with the school year in which
114-42 the annexation occurs, the commissioner shall annually adjust the
114-43 local share [~~fund assignment~~] of a district to which territory is
114-44 annexed under this section by multiplying the enlarged district's
114-45 local share [~~fund assignment~~] computed under Section 42.306
114-46 [~~42.252~~] by a fraction, the numerator of which is the number of
114-47 students residing in the district preceding the date of the
114-48 annexation and the denominator of which is the number of students
114-49 residing in the district as enlarged on the date of the annexation.

114-50 SECTION 3.06. Subsections (a) and (b), Section 13.282,
114-51 Education Code, are amended to read as follows:

114-52 (a) The amount of incentive aid payments may not exceed the
114-53 difference between:

114-54 (1) the sum of the entitlements computed under Section
114-55 42.313 [~~42.253~~] that would have been paid to the districts included
114-56 in the reorganized district if the districts had not been
114-57 consolidated; and

114-58 (2) the amount to which the reorganized district is
114-59 entitled under Section 42.313 [~~42.253~~].

114-60 (b) If the reorganized district is not eligible for an
114-61 entitlement under Section 42.313 [~~42.253~~], the amount of the
114-62 incentive aid payments may not exceed the sum of the entitlements
114-63 computed under Section 42.313 [~~42.253~~] for which the districts
114-64 included in the reorganized district were eligible in the school
114-65 year when they were consolidated.

114-66 SECTION 3.07. Subsection (h), Section 21.410, Education
114-67 Code, is amended to read as follows:

114-68 (h) A grant a school district receives under this section is
114-69 in addition to any funding the district receives under Chapter 42.

115-1 The commissioner shall distribute funds under this section with the
 115-2 Foundation School Program payment to which the district is entitled
 115-3 as soon as practicable after the end of the school year as
 115-4 determined by the commissioner. A district to which Section 42.401
 115-5 [~~Chapter 41~~] applies is entitled to the grants paid under this
 115-6 section. The commissioner shall determine the timing of the
 115-7 distribution of grants to a district that does not receive
 115-8 Foundation School Program payments.

115-9 SECTION 3.08. Subsection (h), Section 21.411, Education
 115-10 Code, is amended to read as follows:

115-11 (h) A grant a school district receives under this section is
 115-12 in addition to any funding the district receives under Chapter 42.
 115-13 The commissioner shall distribute funds under this section with the
 115-14 Foundation School Program payment to which the district is entitled
 115-15 as soon as practicable after the end of the school year as
 115-16 determined by the commissioner. A district to which Section 42.401
 115-17 [~~Chapter 41~~] applies is entitled to the grants paid under this
 115-18 section. The commissioner shall determine the timing of the
 115-19 distribution of grants to a district that does not receive
 115-20 Foundation School Program payments.

115-21 SECTION 3.09. Subsection (h), Section 21.412, Education
 115-22 Code, is amended to read as follows:

115-23 (h) A grant a school district receives under this section is
 115-24 in addition to any funding the district receives under Chapter 42.
 115-25 The commissioner shall distribute funds under this section with the
 115-26 Foundation School Program payment to which the district is entitled
 115-27 as soon as practicable after the end of the school year as
 115-28 determined by the commissioner. A district to which Section 42.401
 115-29 [~~Chapter 41~~] applies is entitled to the grants paid under this
 115-30 section. The commissioner shall determine the timing of the
 115-31 distribution of grants to a district that does not receive
 115-32 Foundation School Program payments.

115-33 SECTION 3.10. Subsection (h), Section 21.413, Education
 115-34 Code, is amended to read as follows:

115-35 (h) A grant a school district receives under this section is
 115-36 in addition to any funding the district receives under Chapter 42.
 115-37 The commissioner shall distribute funds under this section with the
 115-38 Foundation School Program payment to which the district is entitled
 115-39 as soon as practicable after the end of the school year as
 115-40 determined by the commissioner. A district to which Section 42.401
 115-41 [~~Chapter 41~~] applies is entitled to the grants paid under this
 115-42 section. The commissioner shall determine the timing of the
 115-43 distribution of grants to a district that does not receive
 115-44 Foundation School Program payments.

115-45 SECTION 3.11. Subsection (b), Section 21.453, Education
 115-46 Code, is amended to read as follows:

115-47 (b) The commissioner may allocate funds from the account to
 115-48 regional education service centers to provide staff development
 115-49 resources to school districts that:

- 115-50 (1) are rated academically unacceptable;
- 115-51 (2) have one or more campuses rated academically
 115-52 unacceptable [~~as low performing~~]; or
- 115-53 (3) are otherwise in need of assistance as indicated
 115-54 by the academic performance of students, as determined by the
 115-55 commissioner.

115-56 SECTION 3.12. Subsection (c), Section 22.004, Education
 115-57 Code, as amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th
 115-58 Legislature, Regular Session, 2005, is amended to read as follows:

115-59 (c) The cost of the coverage provided under the program
 115-60 described by Subsection (a) shall be paid by the state, the
 115-61 district, and the employees in the manner provided by Subchapter F,
 115-62 Chapter 1579, Insurance Code. The cost of coverage provided under a
 115-63 plan adopted under Subsection (b) shall be shared by the employees
 115-64 and the district using the contributions by the state described by
 115-65 Subchapter F, Chapter 1579, Insurance Code [~~, or Subchapter D~~].

115-66 SECTION 3.13. Subsection (b), Section 29.008, Education
 115-67 Code, is amended to read as follows:

115-68 (b) Except as provided by Subsection (c), costs of an
 115-69 approved contract for residential placement may be paid from a

116-1 combination of federal, state, and local funds. The local share of
 116-2 the total contract cost for each student is that portion of the
 116-3 local tax effort that exceeds the district's local share [~~fund~~
 116-4 ~~assignment~~] under Section 42.306 [~~42.252~~], divided by the average
 116-5 daily attendance in the district. If the contract involves a
 116-6 private facility, the state share of the total contract cost is that
 116-7 amount remaining after subtracting the local share. If the
 116-8 contract involves a public facility, the state share is that amount
 116-9 remaining after subtracting the local share from the portion of the
 116-10 contract that involves the costs of instructional and related
 116-11 services. For purposes of this subsection, "local tax effort"
 116-12 means the total amount of money generated by taxes imposed for debt
 116-13 service and maintenance and operation less any amounts paid into a
 116-14 tax increment fund under Chapter 311, Tax Code.

116-15 SECTION 3.14. Subsection (d), Section 29.014, Education
 116-16 Code, is amended to read as follows:

116-17 (d) The accreditation [~~basic~~] allotment for a student
 116-18 enrolled in a district to which this section applies is adjusted by:

116-19 (1) the cost of education adjustment under Section
 116-20 42.301 [~~42.102~~] for the school district in which the district is
 116-21 geographically located; and

116-22 (2) any other appropriate factor adopted by the
 116-23 commissioner [~~the weight for a homebound student under Section~~
 116-24 ~~42.151(a)~~].

116-25 SECTION 3.15. Subsection (j), Section 29.087, Education
 116-26 Code, is amended to read as follows:

116-27 (j) For purposes of funding under Chapters [~~41~~] 42[~~7~~] and
 116-28 46, a student attending a program authorized by this section may be
 116-29 counted in attendance only for the actual number of hours each
 116-30 school day the student attends the program, in accordance with
 116-31 Sections 25.081 and 25.082.

116-32 SECTION 3.16. Subsection (a), Section 29.161, Education
 116-33 Code, as added by S.B. No. 23, Acts of the 79th Legislature, Regular
 116-34 Session, 2005, is amended to read as follows:

116-35 (a) The State Center for Early Childhood Development, in
 116-36 conjunction with the P-16 Council established under Section 61.076
 116-37 [~~61.077~~], shall develop and adopt a school readiness certification
 116-38 system for use in certifying the effectiveness of prekindergarten
 116-39 programs, Head Start and Early Head Start programs,
 116-40 government-subsidized child-care programs provided by nonprofit or
 116-41 for-profit entities, government-subsidized faith-based child-care
 116-42 programs, and other government-subsidized child-care programs in
 116-43 preparing children for kindergarten. The system shall be made
 116-44 available on a voluntary basis to program providers seeking to
 116-45 obtain certification as evidence of the quality of the program
 116-46 provided.

116-47 SECTION 3.17. Subsection (a), Section 29.202, Education
 116-48 Code, is amended to read as follows:

116-49 (a) A student is eligible to receive a public education
 116-50 grant or to attend another public school in the district in which
 116-51 the student resides under this subchapter if the student is
 116-52 assigned to attend a public school campus:

116-53 (1) at which 50 percent or more of the students did not
 116-54 perform satisfactorily on an assessment instrument administered
 116-55 under Section 39.023(a) or (c) in any two of the preceding three
 116-56 years; or

116-57 (2) that was, at any time in the preceding three years,
 116-58 considered academically unacceptable [~~low-performing~~] under
 116-59 Section 39.132.

116-60 SECTION 3.18. Subsection (b), Section 29.203, Education
 116-61 Code, is amended to read as follows:

116-62 (b) A school district is entitled to the allotment provided
 116-63 by Section 42.155 [~~42.157~~] for each eligible student using a public
 116-64 education grant. [~~If the district has a wealth per student greater~~
 116-65 ~~than the guaranteed wealth level but less than the equalized wealth~~
 116-66 ~~level, a school district is entitled under rules adopted by the~~
 116-67 ~~commissioner to additional state aid in an amount equal to the~~
 116-68 ~~difference between the cost to the district of providing services~~
 116-69 ~~to a student using a public education grant and the sum of the state~~

117-1 ~~aid received because of the allotment under Section 42.157 and~~
 117-2 ~~money from the available school fund attributable to the student.]~~

117-3 SECTION 3.19. Subsection (a), Section 33.002, Education
 117-4 Code, is amended to read as follows:

117-5 (a) This section applies only to a school district that
 117-6 receives funds as provided by Section 42.152(e)(3) [~~42.152(i)~~].

117-7 SECTION 3.20. Subsection (c), Section 34.002, Education
 117-8 Code, is amended to read as follows:

117-9 (c) A school district that fails or refuses to meet the
 117-10 safety standards for school buses established under this section is
 117-11 ineligible to share in the transportation allotment under
 117-12 Subchapter D, Chapter 42, [Section 42.155] until the first
 117-13 anniversary of the date the district begins complying with the
 117-14 safety standards.

117-15 SECTION 3.21. Section 37.0061, Education Code, is amended
 117-16 to read as follows:

117-17 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
 117-18 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
 117-19 education services to pre-adjudicated and post-adjudicated
 117-20 students who are confined by court order in a juvenile residential
 117-21 facility operated by a juvenile board is entitled to count such
 117-22 students in the district's average daily attendance for purposes of
 117-23 receipt of state funds under the Foundation School Program. [~~If the~~
 117-24 ~~district has a wealth per student greater than the guaranteed~~
 117-25 ~~wealth level but less than the equalized wealth level, the district~~
 117-26 ~~in which the student is enrolled on the date a court orders the~~
 117-27 ~~student to be confined to a juvenile residential facility shall~~
 117-28 ~~transfer to the district providing education services an amount~~
 117-29 ~~equal to the difference between the average Foundation School~~
 117-30 ~~Program costs per student of the district providing education~~
 117-31 ~~services and the sum of the state aid and the money from the~~
 117-32 ~~available school fund received by the district that is attributable~~
 117-33 ~~to the student for the portion of the school year for which the~~
 117-34 ~~district provides education services to the student.]~~

117-35 SECTION 3.22. Section 39.031, Education Code, is amended to
 117-36 read as follows:

117-37 Sec. 39.031. COST. (a) The commissioner shall set aside
 117-38 an appropriate amount from the Foundation School Program to pay the
 117-39 cost of preparing, administering, or grading the assessment
 117-40 instruments and the [shall be paid from the funds allotted under
 117-41 Section 42.152, and each district shall bear the cost in the same
 117-42 manner described for a reduction in allotments under Section
 117-43 42.253. If a district does not receive an allotment under Section
 117-44 42.152, the commissioner shall subtract the cost from the
 117-45 district's other foundation school fund allotments.

117-46 [(b) ~~The~~] cost of releasing the question and answer keys
 117-47 under Section 39.023(e) [~~shall be paid from amounts appropriated to~~
 117-48 ~~the agency~~].

117-49 (b) After setting aside an appropriate amount in accordance
 117-50 with this section, the commissioner shall reduce each district's
 117-51 tier one allotments proportionately. A reduction in tier one
 117-52 allotments under this subsection does not affect the computation of
 117-53 the guaranteed amount of revenue per student per cent of tax effort
 117-54 under Section 42.252.

117-55 (c) Any amount set aside under this section must be approved
 117-56 by the Legislative Budget Board and the governor's office of
 117-57 budget, planning, and policy.

117-58 SECTION 3.23. Subsection (b), Section 43.002, Education
 117-59 Code, is amended to read as follows:

117-60 (b) Of the amounts available for transfer from the general
 117-61 revenue fund to the available school fund for the months of January
 117-62 and February of each fiscal year, no more than the amount necessary
 117-63 to enable the comptroller to distribute from the available school
 117-64 fund an amount equal to 9-1/2 percent of the estimated annual
 117-65 available school fund apportionment to category 1 school districts,
 117-66 as defined by Section 42.316 [~~42.259~~], and 3-1/2 percent of the
 117-67 estimated annual available school fund apportionment to category 2
 117-68 school districts, as defined by Section 42.316 [~~42.259~~], may be
 117-69 transferred from the general revenue fund to the available school

118-1 fund. Any remaining amount that would otherwise be available for
 118-2 transfer for the months of January and February shall be
 118-3 transferred from the general revenue fund to the available school
 118-4 fund in equal amounts in June and in August of the same fiscal year.

118-5 SECTION 3.24. Section 44.004, Education Code, is amended by
 118-6 amending Subsections (b), (e), and (i) and adding Subsections (b-1)
 118-7 and (b-2) to read as follows:

118-8 (b) Except as provided by Subsection (b-2), the [The]
 118-9 president shall provide for the publication of notice of the budget
 118-10 and proposed tax rate meeting in a daily, weekly, or biweekly
 118-11 newspaper published in the district. If no daily, weekly, or
 118-12 biweekly newspaper is published in the district, the president
 118-13 shall provide for the publication of notice in at least one
 118-14 newspaper of general circulation in the county in which the
 118-15 district's central administrative office is located. Notice under
 118-16 this subsection shall be published not earlier than the 30th day or
 118-17 later than the 10th day before the date of the hearing.

118-18 (b-1) The notice of the public meeting to discuss and adopt
 118-19 the budget and the proposed tax rate may not be smaller than
 118-20 one-quarter page of a standard-size or a tabloid-size newspaper,
 118-21 and the headline on the notice must be in 18-point or larger type.

118-22 (b-2) Instead of publishing notice in the manner prescribed
 118-23 by Subsection (b), a school district may publish the required
 118-24 notice on its Internet website not earlier than the 30th day or
 118-25 later than the 10th day before the date of the hearing. A school
 118-26 district that publishes notice under this subsection must have a
 118-27 link on its Internet website that is clearly identified as the link
 118-28 to the public notice for the budget and proposed tax rate meeting.

118-29 (e) A person who owns taxable property in a school district
 118-30 is entitled to an injunction restraining the collection of taxes by
 118-31 the district if the district has not complied with the requirements
 118-32 of Subsections (b), (b-1), and (b-2) [~~, (c),~~] and [~~(d), and~~], if
 118-33 applicable, Subsection (i), and the failure to comply was not in
 118-34 good faith. An action to enjoin the collection of taxes must be
 118-35 filed before the date the school district delivers substantially
 118-36 all of its tax bills.

118-37 (i) A school district that uses a certified estimate, as
 118-38 authorized by Subsection (h), may adopt a budget at the public
 118-39 meeting designated in the notice prepared using the estimate, but
 118-40 the district may not adopt a tax rate before the district receives
 118-41 the certified appraisal roll for the district required by Section
 118-42 26.01(a), Tax Code. After receipt of the certified appraisal roll,
 118-43 the district must publish a revised notice and hold another public
 118-44 meeting before the district may adopt a tax rate that exceeds:

118-45 (1) the rate proposed in the notice prepared using the
 118-46 estimate; or

118-47 (2) the district's rollback rate determined under
 118-48 Section 26.08, Tax Code, if applicable, using the certified
 118-49 appraisal roll.

118-50 SECTION 3.25. Subsection (a), Section 46.003, Education
 118-51 Code, is amended to read as follows:

118-52 (a) For each year, except as provided by Sections 46.005 and
 118-53 46.006, a school district is guaranteed a specified amount per
 118-54 student in state and local funds for each cent of tax effort, up to
 118-55 the maximum rate under Subsection (b), to pay the principal of and
 118-56 interest on eligible bonds issued to construct, acquire, renovate,
 118-57 or improve an instructional facility. The amount of state support
 118-58 is determined by the formula:

$$118-59 \text{ FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

118-60 where:

118-61 "FYA" is the guaranteed facilities yield amount of state
 118-62 funds allocated to the district for the year;

118-63 "FYL" is the dollar amount guaranteed level of state and
 118-64 local funds per student per cent of tax effort, which is \$35 or a
 118-65 greater amount for any year provided by appropriation;

118-66 "ADA" is the greater of the number of students in average
 118-67 daily attendance, as determined under Section 42.005, in the
 118-68 district or 400;

118-69 "BTR" is the district's bond tax rate for the current year,

119-1 which is determined by dividing the amount budgeted by the district
 119-2 for payment of eligible bonds by the quotient of the district's
 119-3 taxable value of property as determined under Subchapter M, Chapter
 119-4 403, Government Code, [~~or, if applicable, Section 42.2521,~~] divided
 119-5 by 100; and

119-6 "DPV" is the district's taxable value of property as
 119-7 determined under Subchapter M, Chapter 403, Government Code [~~or,~~
 119-8 ~~if applicable, Section 42.2521~~].

119-9 SECTION 3.26. Subsection (g), Section 46.006, Education
 119-10 Code, is amended to read as follows:

119-11 (g) In this section, "wealth per student" means a school
 119-12 district's taxable value of property as determined under Subchapter
 119-13 M, Chapter 403, Government Code, [~~or, if applicable, Section~~
 119-14 ~~42.2521,~~] divided by the district's average daily attendance as
 119-15 determined under Section 42.005.

119-16 SECTION 3.27. Subsections (b), (e), and (f), Section
 119-17 46.009, Education Code, are amended to read as follows:

119-18 (b) If the amount appropriated for purposes of this
 119-19 subchapter for a year is less than the total amount determined under
 119-20 Subsection (a) for that year, the commissioner shall:

119-21 (1) transfer from the Foundation School Program to the
 119-22 instructional facilities program the amount by which the total
 119-23 amount determined under Subsection (a) exceeds the amount
 119-24 appropriated; and

119-25 (2) reduce each district's Texas education [~~Foundation~~
 119-26 ~~school~~] fund allocations in the manner provided by Section
 119-27 42.313(f) [~~42.253(h)~~].

119-28 (e) Section 42.317 [~~42.258~~] applies to payments under this
 119-29 subchapter.

119-30 (f) If a school district would have received a greater
 119-31 amount under this subchapter for the applicable school year using
 119-32 the adjusted value determined under Section 42.309 [~~42.257~~], the
 119-33 commissioner shall add the difference between the adjusted value
 119-34 and the amount the district received under this subchapter to
 119-35 subsequent distributions to the district under this subchapter.

119-36 SECTION 3.28. Section 46.013, Education Code, is amended to
 119-37 read as follows:

119-38 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
 119-39 district is not entitled to state assistance under this subchapter
 119-40 based on taxes with respect to which the district receives state
 119-41 assistance under Subchapter G [~~F~~], Chapter 42.

119-42 SECTION 3.29. Subsection (a), Section 46.032, Education
 119-43 Code, is amended to read as follows:

119-44 (a) Each school district is guaranteed a specified amount
 119-45 per student in state and local funds for each cent of tax effort to
 119-46 pay the principal of and interest on eligible bonds. The amount of
 119-47 state support, subject only to the maximum amount under Section
 119-48 46.034, is determined by the formula:

$$119-49 \quad \text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

119-50 where:

119-51 "EDA" is the amount of state funds to be allocated to the
 119-52 district for assistance with existing debt;

119-53 "EDGL" is the dollar amount guaranteed level of state and
 119-54 local funds per student per cent of tax effort, which is \$35 or a
 119-55 greater amount for any year provided by appropriation;

119-56 "ADA" is the number of students in average daily attendance,
 119-57 as determined under Section 42.005, in the district;

119-58 "EDTR" is the existing debt tax rate of the district, which is
 119-59 determined by dividing the amount budgeted by the district for
 119-60 payment of eligible bonds by the quotient of the district's taxable
 119-61 value of property as determined under Subchapter M, Chapter 403,
 119-62 Government Code, [~~or, if applicable, under Section 42.2521,~~]
 119-63 divided by 100; and

119-64 "DPV" is the district's taxable value of property as
 119-65 determined under Subchapter M, Chapter 403, Government Code [~~or,~~
 119-66 ~~if applicable, under Section 42.2521~~].

119-67 SECTION 3.30. Section 46.037, Education Code, is amended to
 119-68 read as follows:

119-69 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school

120-1 district is not entitled to state assistance under this subchapter
 120-2 based on taxes with respect to which the district receives state
 120-3 assistance under Subchapter G [~~F~~], Chapter 42.

120-4 SECTION 3.31. Section 56.208, Education Code, is amended to
 120-5 read as follows:

120-6 Sec. 56.208. FUNDING. (a) The Early High School
 120-7 Graduation Scholarship program is financed under the Foundation
 120-8 School Program. [~~Funding for the state tuition credits is not~~
 120-9 ~~subject to the provisions of Sections 42.253(e) through (k).~~]

120-10 (b) The commissioner of education shall reduce the total
 120-11 annual amount of Texas education [~~foundation school~~] fund payments
 120-12 made to a school district by an amount equal to $F \times A$, where:

120-13 (1) "F" is the lesser of one or the quotient of the
 120-14 district's local share for the preceding school year under Section
 120-15 42.306 [~~42.252~~] divided by the tier one allotment under Section
 120-16 42.304 [~~amount of money to which the district was entitled under~~
 120-17 ~~Subchapters B and C, Chapter 42,~~] for the preceding school year; and

120-18 (2) "A" is the amount of state tuition credits under
 120-19 this subchapter applied by institutions of higher education on
 120-20 behalf of eligible persons who graduated from the district that has
 120-21 not been used to compute a previous reduction under this
 120-22 subsection.

120-23 (c) A school district that does not receive Texas education
 120-24 [~~foundation school~~] fund payments during a year in which the
 120-25 commissioner would otherwise withhold money from the district under
 120-26 Subsection (b) shall remit an amount equal to the amount that would
 120-27 be withheld under Subsection (b) to the comptroller for deposit to
 120-28 the credit of the Texas education [~~foundation school~~] fund.

120-29 SECTION 3.32. Subsection (e), Section 105.301, Education
 120-30 Code, is amended to read as follows:

120-31 (e) The academy is not subject to the provisions of this
 120-32 code, or to the rules of the Texas Education Agency, regulating
 120-33 public schools, except that:

120-34 (1) professional employees of the academy are entitled
 120-35 to the limited liability of an employee under Section 22.0511,
 120-36 22.0512, or 22.052;

120-37 (2) a student's attendance at the academy satisfies
 120-38 compulsory school attendance requirements; and

120-39 (3) for each student enrolled, the academy is entitled
 120-40 to allotments from the foundation school program under Chapter 42
 120-41 as if the academy were a school district without a tier one local
 120-42 share for purposes of Section 42.306 [~~42.253~~].

120-43 SECTION 3.33. Subsection (f), Section 317.005, Government
 120-44 Code, is amended to read as follows:

120-45 (f) The governor or board may adopt an order under this
 120-46 section withholding or transferring any portion of the total amount
 120-47 appropriated to finance the foundation school program for a fiscal
 120-48 year. The governor or board may not adopt such an order if it would
 120-49 result in an allocation of money between particular programs or
 120-50 statutory allotments under the foundation school program contrary
 120-51 to the statutory proration formula provided by Section 42.313(f)
 120-52 [~~42.253(h)~~], Education Code. The governor or board may transfer an
 120-53 amount to the total amount appropriated to finance the foundation
 120-54 school program for a fiscal year and may increase the accreditation
 120-55 [~~basic~~] allotment. The governor or board may adjust allocations of
 120-56 amounts between particular programs or statutory allotments under
 120-57 the foundation school program only for the purpose of conforming
 120-58 the allocations to actual pupil enrollments or attendance.

120-59 SECTION 3.34. Subsection (d), Section 403.093, Government
 120-60 Code, is amended to read as follows:

120-61 (d) The comptroller shall transfer from the general revenue
 120-62 fund to the Texas education [~~foundation school~~] fund an amount of
 120-63 money necessary to fund the foundation school program as provided
 120-64 by Chapter 42, Education Code. The comptroller shall make the
 120-65 transfers in installments as necessary to comply with Section
 120-66 42.316 [~~42.259~~], Education Code. An installment must be made not
 120-67 earlier than two days before the date an installment to school
 120-68 districts is required by Section 42.316 [~~42.259~~], Education Code,
 120-69 and must not exceed the amount necessary for that payment.

121-1 SECTION 3.35. Subsection (k), Section 403.302, Government
121-2 Code, is amended to read as follows:

121-3 (k) For purposes of Section 42.308 [~~42.2522~~], Education
121-4 Code, the comptroller shall certify to the commissioner of
121-5 education:

121-6 (1) a final value for each school district computed
121-7 without any deduction for residence homestead exemptions granted
121-8 under Section 11.13(n), Tax Code; and

121-9 (2) a final value for each school district computed
121-10 after deducting one-half the total dollar amount of residence
121-11 homestead exemptions granted under Section 11.13(n), Tax Code.

121-12 SECTION 3.36. Subdivision (1), Section 404.121, Government
121-13 Code, is amended to read as follows:

121-14 (1) "Cash flow deficit" for any period means the
121-15 excess, if any, of expenditures paid and transfers made from the
121-16 general revenue fund in the period, including payments provided by
121-17 Section 42.316 [~~42.259~~], Education Code, over taxes and other
121-18 revenues deposited to the fund in the period, other than revenues
121-19 deposited pursuant to Section 403.092, that are legally available
121-20 for the expenditures and transfers.

121-21 SECTION 3.37. Subsection (c), Section 466.355, Government
121-22 Code, is amended to read as follows:

121-23 (c) Each August the comptroller shall:

121-24 (1) estimate the amount to be transferred to the Texas
121-25 education [~~foundation school~~] fund on or before September 15; and

121-26 (2) notwithstanding Subsection (b)(4), transfer the
121-27 amount estimated in Subdivision (1) to the Texas education
121-28 [~~foundation school~~] fund before August 25 [~~installment payments are~~
121-29 ~~made under Section 42.259, Education Code~~].

121-30 SECTION 3.38. Subsection (c), Section 822.201, Government
121-31 Code, as amended by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th
121-32 Legislature, Regular Session, 2005, is amended to read as follows:

121-33 (c) Excluded from salary and wages are:

121-34 (1) expense payments;
121-35 (2) allowances;
121-36 (3) payments for unused vacation or sick leave;
121-37 (4) maintenance or other nonmonetary compensation;
121-38 (5) fringe benefits;
121-39 (6) deferred compensation other than as provided by
121-40 Subsection (b)(3);

121-41 (7) compensation that is not made pursuant to a valid
121-42 employment agreement;

121-43 (8) payments received by an employee in a school year
121-44 that exceed \$5,000 for teaching a driver education and traffic
121-45 safety course that is conducted outside regular classroom hours;

121-46 (9) the benefit replacement pay a person earns as a
121-47 result of a payment made under Subchapter B or C, Chapter 661;

121-48 (10) amounts received under the educator excellence
121-49 incentive program under Subchapter N, Chapter 21, Education Code
121-50 [~~any amount received by an employee under Subchapter D, Chapter 22,~~
121-51 ~~Education Code, former Article 3.50-8, Insurance Code, former~~
121-52 ~~Chapter 1580, Insurance Code, or Rider 9, Page III-39, Chapter~~
121-53 ~~1330, Acts of the 78th Legislature, Regular Session, 2003 (the~~
121-54 ~~General Appropriations Act)]]; and~~

121-55 (11) any compensation not described by Subsection (b).

121-56 SECTION 3.39. Subsection (c), Section 2175.304, Government
121-57 Code, is amended to read as follows:

121-58 (c) The procedures established under Subsection (b) must
121-59 give preference to transferring the property directly to a public
121-60 school or school district or to an assistance organization
121-61 designated by the school district before disposing of the property
121-62 in another manner. If more than one public school or school
121-63 district or assistance organization seeks to acquire the same
121-64 property on substantially the same terms, the system, institution,
121-65 or agency shall give preference to a public school that is
121-66 considered academically unacceptable under Section 39.132,
121-67 Education Code, [~~low-performing by the commissioner of education~~]
121-68 or to a school district that has a relatively low [~~taxable~~]
121-69 wealth per student, as determined by the commissioner of education [~~that~~

122-1 ~~entitles the district to an allotment of state funds under~~
 122-2 ~~Subchapter F, Chapter 42, Education Code], or to the assistance~~
 122-3 organization designated by such a school district.

122-4 SECTION 3.40. Section 1579.251, Insurance Code, is amended
 122-5 by amending Subsection (a) and adding Subsection (c) to read as
 122-6 follows:

122-7 (a) The state shall assist employees of participating
 122-8 school districts and charter schools in the purchase of group
 122-9 health coverage under this chapter by providing for each covered
 122-10 employee the amount of \$900 each state fiscal year or a greater
 122-11 amount as provided by the General Appropriations Act. The state
 122-12 contribution shall be distributed through the school finance
 122-13 formulas under Chapters 41 and 42, Education Code, and used by
 122-14 school districts and charter schools to pay contributions under a
 122-15 group health coverage plan for employees [as provided by Sections
 122-16 42.2514 and 42.260, Education Code].

122-17 (c) A school district or charter school that does not
 122-18 participate in the program is entitled to state assistance computed
 122-19 and distributed as provided by Subsection (a). State funds
 122-20 received under this subsection must be used to pay for employee
 122-21 health coverage.

122-22 SECTION 3.41. Section 1581.702, Insurance Code, as amended
 122-23 by S.B. No. 1691 and S.B. No. 1863, Acts of the 79th Legislature,
 122-24 Regular Session, 2005, is amended to read as follows:

122-25 Sec. 1581.702. ADDITIONAL SUPPORT. The state shall provide
 122-26 additional support for a school district to which this section
 122-27 applies in an amount computed by multiplying the total amount of
 122-28 supplemental compensation that district employees would have
 122-29 received [by district employees] under Chapter 1580, as it existed
 122-30 on January 1, 2005 [Subchapter D, Chapter 22, Education Code], by
 122-31 0.062.

122-32 SECTION 3.42. Subsection (c), Section 302.006, Labor Code,
 122-33 is amended to read as follows:

122-34 (c) To be eligible to receive a scholarship awarded under
 122-35 this section, a person must:

122-36 (1) be employed in a child-care facility, as defined
 122-37 by Section 42.002, Human Resources Code;

122-38 (2) intend to obtain a credential, certificate, or
 122-39 degree specified in Subsection (b);

122-40 (3) agree to work for at least 18 additional months in
 122-41 a child-care facility, as defined by Section 42.002, Human
 122-42 Resources Code, that accepts federal Child Care Development Fund
 122-43 subsidies and that, at the time the person begins to fulfill the
 122-44 work requirement imposed by this subdivision, is located:

122-45 (A) within the attendance zone of a public school
 122-46 campus considered academically unacceptable [low-performing] under
 122-47 Section 39.132, Education Code; or

122-48 (B) in an economically disadvantaged community,
 122-49 as determined by the commission; and

122-50 (4) satisfy any other requirements adopted by the
 122-51 commission.

122-52 SECTION 3.43. Subsection (b), Section 6.02, Tax Code, is
 122-53 amended to read as follows:

122-54 (b) A taxing unit that has boundaries extending into two or
 122-55 more counties may choose to participate in only one of the appraisal
 122-56 districts. In that event, the boundaries of the district chosen
 122-57 extend outside the county to the extent of the unit's boundaries.
 122-58 To be effective, the choice must be approved by resolution of the
 122-59 board of directors of the district chosen. ~~[The choice of a school~~
 122-60 ~~district to participate in a single appraisal district does not~~
 122-61 ~~apply to property annexed to the school district under Subchapter C~~
 122-62 ~~or G, Chapter 41, Education Code, unless:~~

122-63 ~~[(1) the school district taxes property other than~~
 122-64 ~~property annexed to the district under Subchapter C or G, Chapter~~
 122-65 ~~41, Education Code, in the same county as the annexed property; or~~

122-66 ~~[(2) the annexed property is contiguous to property in~~
 122-67 ~~the school district other than property annexed to the district~~
 122-68 ~~under Subchapter C or G, Chapter 41, Education Code.]~~

122-69 SECTION 3.44. Subsection (a), Section 21.02, Tax Code, is

123-1 amended to read as follows:

123-2 (a) Except as provided by [~~Subsection (b) and~~] Sections
123-3 21.021, 21.04, and 21.05, tangible personal property is taxable by
123-4 a taxing unit if:

123-5 (1) it is located in the unit on January 1 for more
123-6 than a temporary period;

123-7 (2) it normally is located in the unit, even though it
123-8 is outside the unit on January 1, if it is outside the unit only
123-9 temporarily;

123-10 (3) it normally is returned to the unit between uses
123-11 elsewhere and is not located in any one place for more than a
123-12 temporary period; or

123-13 (4) the owner resides (for property not used for
123-14 business purposes) or maintains the owner's [~~his~~] principal place
123-15 of business in this state (for property used for business purposes)
123-16 in the unit and the property is taxable in this state but does not
123-17 have a taxable situs pursuant to Subdivisions (1) through (3) [~~of~~
123-18 ~~this section~~].

123-19 SECTION 3.45. Section 313.029, Tax Code, is amended to read
123-20 as follows:

123-21 Sec. 313.029. TAX RATE LIMITATION. If the governing body of
123-22 a school district grants an application for a limitation on
123-23 appraised value under this subchapter, for each of the first two tax
123-24 years that begins after the date the application is approved, the
123-25 governing body of the school district may not adopt a tax rate that
123-26 exceeds the school district's rollback tax rate under Section
123-27 26.08, if applicable, for that year. If, in any tax year in which a
123-28 restriction on the school district's tax rate under this section is
123-29 in effect, the governing body approves a subsequent application for
123-30 a limitation on appraised value under this section, the restriction
123-31 on the school district's tax rate is extended until the first tax
123-32 year that begins after the second anniversary of the date the
123-33 subsequent application is approved.

123-34 ARTICLE 4. CHARTER SCHOOLS

123-35 SECTION 4.01. (a) Effective August 1, 2006, Subchapter D,
123-36 Chapter 12, Education Code, is repealed.

123-37 (b) Except as provided by Section 11A.1041, Education Code,
123-38 as added by this Act, each open-enrollment charter school operating
123-39 or holding a charter to operate on August 1, 2006, shall be
123-40 dissolved in accordance with Subchapter J, Chapter 11A, Education
123-41 Code, as added by this Act.

123-42 SECTION 4.02. Subtitle C, Title 2, Education Code, is
123-43 amended by adding Chapter 11A to read as follows:

123-44 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

123-45 SUBCHAPTER A. GENERAL PROVISIONS

123-46 Sec. 11A.001. DEFINITIONS. In this chapter:

123-47 (1) "Charter holder" means the entity to which a
123-48 charter is granted under this chapter.

123-49 (2) "Governing body of a charter holder" means the
123-50 board of directors, board of trustees, or other governing body of a
123-51 charter holder.

123-52 (3) "Governing body of a public charter district"
123-53 means the board of directors, board of trustees, or other governing
123-54 body of a public charter district. The term includes the governing
123-55 body of a charter holder if that body acts as the governing body of
123-56 the public charter district.

123-57 (4) "Management company" means a person, other than a
123-58 charter holder, who provides management services for a public
123-59 charter district.

123-60 (5) "Management services" means services related to
123-61 the management or operation of a public charter district,
123-62 including:

123-63 (A) planning, operating, supervising, and
123-64 evaluating the public charter district's educational programs,
123-65 services, and facilities;

123-66 (B) making recommendations to the governing body
123-67 of the public charter district relating to the selection of school
123-68 personnel;

123-69 (C) managing the public charter district's

124-1 day-to-day operations as its administrative manager;

124-2 (D) preparing and submitting to the governing
124-3 body of the public charter district a proposed budget;

124-4 (E) recommending policies to be adopted by the
124-5 governing body of the public charter district, developing
124-6 appropriate procedures to implement policies adopted by the
124-7 governing body of the public charter district, and overseeing the
124-8 implementation of adopted policies; and

124-9 (F) providing leadership for the attainment of
124-10 student performance at the public charter district based on the
124-11 indicators adopted under Section 39.051 or by the governing body of
124-12 the public charter district.

124-13 (6) "Officer of a public charter district" means:

124-14 (A) the principal, director, or other chief
124-15 operating officer of a public charter district or campus; or

124-16 (B) a person charged with managing the finances
124-17 of a public charter district.

124-18 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
124-19 chapter, the State Board of Education may grant a charter on the
124-20 application of an eligible entity for a public charter district to
124-21 operate in a facility of a commercial or nonprofit entity, an
124-22 eligible entity, or a school district, including a home-rule school
124-23 district. In this subsection, "eligible entity" means:

124-24 (1) an institution of higher education as defined
124-25 under Section 61.003;

124-26 (2) a private or independent institution of higher
124-27 education as defined under Section 61.003;

124-28 (3) an organization that is exempt from federal income
124-29 taxation under Section 501(a), Internal Revenue Code of 1986, as an
124-30 organization described by Section 501(c)(3) of that code; or

124-31 (4) a governmental entity in this state.

124-32 (b) The State Board of Education may grant a charter for a
124-33 public charter district only to an applicant that meets all
124-34 financial, governing, and operational standards adopted by the
124-35 commissioner under this chapter.

124-36 (c) The State Board of Education may not grant more than a
124-37 total of 215 charters for public charter districts.

124-38 (d) An educator employed by a school district before the
124-39 effective date of a charter for a public charter district operated
124-40 at a school district facility may not be transferred to or employed
124-41 by the public charter district over the educator's objection.

124-42 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
124-43 district:

124-44 (1) shall provide instruction to and assess a number
124-45 of students at a number of elementary or secondary grade levels, as
124-46 provided by the charter, sufficient to permit the agency to assign
124-47 an accountability rating under Chapter 39;

124-48 (2) is governed under the governing structure required
124-49 by this chapter and described by the charter;

124-50 (3) retains authority to operate under the charter
124-51 contingent on satisfactory student performance as provided by the
124-52 charter in accordance with Section 11A.103; and

124-53 (4) does not have authority to impose taxes.

124-54 Sec. 11A.004. STATUS. A public charter district or campus
124-55 is part of the public school system of this state.

124-56 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related
124-57 to operation of a public charter district, a public charter
124-58 district is immune from liability to the same extent as a school
124-59 district, and its employees and volunteers are immune from
124-60 liability to the same extent as school district employees and
124-61 volunteers. Except as provided by Section 11A.154, a member of the
124-62 governing body of a public charter district or of a charter holder
124-63 is immune from liability to the same extent as a school district
124-64 trustee.

124-65 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.
124-66 A reference in law to an open-enrollment charter school means a
124-67 public charter district or public charter campus, as applicable.

124-68 [Sections 11A.007-11A.050 reserved for expansion]

124-

SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

125-1 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
 125-2 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided by
 125-3 Subsection (b) or (c), a public charter district is subject to
 125-4 federal and state laws and rules governing public schools and to
 125-5 municipal zoning ordinances governing public schools.

125-6 (b) A public charter district is subject to this code and
 125-7 rules adopted under this code only to the extent the applicability
 125-8 to a public charter district of a provision of this code or a rule
 125-9 adopted under this code is specifically provided.

125-10 (c) Notwithstanding Subsection (a), a campus of a public
 125-11 charter district located in whole or in part in a municipality with
 125-12 a population of 20,000 or less is not subject to a municipal zoning
 125-13 ordinance governing public schools.

125-14 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public
 125-15 charter district has the powers granted to schools under this
 125-16 title.

125-17 (b) A public charter district is subject to:
 125-18 (1) a provision of this title establishing a criminal
 125-19 offense; and

125-20 (2) a prohibition, restriction, or requirement, as
 125-21 applicable, imposed by this title or a rule adopted under this
 125-22 title, relating to:

125-23 (A) the Public Education Information Management
 125-24 System (PEIMS) under Section 7.007;

125-25 (B) reporting an educator's misconduct under
 125-26 Section 21.006;

125-27 (C) criminal history records under Subchapter C,
 125-28 Chapter 22;

125-29 (D) reading instruments and accelerated reading
 125-30 instruction programs under Section 28.006;

125-31 (E) satisfactory performance on assessment
 125-32 instruments and to accelerated instruction under Section 28.0211;

125-33 (F) intensive programs of instruction under
 125-34 Section 28.0213;

125-35 (G) high school graduation under Section 28.025;

125-36 (H) special education programs under Subchapter
 125-37 A, Chapter 29, including a requirement that special education
 125-38 teachers obtain appropriate certification;

125-39 (I) bilingual education under Subchapter B,
 125-40 Chapter 29, including a requirement that bilingual education
 125-41 teachers obtain appropriate certification;

125-42 (J) prekindergarten programs under Subchapter E,
 125-43 Chapter 29;

125-44 (K) extracurricular activities under Section
 125-45 33.081;

125-46 (L) discipline management practices or behavior
 125-47 management techniques under Section 37.0021;

125-48 (M) health and safety under Chapter 38; and

125-49 (N) public school accountability under
 125-50 Subchapters B, C, D, G, and I, Chapter 39.

125-51 (c) A public charter district is entitled to the same level
 125-52 of services provided to school districts by regional education
 125-53 service centers. The commissioner shall adopt rules that provide
 125-54 for the representation of public charter districts on the boards of
 125-55 directors of regional education service centers.

125-56 (d) The commissioner may by rule permit a public charter
 125-57 district to voluntarily participate in any state program available
 125-58 to school districts, including a purchasing program, if the public
 125-59 charter district complies with all terms of the program.

125-60 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
 125-61 INFORMATION LAWS. (a) With respect to the operation of a public
 125-62 charter district, the governing body of a charter holder and the
 125-63 governing body of a public charter district are considered to be
 125-64 governmental bodies for purposes of Chapters 551 and 552,
 125-65 Government Code.

125-66 (b) With respect to the operation of a public charter
 125-67 district, any requirement in Chapter 551 or 552, Government Code,
 125-68 that applies to a school district, the board of trustees of a school
 125-69

126-1 district, or public school students applies to a public charter
 126-2 district, the governing body of a charter holder, the governing
 126-3 body of a public charter district, or students in attendance at a
 126-4 public charter district campus.

126-5 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
 126-6 GOVERNMENT RECORDS. (a) With respect to the operation of a public
 126-7 charter district, a public charter district is considered to be a
 126-8 local government for purposes of Subtitle C, Title 6, Local
 126-9 Government Code, and Subchapter J, Chapter 441, Government Code.

126-10 (b) Records of a public charter district, a charter holder,
 126-11 or a management company that relate to a public charter district are
 126-12 government records for all purposes under state law.

126-13 (c) Any requirement in Subtitle C, Title 6, Local Government
 126-14 Code, or Subchapter J, Chapter 441, Government Code, that applies
 126-15 to a school district, the board of trustees of a school district, or
 126-16 an officer or employee of a school district applies to a public
 126-17 charter district or management company, the governing body of a
 126-18 charter holder, the governing body of a public charter district, or
 126-19 an officer or employee of a public charter district or management
 126-20 company except that the records of a public charter district or
 126-21 management company that ceases to operate shall be transferred in
 126-22 the manner prescribed by Subsection (d).

126-23 (d) The records of a public charter district or management
 126-24 company that ceases to operate shall be transferred in the manner
 126-25 specified by the commissioner to a custodian designated by the
 126-26 commissioner. The commissioner may designate any appropriate
 126-27 entity to serve as custodian, including the agency, a regional
 126-28 education service center, or a school district. In designating a
 126-29 custodian, the commissioner shall ensure that the transferred
 126-30 records, including student and personnel records, are transferred
 126-31 to a custodian capable of:

126-32 (1) maintaining the records;

126-33 (2) making the records readily accessible to students,
 126-34 parents, former school employees, and other persons entitled to
 126-35 access; and

126-36 (3) complying with applicable state or federal law
 126-37 restricting access to the records.

126-38 (e) If the charter holder of a public charter district that
 126-39 ceases to operate or an officer or employee of the district or a
 126-40 management company refuses to transfer school records in the manner
 126-41 specified by the commissioner under Subsection (d), the
 126-42 commissioner may ask the attorney general to petition a court for
 126-43 recovery of the records. If the court grants the petition, the
 126-44 court shall award attorney's fees and court costs to the state.

126-45 (f) A record described by this section is a public school
 126-46 record for purposes of Section 37.10(c)(2), Penal Code.

126-47 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
 126-48 PURCHASING AND CONTRACTING. (a) This section applies to a public
 126-49 charter district unless the district's charter otherwise describes
 126-50 procedures for purchasing and contracting and the procedures are
 126-51 approved by the State Board of Education.

126-52 (b) A public charter district is considered to be:

126-53 (1) a governmental entity for purposes of:

126-54 (A) Subchapter D, Chapter 2252, Government Code;
 126-55 and

126-56 (B) Subchapter B, Chapter 271, Local Government
 126-57 Code;

126-58 (2) a political subdivision for purposes of Subchapter
 126-59 A, Chapter 2254, Government Code; and

126-60 (3) a local government for purposes of Sections
 126-61 2256.009-2256.016, Government Code.

126-62 (c) To the extent consistent with this section, a
 126-63 requirement in a law listed in this section that applies to a school
 126-64 district or the board of trustees of a school district applies to a
 126-65 public charter district, the governing body of a charter holder, or
 126-66 the governing body of a public charter district.

126-67 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
 126-68 INTEREST. (a) A member of the governing body of a charter holder,
 126-69 a member of the governing body of a public charter district, or an

127-1 officer of a public charter district is considered to be a local
 127-2 public official for purposes of Chapter 171, Local Government Code.
 127-3 For purposes of that chapter:

127-4 (1) a member of the governing body of a charter holder
 127-5 or a member of the governing body or officer of a public charter
 127-6 district is considered to have a substantial interest in a business
 127-7 entity if a person related to the member or officer in the third
 127-8 degree by consanguinity or affinity, as determined under Chapter
 127-9 573, Government Code, has a substantial interest in the business
 127-10 entity under Section 171.002, Local Government Code; and

127-11 (2) a teacher at a public charter district may serve as
 127-12 a member of the governing body of the charter holder or the
 127-13 governing body of the public charter district if the teachers
 127-14 serving on the governing body:

127-15 (A) do not constitute a quorum of the governing
 127-16 body or any committee of the governing body; and

127-17 (B) comply with the requirements of Sections
 127-18 171.003-171.007, Local Government Code.

127-19 (b) To the extent consistent with this section, a
 127-20 requirement of a law listed in this section that applies to a school
 127-21 district or the board of trustees of a school district applies to a
 127-22 public charter district, the governing body of a charter holder, or
 127-23 the governing body of a public charter district.

127-24 (c) An employee who is not a teacher may serve as a member of
 127-25 the governing body of a charter holder or the governing body of a
 127-26 public charter district if:

127-27 (1) the charter holder operating the public charter
 127-28 district where the individual is employed and serves as a member of
 127-29 the governing body operated an open-enrollment charter school under
 127-30 Subchapter D, Chapter 12, on August 31, 2005;

127-31 (2) the individual was employed by the charter holder
 127-32 and serving as a member of the governing body on August 31, 2005, in
 127-33 compliance with former Section 12.1054; and

127-34 (3) the individual had been continuously so employed
 127-35 and serving since a date on or before January 1, 2005.

127-36 (d) If under Subsection (c) an individual continues to be
 127-37 employed and serve as a member of the governing body, the individual
 127-38 may not participate in any deliberation or voting on the
 127-39 appointment, reappointment, confirmation of the appointment or
 127-40 reappointment, employment, reemployment, change in the status,
 127-41 compensation, or dismissal of the individual if that action applies
 127-42 only to the individual and is not taken regarding a bona fide class
 127-43 or category of employees. In addition, the individual may not hear,
 127-44 consider, or act on any grievance or complaint concerning the
 127-45 individual or a matter with which the individual has dealt in the
 127-46 individual's capacity as an employee.

127-47 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A
 127-48 public charter district, including the governing body of a public
 127-49 charter district and any district employee with final authority to
 127-50 hire a district employee, is subject to a prohibition, restriction,
 127-51 or requirement, as applicable, imposed by state law or by a rule
 127-52 adopted under state law, relating to nepotism under Chapter 573,
 127-53 Government Code.

127-54 (b) Notwithstanding Subsection (a), a member of the
 127-55 governing body of a charter holder or public charter district may
 127-56 not be related in the third degree by consanguinity or affinity, as
 127-57 determined under Chapter 573, Government Code, to another member of
 127-58 the governing body of the charter holder or public charter
 127-59 district.

127-60 (c) This section does not apply to an appointment,
 127-61 confirmation of an appointment, or vote for an appointment or
 127-62 confirmation of an appointment of an individual to a position if:

127-63 (1) the charter holder operating the public charter
 127-64 district where the individual is employed or serves as a member of
 127-65 the governing body operated an open-enrollment charter school under
 127-66 Subchapter D, Chapter 12, on August 31, 2005;

127-67 (2) the individual was employed or serving in the
 127-68 position on August 31, 2005, in compliance with former Section
 127-69 12.1055; and

128-1 (3) the individual has been continuously employed or
 128-2 serving since a date on or before January 1, 2005.

128-3 (d) If, under Subsection (c), an individual continues to be
 128-4 employed or serve in a position, the public official to whom the
 128-5 individual is related in a prohibited degree may not participate in
 128-6 any deliberation or voting on the appointment, reappointment,
 128-7 confirmation of the appointment or reappointment, employment,
 128-8 reemployment, change in status, compensation, or dismissal of the
 128-9 individual if that action applies only to the individual and is not
 128-10 taken regarding a bona fide class or category of employees.

128-11 [Sections 11A.058-11A.100 reserved for expansion]

128-12 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

128-13 Sec. 11A.101. APPLICATION. (a) The State Board of
 128-14 Education shall adopt:

128-15 (1) an application form and a procedure that must be
 128-16 used to apply for a charter for a public charter district; and

128-17 (2) criteria to use in selecting a program for which to
 128-18 grant a charter.

128-19 (b) The application form must provide for including the
 128-20 information required under Section 11A.103 to be contained in a
 128-21 charter.

128-22 (c) The State Board of Education may approve or deny an
 128-23 application based on criteria it adopts and on financial,
 128-24 governing, and operational standards adopted by the commissioner
 128-25 under this chapter. The criteria the board adopts must include:

128-26 (1) criteria relating to improving student
 128-27 performance and encouraging innovative programs; and

128-28 (2) criteria relating to the educational benefit for
 128-29 students residing in the geographic area to be served by the
 128-30 proposed public charter district, as compared to any significant
 128-31 financial difficulty that a loss in enrollment may have on any
 128-32 school district whose enrollment is likely to be affected by the
 128-33 public charter district.

128-34 (d) A public charter district may not begin operating under
 128-35 this chapter unless the commissioner has certified that the
 128-36 applicant has acceptable administrative and accounting systems and
 128-37 procedures in place for the operation of the proposed public
 128-38 charter district.

128-39 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
 128-40 commissioner by rule shall adopt a procedure for providing notice
 128-41 to each member of the legislature that represents the geographic
 128-42 area to be served by the proposed public charter district, as
 128-43 determined by the commissioner, on receipt by the State Board of
 128-44 Education of an application for a charter for a public charter
 128-45 district under Section 11A.101.

128-46 Sec. 11A.103. CONTENT. (a) Each charter granted under
 128-47 this chapter must:

128-48 (1) describe the educational program to be offered,
 128-49 which must include the required curriculum as provided by Section
 128-50 28.002;

128-51 (2) establish educational goals, which must include
 128-52 acceptable student performance as determined under Chapter 39;

128-53 (3) specify the grade levels to be offered, which must
 128-54 be sufficient to permit the agency to assign an accountability
 128-55 rating under Chapter 39;

128-56 (4) describe the facilities to be used;

128-57 (5) describe the geographical area served by the
 128-58 program, which may not be statewide; and

128-59 (6) specify any type of enrollment criteria to be
 128-60 used.

128-61 (b) A charter holder of a public charter district shall
 128-62 consider including in the district's charter a requirement that the
 128-63 district develop and administer personal graduation plans under
 128-64 Section 28.0212.

128-65 (c) The terms of a charter may not include plans for future
 128-66 increases in student enrollment, grade levels, campuses, or
 128-67 geographical area, except that:

128-68 (1) the charter may contain a plan for adding grade
 128-69 levels as necessary to comply with Section 11A.253(c) or (d); and

129-1 (2) the commissioner may approve such an increase in a
 129-2 charter revision request under Section 11A.106.

129-3 Sec. 11A.104. FORM. A charter for a public charter district
 129-4 shall be in the form of a license issued by the State Board of
 129-5 Education to the charter holder.

129-6 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN
 129-7 ENTITIES. (a) Notwithstanding Section 11A.101, the commissioner
 129-8 shall immediately grant a charter under this chapter to the
 129-9 following entities on or before August 1, 2006:

129-10 (1) an eligible entity holding a charter granted
 129-11 before September 1, 2002, under Subchapter D, Chapter 12, as that
 129-12 subchapter existed on January 1, 2005, if:

129-13 (A) for fiscal years 2004 and 2005, the entity
 129-14 had total assets that exceeded total liabilities, as determined by
 129-15 the entity's annual audit report under Section 44.008;

129-16 (B) at least 25 percent of all students enrolled
 129-17 at the entity's open-enrollment charter school and administered an
 129-18 assessment instrument under Section 39.023(a), (c), or (l)
 129-19 performed satisfactorily on the assessment instrument in
 129-20 mathematics, as determined by the school's assessment instrument
 129-21 results for the 2005-2006 school year; and

129-22 (C) at least 25 percent of all students enrolled
 129-23 at the entity's open-enrollment charter school and administered an
 129-24 assessment instrument under Section 39.023(a), (c), or (l)
 129-25 performed satisfactorily on the assessment instrument in reading or
 129-26 English language arts, as applicable, as determined by the school's
 129-27 assessment instrument results for the 2005-2006 school year;

129-28 (2) a governmental entity holding a charter under
 129-29 Subchapter D, Chapter 12, as that subchapter existed on January 1,
 129-30 2005;

129-31 (3) an eligible entity holding a charter under
 129-32 Subchapter D, Chapter 12, as that subchapter existed on January 1,
 129-33 2005, if at least 85 percent of students enrolled in the school
 129-34 reside in a residential facility; and

129-35 (4) an eligible entity granted a charter on or after
 129-36 September 1, 2002, under Subchapter D, Chapter 12, as that
 129-37 subchapter existed on January 1, 2005.

129-38 (b) Assessment instrument results for fewer than five
 129-39 students are not considered for purposes of Subsection (a)(1)(B) or
 129-40 (C).

129-41 (c) The commissioner shall determine which entities are
 129-42 eligible for a charter under this section as soon as practicable.

129-43 (d) The content and terms of a charter granted to an
 129-44 eligible entity under this section must be the same as those under
 129-45 which the entity operated under Subchapter D, Chapter 12, as that
 129-46 subchapter existed on January 1, 2005, except that where the terms
 129-47 conflict with this chapter, this chapter prevails.

129-48 (e) An eligible entity holding multiple charters prior to
 129-49 January 1, 2005, may not combine those charters into one charter for
 129-50 a public charter district but must retain each of those charters
 129-51 which count towards the limit imposed under Section 11A.002(c).

129-52 (f) Section 11A.157 does not apply to an entity granted a
 129-53 charter under this section.

129-54 (g) A decision of the commissioner under this section is not
 129-55 subject to a hearing or an appeal to a district court.

129-56 (h) This section expires January 1, 2008.

129-57 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

129-58 (a) For purposes of Section 11A.1041(a), the commissioner shall
 129-59 compute the percentage of students who performed satisfactorily on
 129-60 an assessment instrument in a manner consistent with this section.

129-61 (b) The commissioner may only consider the performance of a
 129-62 student who was enrolled as of the date for reporting enrollment for
 129-63 the fall semester under the Public Education Information Management
 129-64 System (PEIMS).

129-65 (c) In computing performance under this section, the
 129-66 commissioner must:

129-67 (1) add the results for third through 11th grade
 129-68 assessment instruments in English and third through sixth grade
 129-69 assessment instruments in Spanish across grade levels tested at all

130-1 campuses operated by the charter holder and evaluate those results
 130-2 for all students;

130-3 (2) combine the results for third through ninth grade
 130-4 assessment instruments in reading and 10th and 11th grade
 130-5 assessment instruments in English language arts and evaluate those
 130-6 results as a single subject; and

130-7 (3) separately determine student performance for
 130-8 reading and mathematics as a percentage equal to the sum of students
 130-9 who performed satisfactorily on the specific subject area
 130-10 assessment instrument in all grade levels tested at all campuses
 130-11 operated by the charter holder divided by the number of students who
 130-12 took the specific subject area assessment instrument in grade
 130-13 levels tested at all campuses operated by the charter holder.

130-14 (d) To the extent consistent with this section, the
 130-15 commissioner shall use the methodology used to compute passing
 130-16 rates for reading and mathematics assessment instruments for
 130-17 purposes of determining accountability ratings under Chapter 39 for
 130-18 the 2004-2005 school year as provided by 19 T.A.C. Section 97.1002.

130-19 (e) This section expires January 1, 2008.

130-20 Sec. 11A.105. CHARTER GRANTED. Each charter the State
 130-21 Board of Education grants for a public charter district must:

130-22 (1) satisfy this chapter; and

130-23 (2) include the information that is required under
 130-24 Section 11A.103 consistent with the information provided in the
 130-25 application and any modification the board requires.

130-26 Sec. 11A.106. REVISION. (a) A revision of a charter of a
 130-27 public charter district may be made only with the approval of the
 130-28 commissioner.

130-29 (b) Not more than once each year, a public charter district
 130-30 may request approval to revise the maximum student enrollment
 130-31 described by the district's charter.

130-32 (c) The commissioner may not approve a charter revision that
 130-33 increases a public charter district's enrollment, increases the
 130-34 grade levels offered, increases the number of campuses, or changes
 130-35 the boundaries of the geographic area served by the program unless
 130-36 the commissioner determines that:

130-37 (1) the public charter district has operated one or
 130-38 more campuses for at least three school years;

130-39 (2) each campus operated by the public charter
 130-40 district has been rated at least academically acceptable under
 130-41 Subchapter D, Chapter 39, for each of its most recent three years of
 130-42 operation;

130-43 (3) each campus operated by the public charter
 130-44 district has achieved performance levels that are at least five
 130-45 percentage points above the applicable accountability standard for
 130-46 academically acceptable performance on statewide assessments under
 130-47 Subchapter D, Chapter 39, as determined by the commissioner, for
 130-48 all tested subjects for each of its most recent two years of
 130-49 operation;

130-50 (4) the public charter district has been rated
 130-51 superior, above standard, standard, or the equivalent, under the
 130-52 financial accountability system under Subchapter I, Chapter 39;

130-53 (5) during the three years preceding the proposed
 130-54 charter revision, the public charter district and its campuses have
 130-55 not been subject to an intervention or sanction under Subchapter D,
 130-56 Chapter 39, including an intervention or sanction related to:

130-57 (A) the quality of data or reports required by
 130-58 state or federal law or court order;

130-59 (B) high school graduation requirements under
 130-60 Section 28.025; or

130-61 (C) the effectiveness of programs for special
 130-62 student populations; and

130-63 (6) the charter revision is in the best interest of
 130-64 students of this state.

130-65 (d) In making a determination under Subsection (c)(6), the
 130-66 commissioner shall review all available information relating to the
 130-67 charter holder, including the charter holder's:

130-68 (1) academic and financial performance;

130-69 (2) history of compliance with applicable laws;

131-1 (3) staffing, financial, and organizational data; and
 131-2 (4) any other information regarding the charter
 131-3 holder's capacity to successfully implement the requested charter
 131-4 revision.

131-5 (e) The commissioner may not approve a charter revision that
 131-6 proposes an increase in:

131-7 (1) a public charter district's enrollment, unless the
 131-8 charter holder adopts a business plan for implementing the
 131-9 enrollment increase that includes components identified by the
 131-10 commissioner; or

131-11 (2) the grade levels offered by a public charter
 131-12 district, unless the charter holder adopts an educational plan for
 131-13 the additional grade levels that includes components identified by
 131-14 the commissioner.

131-15 (f) The commissioner may approve a charter revision
 131-16 authorizing a public charter district to serve students in a
 131-17 geographical area that is not contiguous with the existing
 131-18 boundaries of the district, but may not approve a statewide
 131-19 geographical boundary.

131-20 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON
 131-21 PROBATION, OR REVOCATION. (a) The commissioner may modify, place
 131-22 on probation, or revoke the charter of a public charter district if
 131-23 the commissioner determines under Section 11A.108 that the charter
 131-24 holder:

131-25 (1) committed a material violation of the charter;
 131-26 (2) failed to satisfy generally accepted accounting
 131-27 standards of fiscal management;

131-28 (3) failed to protect the health, safety, welfare, or
 131-29 best interests of the students enrolled at the public charter
 131-30 district; or

131-31 (4) failed to comply with this chapter or another
 131-32 applicable law or rule.

131-33 (b) The commissioner shall revoke the charter of a public
 131-34 charter district without a hearing if:

131-35 (1) in two consecutive years, the public charter
 131-36 district:

131-37 (A) is rated academically unacceptable under
 131-38 Subchapter D, Chapter 39; or

131-39 (B) is rated financially unacceptable by the
 131-40 commissioner under Subchapter I, Chapter 39; or

131-41 (2) all campuses operated by the public charter
 131-42 district have been ordered closed under Section 39.131(a) or
 131-43 39.1322(f).

131-44 (c) A revocation under Subsection (b)(1) is effective on
 131-45 January 1 following the school year in which the public charter
 131-46 district received a second unacceptable rating.

131-47 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
 131-48 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
 131-49 procedure to be used for modifying, placing on probation, or
 131-50 revoking the charter of a public charter district under Section
 131-51 11A.107(a).

131-52 (b) The procedure adopted under Subsection (a) must provide
 131-53 an opportunity for a hearing to the charter holder.

131-54 Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON
 131-55 PROBATION, OR REVOCATION. A charter holder may appeal a
 131-56 modification, placement on probation, or revocation under this
 131-57 subchapter only in the manner provided by the applicable procedures
 131-58 adopted by the commissioner under Section 11A.108. The charter
 131-59 holder may not otherwise appeal to the commissioner and may not
 131-60 appeal to a district court.

131-61 Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER.
 131-62 If the commissioner revokes a charter of a public charter district,
 131-63 if a district is ordered closed under Chapter 39, or if a public
 131-64 charter district surrenders its charter, the district may not:

131-65 (1) continue to operate under this chapter; or

131-66 (2) receive state funds under this chapter.

131-67 [Sections 11A.111-11A.150 reserved for expansion]

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SUBCHAPTER D. POWERS AND DUTIES OF GOVERNING BODIES OF
CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND
MANAGEMENT COMPANIES

Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.

The governing body of a charter holder is responsible for the management, operation, and accountability of the public charter district, regardless of whether the governing body delegates the governing body's powers and duties to another person.

Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER HOLDER. The governing body of a charter holder must be composed of at least five members.

Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS OFFICER OR EMPLOYEE. (a) Except as provided by Subsection (b), a person may not serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the person:

(1) has been convicted of a felony or a misdemeanor involving moral turpitude;

(2) has been convicted of an offense listed in Section 37.007(a);

(3) has been convicted of an offense listed in Article 62.001(5), Code of Criminal Procedure; or

(4) has a substantial interest in a management company.

(b) A person who has been convicted of an offense described by Subsection (a)(1), (2), or (3) may serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the commissioner determines that the person is fit to serve in that capacity. In making a determination under this subsection, the commissioner shall consider:

(1) the factors described by Section 53.022, Occupations Code, for determining the extent to which a conviction relates to an occupation;

(2) the factors described by Section 53.023, Occupations Code, for determining the fitness of a person to perform the duties and discharge the responsibilities of an occupation; and

(3) other appropriate factors, as determined by the commissioner.

(c) For purposes of Subsection (a)(4), a person has a substantial interest in a management company if the person or a relative within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code:

(1) has a controlling interest in the company;

(2) owns more than 10 percent of the voting interest in the company;

(3) owns more than \$25,000 of the fair market value of the company;

(4) has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains of the company;

(5) is a member of the board of directors or other governing body of the company;

(6) serves as an elected officer of the company; or

(7) is an employee of the company.

Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Notwithstanding the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), Chapter 22, Business Organizations Code, or other law, on request of the commissioner, the attorney general shall bring suit against a member of the governing body of a charter holder for breach of a fiduciary duty by the member, including misapplication of public funds.

(b) The attorney general may bring suit under Subsection (a) for:

133-1 (1) damages;
 133-2 (2) injunctive relief; or
 133-3 (3) any other equitable remedy determined to be
 133-4 appropriate by the court.

133-5 (c) This section is cumulative of all other remedies.
 133-6 Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF
 133-7 CHARTER HOLDER. (a) The commissioner shall adopt rules
 133-8 prescribing training for members of governing bodies of charter
 133-9 holders.

133-10 (b) The rules adopted under Subsection (a) may:
 133-11 (1) specify the minimum amount and frequency of the
 133-12 training;

133-13 (2) require the training to be provided by:
 133-14 (A) the agency and regional education service
 133-15 centers;

133-16 (B) entities other than the agency and service
 133-17 centers, subject to approval by the commissioner; or

133-18 (C) both the agency, service centers, and other
 133-19 entities; and

133-20 (3) require training to be provided concerning:
 133-21 (A) basic school law, including school finance;
 133-22 (B) health and safety issues;
 133-23 (C) accountability requirements related to the
 133-24 use of public funds; and

133-25 (D) other requirements relating to
 133-26 accountability to the public, such as open meetings requirements
 133-27 under Chapter 551, Government Code, and public information
 133-28 requirements under Chapter 552, Government Code.

133-29 Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder
 133-30 shall file with the commissioner a copy of its articles of
 133-31 incorporation and bylaws, or comparable documents if the charter
 133-32 holder does not have articles of incorporation or bylaws, within
 133-33 the period and in the manner prescribed by the commissioner.

133-34 (b) Each public charter district shall file annually with
 133-35 the commissioner the following information in a form prescribed by
 133-36 the commissioner:

133-37 (1) the name, address, and telephone number of each
 133-38 officer and member of the governing body of the charter holder; and

133-39 (2) the amount of annual compensation the public
 133-40 charter district pays to each officer and member of the governing
 133-41 body.

133-42 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During
 133-43 a public charter district's first year of operation, the charter
 133-44 holder shall submit quarterly financial reports to the
 133-45 commissioner. The commissioner by rule shall determine the form
 133-46 and content of the financial reports under this section.

133-47 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
 133-48 public charter district shall comply with Section 42.006.

133-49 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
 133-50 management company that provides management services to a public
 133-51 charter district is liable for damages incurred by the state or a
 133-52 school district as a result of the failure of the company to comply
 133-53 with its contractual or other legal obligation to provide services
 133-54 to the district.

133-55 (b) On request of the commissioner, the attorney general may
 133-56 bring suit on behalf of the state against a management company
 133-57 liable under Subsection (a) for:

133-58 (1) damages, including any state funding received by
 133-59 the company and any consequential damages suffered by the state;

133-60 (2) injunctive relief; or

133-61 (3) any other equitable remedy determined to be
 133-62 appropriate by the court.

133-63 (c) This section is cumulative of all other remedies and
 133-64 does not affect:

133-65 (1) the liability of a management company to the
 133-66 charter holder; or

133-67 (2) the liability of a charter holder, a member of the
 133-68 governing body of a charter holder, or a member of the governing
 133-69 body of a public charter district to the state.

134-1 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.
134-2 (a) The charter holder or the governing body of a public charter
134-3 district may not accept a loan from a management company that has a
134-4 contract to provide management services to:

- 134-5 (1) the district; or
- 134-6 (2) another public charter district that operates
134-7 under a charter granted to the charter holder.

134-8 (b) A charter holder or the governing body of a public
134-9 charter district that accepts a loan from a management company may
134-10 not enter into a contract with that management company to provide
134-11 management services to the district.

134-12 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any
134-13 contract, including a contract renewal, between a public charter
134-14 district and a management company proposing to provide management
134-15 services to the district must require the management company to
134-16 maintain all records related to the management services separately
134-17 from any other records of the management company.

134-18 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS
134-19 PROHIBITED. The commissioner may prohibit, deny renewal of,
134-20 suspend, or revoke a contract between a public charter district and
134-21 a management company providing management services to the district
134-22 if the commissioner determines that the management company has:

- 134-23 (1) failed to provide educational or related services
134-24 in compliance with the company's contractual or other legal
134-25 obligation to any public charter district in this state or to any
134-26 other similar entity in another state;
- 134-27 (2) failed to protect the health, safety, or welfare
134-28 of the students enrolled at a public charter district served by the
134-29 company;
- 134-30 (3) violated this chapter or a rule adopted under this
134-31 chapter; or
- 134-32 (4) otherwise failed to comply with any contractual or
134-33 other legal obligation to provide services to the district.

134-34 [Sections 11A.163-11A.200 reserved for expansion]
134-35 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

134-36 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent
134-37 with Subsection (c), a charter holder is entitled to receive for the
134-38 public charter district funding under Chapter 42 as if the public
134-39 charter district were a school district without a local share for
134-40 purposes of Section 42.306 and without any local revenue ("LR") for
134-41 purposes of Section 42.252. In determining funding for a public
134-42 charter district, adjustments under Sections 42.301, 42.302, and
134-43 42.303 and the district enrichment tax rate ("DTR") under Section
134-44 42.252 are based on the average adjustment and average district
134-45 enrichment tax rate for the state.

134-46 (a-1) Notwithstanding Subsection (a), an entity granted a
134-47 charter under Section 11A.1041 is entitled to receive funding for
134-48 each student in weighted average daily attendance in an amount
134-49 equal to the greater of the amount determined under Subsection (a)
134-50 or the amount to which the entity was entitled for the 2003-2004 or
134-51 2004-2005 school year, as determined by the commissioner. A
134-52 determination of the commissioner under this subsection is final
134-53 and not subject to appeal. This subsection expires September 1,
134-54 2013.

134-55 (b) To the extent consistent with Subsection (c), a public
134-56 charter district is entitled to funds that are available to school
134-57 districts from the agency or the commissioner, including grants and
134-58 other discretionary funding and any teacher incentive payments
134-59 under Chapter 42, unless the statute authorizing the funding
134-60 explicitly provides that a public charter district is not entitled
134-61 to the funding.

134-62 (c) A charter holder is entitled to receive for a public
134-63 charter district funding under this section only if the holder:

- 134-64 (1) provides information for the Public Education
134-65 Information Management System (PEIMS) as required by this chapter;
- 134-66 (2) submits to the commissioner appropriate fiscal and
134-67 financial records as required by this chapter and the commissioner;
134-68 and
- 134-69 (3) receives an annual unqualified opinion in the

135-1 standard report filed pursuant to Section 11A.210.

135-2 (d) The commissioner shall suspend the funding of a charter
 135-3 holder that fails to comply with Subsection (c) until the
 135-4 commissioner determines that the charter holder is in compliance or
 135-5 has cured any noncompliance and has adopted adequate procedures to
 135-6 prevent future noncompliance.

135-7 (e) The commissioner may adopt rules to provide and account
 135-8 for state funding of public charter districts under this section. A
 135-9 rule adopted under this section may be similar to a provision of
 135-10 this code that is not similar to Section 11A.052(b) if the
 135-11 commissioner determines that the rule is related to financing of
 135-12 public charter districts and is necessary or prudent to provide or
 135-13 account for state funds.

135-14 Sec. 11A.2011. ADDITIONAL STATE AID FOR CERTAIN STAFF
 135-15 SALARIES. (a) This section applies only to a charter holder that
 135-16 on January 1, 2005:

135-17 (1) operated an open-enrollment charter school under
 135-18 former Subchapter D, Chapter 12; and

135-19 (2) participated in the program under Chapter 1579,
 135-20 Insurance Code.

135-21 (b) In addition to any amounts to which a charter holder is
 135-22 entitled under this chapter, a charter holder is entitled to state
 135-23 aid in an amount, as determined by the commissioner, equal to the
 135-24 product of \$1,000 multiplied by the number of classroom teachers,
 135-25 full-time librarians, and full-time counselors certified under
 135-26 Subchapter B, Chapter 21, and full-time school nurses appropriately
 135-27 licensed under Chapter 301, Occupations Code, who are employed by
 135-28 the charter holder at a public charter district.

135-29 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS.

135-30 (a) In this section, "instructional facility" has the meaning
 135-31 assigned by Section 46.001.

135-32 (b) A charter holder is initially eligible for
 135-33 instructional facilities allotments in accordance with this
 135-34 section if:

135-35 (1) any campus of a public charter district for which
 135-36 the charter holder has been granted a license has for two
 135-37 consecutive school years been rated exemplary or recognized under
 135-38 Subchapter D, Chapter 39, or has performed at a comparable level, as
 135-39 determined by the commissioner for purposes of this section; and

135-40 (2) on the most recent audit of the financial
 135-41 operations of the district conducted pursuant to Section 11A.210,
 135-42 the district has satisfied generally accepted accounting standards
 135-43 of fiscal management as evidenced by an unqualified opinion in the
 135-44 standard report issued and filed pursuant to Section 11A.210.

135-45 (b-1) Notwithstanding Subsection (b), a charter holder is
 135-46 eligible for instructional facilities allotments for the 2006-2007
 135-47 school year in accordance with this section if any campus of a
 135-48 public charter district for which the charter holder has been
 135-49 granted a license has been rated exemplary or recognized under
 135-50 Subchapter D, Chapter 39, for at least two of the 2003-2004,
 135-51 2004-2005, and 2005-2006 school years.

135-52 (b-2) Subsection (b-1) and this subsection expire September
 135-53 1, 2007.

135-54 (c) Once a public charter district satisfies the initial
 135-55 eligibility requirements under Subsection (b) and receives an
 135-56 allotment under this section, the district continues to remain
 135-57 eligible until the district receives an accountability rating of
 135-58 unacceptable under Subchapter D, Chapter 39, at which point the
 135-59 district is again subject to the eligibility requirements of
 135-60 Subsection (b).

135-61 (d) The commissioner annually shall review the eligibility
 135-62 of a public charter district campus for purposes of this section.

135-63 (e) Except as otherwise provided by this section, a charter
 135-64 holder is entitled to an annual allotment in an amount determined by
 135-65 the commissioner, not to exceed \$1,000 or a different amount
 135-66 provided by appropriation, for each student in average daily
 135-67 attendance during the preceding year at a campus of a public charter
 135-68 district that is eligible for an allotment under this section.

135-69 (f) A charter holder who receives funds under this section

136-1 may use the funds only to:

136-2 (1) purchase real property on which to construct an
 136-3 instructional facility for a public charter district campus for
 136-4 which the funds were paid under Subsection (e);

136-5 (2) purchase, lease, construct, expand, or renovate
 136-6 instructional facilities for a public charter district campus for
 136-7 which the funds were paid under Subsection (e);

136-8 (3) pay debt service in connection with instructional
 136-9 facilities purchased or improved for a campus of the public charter
 136-10 district that meets the requirements under Subsection (b); or

136-11 (4) maintain and operate public charter district
 136-12 instructional facilities.

136-13 (g) A decision of the commissioner under Subsection (e) is
 136-14 final and may not be appealed.

136-15 (h) The commissioner shall by rule establish procedures to
 136-16 ensure that funds a charter holder claims to be using for purposes
 136-17 of Subsection (f)(3) are used only for that purpose.

136-18 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
 136-19 under Section 11A.201 or 11A.202 by a charter holder:

136-20 (1) are considered to be public funds for all purposes
 136-21 under state law;

136-22 (2) are held in trust by the charter holder for the
 136-23 benefit of this state and the students of the public charter
 136-24 district;

136-25 (3) may be used only for a purpose for which a school
 136-26 may use local funds under Section 45.105(c) in the case of funds
 136-27 received under Section 11A.201, and may be used only for a purpose
 136-28 specified under Section 11A.202(f) in the case of funds received
 136-29 under Section 11A.202; and

136-30 (4) pending their use, must be deposited into a bank,
 136-31 as defined by Section 45.201, with which the charter holder has
 136-32 entered into a depository contract under Section 11A.204.

136-33 (b) Funds deposited under Subsection (a)(4) may be directly
 136-34 deposited into an account controlled by a bond trustee acting for
 136-35 the charter holder pursuant to a bond indenture agreement requiring
 136-36 direct deposit.

136-37 (c) The commissioner shall adopt rules for identifying
 136-38 public funds in accordance with Subsection (a).

136-39 (d) The commissioner may bring an action in district court
 136-40 in Travis County for injunctive or other relief to enforce this
 136-41 section. In identifying public funds held by a charter holder, the
 136-42 court shall use the criteria adopted by the commissioner under
 136-43 Subsection (c). Except as otherwise provided by this subsection,
 136-44 the court shall enter any order under this subsection concerning
 136-45 public funds held by the charter holder necessary to best serve the
 136-46 interests of the students of a public charter district. In the case
 136-47 of a public charter district that has ceased to operate, the court
 136-48 shall enter any order under this subsection concerning public funds
 136-49 held by the charter holder necessary to best serve the interests of
 136-50 this state.

136-51 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank
 136-52 selected as a school depository and the charter holder shall enter
 136-53 into a depository contract, bond, or other necessary instrument
 136-54 setting forth the duties and agreements pertaining to the
 136-55 depository, in a form and with the content prescribed by the State
 136-56 Board of Education.

136-57 (b) The depository bank shall attach to the contract and
 136-58 file with the charter holder a bond in an initial amount equal to
 136-59 the estimated highest daily balance, determined by the charter
 136-60 holder, of all deposits that the charter holder will have in the
 136-61 depository during the term of the contract, less any applicable
 136-62 Federal Deposit Insurance Corporation insurance. The bond must be
 136-63 payable to the charter holder and must be signed by the depository
 136-64 bank and by a surety company authorized to engage in business in
 136-65 this state. The depository bank shall increase the amount of the
 136-66 bond if the charter holder determines the increase is necessary to
 136-67 adequately protect the funds of the charter holder deposited with
 136-68 the depository bank.

136-69 (c) The bond shall be conditioned on:

137-1 (1) the faithful performance of all duties and
 137-2 obligations imposed by law on the depository;

137-3 (2) the payment on presentation of all checks or
 137-4 drafts on order of the charter holder, in accordance with its orders
 137-5 entered by the charter holder according to law;

137-6 (3) the payment on demand of any demand deposit in the
 137-7 depository;

137-8 (4) the payment, after the expiration of the period of
 137-9 notice required, of any time deposit in the depository;

137-10 (5) the faithful keeping of school funds by the
 137-11 depository and the accounting for the funds according to law; and

137-12 (6) the faithful paying over to the successor
 137-13 depository all balances remaining in the accounts.

137-14 (d) The bond and the surety on the bond must be approved by
 137-15 the charter holder. A premium on the depository bond may not be
 137-16 paid out of charter holder funds related to operation of the public
 137-17 charter district.

137-18 (e) The charter holder shall file a copy of the depository
 137-19 contract and bond with the agency.

137-20 (f) Instead of the bond required under Subsection (b), the
 137-21 depository bank may deposit or pledge, with the charter holder or
 137-22 with a trustee designated by the charter holder, approved
 137-23 securities, as defined by Section 45.201, in an amount sufficient
 137-24 to adequately protect the funds of the charter holder deposited
 137-25 with the depository bank. A depository bank may give a bond and
 137-26 deposit or pledge approved securities in an aggregate amount
 137-27 sufficient to adequately protect the funds of the charter holder
 137-28 deposited with the depository bank. The charter holder shall
 137-29 periodically designate the amount of approved securities or the
 137-30 aggregate amount of the bond and approved securities necessary to
 137-31 adequately protect the charter holder. The charter holder may not
 137-32 designate an amount less than the balance of charter holder funds on
 137-33 deposit with the depository bank from day to day, less any
 137-34 applicable Federal Deposit Insurance Corporation insurance. The
 137-35 depository bank may substitute approved securities on obtaining the
 137-36 approval of the charter holder. For purposes of this subsection,
 137-37 the approved securities are valued at their market value.

137-38 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
 137-39 holder who accepts state funds under Section 11A.201 or 11A.202
 137-40 agrees to be subject to all requirements, prohibitions, and
 137-41 sanctions authorized under this chapter.

137-42 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE
 137-43 FUNDS. (a) Property purchased or leased with funds received by a
 137-44 charter holder under Section 11A.201 or 11A.202:

137-45 (1) is considered to be public property for all
 137-46 purposes under state law;

137-47 (2) is held in trust by the charter holder for the
 137-48 benefit of this state and the students of the public charter
 137-49 district; and

137-50 (3) may be used only for a purpose for which a school
 137-51 district may use school district property.

137-52 (b) The commissioner shall:

137-53 (1) take possession and assume control of the property
 137-54 described by Subsection (a) of a public charter district that
 137-55 ceases to operate; and

137-56 (2) supervise the disposition of the property in
 137-57 accordance with law.

137-58 (c) This section does not affect the priority of a security
 137-59 interest in or lien on property established by a creditor in
 137-60 compliance with law if the security interest or lien arose in
 137-61 connection with the sale or lease of the property to the charter
 137-62 holder.

137-63 (d) The commissioner shall adopt rules for identifying
 137-64 public property in accordance with Subsection (a).

137-65 (e) The commissioner may bring an action in district court
 137-66 in Travis County for injunctive or other relief to enforce this
 137-67 section. In identifying public property held by a charter holder,
 137-68 the court shall use the criteria adopted by the commissioner under
 137-69 Subsection (d). Except as otherwise provided by this subsection,

138-1 the court shall enter any order under this subsection concerning
 138-2 public property held by the charter holder necessary to best serve
 138-3 the interests of the students of a public charter district. In the
 138-4 case of a public charter district that has ceased to operate, the
 138-5 court shall enter any order under this subsection concerning public
 138-6 property held by the charter holder necessary to best serve the
 138-7 interests of this state. The court may order title to real or
 138-8 personal public property held by the charter holder transferred to
 138-9 a trust established for the purpose of managing the property or may
 138-10 make other disposition of the property necessary to best serve the
 138-11 interests of this state.

138-12 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
 138-13 DISTRICT LAND OR FACILITIES. A municipality to which a charter is
 138-14 granted under this chapter may borrow funds, issue obligations, or
 138-15 otherwise spend its funds to acquire land or acquire, construct,
 138-16 expand, or renovate school buildings or facilities and related
 138-17 improvements for its public charter district within the city limits
 138-18 of the municipality in the same manner the municipality is
 138-19 authorized to borrow funds, issue obligations, or otherwise spend
 138-20 its funds in connection with any other public works project.

138-21 Sec. 11A.208. FUNDING FOR INSTRUCTIONAL MATERIALS AND
 138-22 TECHNOLOGY. A public charter district is entitled to funding for
 138-23 instructional materials under Chapter 31 and technology under
 138-24 Subchapter A, Chapter 32, and is subject to those provisions as if
 138-25 the public charter district were a school district.

138-26 Sec. 11A.209. ANNUAL BUDGET. The governing body of a public
 138-27 charter district shall annually adopt a budget for the district.

138-28 Sec. 11A.210. ANNUAL AUDIT. The governing body of a public
 138-29 charter district shall conduct an annual audit in a manner that
 138-30 complies with Section 44.008.

138-31 [Sections 11A.211-11A.250 reserved for expansion]

138-32 SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

138-33 Sec. 11A.251. ADMISSION POLICY. (a) A public charter
 138-34 district may not discriminate in admission policy on the basis of
 138-35 sex, national origin, ethnicity, religion, disability, or
 138-36 academic, artistic, or athletic ability or the district the child
 138-37 would otherwise attend in accordance with this code.

138-38 (b) A public charter district admission policy may provide
 138-39 for the exclusion of a student who has a documented history of a
 138-40 criminal offense, a juvenile court adjudication, or discipline
 138-41 problems under Subchapter A, Chapter 37.

138-42 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to
 138-43 a public charter district campus, the governing body of the
 138-44 district shall:

138-45 (1) require the applicant to complete and submit an
 138-46 application not later than a reasonable deadline the district
 138-47 establishes; and

138-48 (2) on receipt of more acceptable applications for
 138-49 admission under this section than available positions in the
 138-50 school:

138-51 (A) fill the available positions by lottery; or

138-52 (B) subject to Subsection (b), fill the available
 138-53 positions in the order in which applications received before the
 138-54 application deadline were received.

138-55 (b) A public charter district may fill applications for
 138-56 admission under Subsection (a)(2)(B) only if the district published
 138-57 a notice of the opportunity to apply for admission to the district.
 138-58 A notice published under this subsection must:

138-59 (1) state the application deadline;

138-60 (2) be published in a newspaper of general circulation
 138-61 in the community in which the district campus is located not later
 138-62 than the seventh day before the application deadline; and

138-63 (3) be made available on the public charter district's
 138-64 Internet website, if available.

138-65 (c) A public charter district may exempt an applicant from
 138-66 the requirements of Subsection (a)(2) if the applicant is:

138-67 (1) the child or grandchild of a member of the
 138-68 governing body of the charter holder at the time the district's
 138-69 charter was first granted;

139-1 (2) the child of an employee of the district or the
 139-2 charter holder; or

139-3 (3) a sibling of a student who is enrolled in the
 139-4 district.

139-5 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
 139-6 by Subsection (b) or as otherwise determined impracticable by the
 139-7 commissioner, during a public charter district's first year of
 139-8 operation, the district must have a student enrollment of at least
 139-9 100 and not more than 500 at any time during the school year.

139-10 (b) A public charter district may have a student enrollment
 139-11 of less than 100 if approved by the commissioner.

139-12 (c) Not later than a public charter district's third year of
 139-13 operation, at least 25 percent of the district's students must be
 139-14 enrolled in one or more grade levels for which assessment
 139-15 instruments are administered under Section 39.023(a).

139-16 (d) The commissioner may grant a waiver from the
 139-17 requirements of Subsection (c) for a public charter district that
 139-18 opens a campus serving prekindergarten or kindergarten students and
 139-19 agrees to:

139-20 (1) add at least one higher grade level class each
 139-21 school year after opening the campus; and

139-22 (2) until the campus complies with Subsection (c),
 139-23 adopt accountability measures to assess the performance of the
 139-24 students not assessed under Section 39.023(a).

139-25 (e) The commissioner may grant a waiver from the
 139-26 requirements of Subsection (c) for a public charter district that
 139-27 was operating an open-enrollment charter school campus on January
 139-28 1, 2005, serving prekindergarten, kindergarten, and first, second,
 139-29 and third grade students if the public charter district:

139-30 (1) adopts one or more nationally norm-referenced
 139-31 assessment instruments approved by the commissioner;

139-32 (2) administers the assessment instruments to its
 139-33 second grade students at intervals and in the manner specified by
 139-34 commissioner rule; and

139-35 (3) meets the applicable standards for student
 139-36 performance on the assessment instruments, as determined by
 139-37 commissioner rule.

139-38 (f) The commissioner shall adopt rules necessary to
 139-39 implement this section.

139-40 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
 139-41 charter district may not charge tuition to an eligible student who
 139-42 applies for admission to the district under this chapter.

139-43 (b) The governing body of a public charter district may
 139-44 require a student to pay any fee that the board of trustees of a
 139-45 school district may charge under Section 11.158(a). The governing
 139-46 body may not require a student to pay a fee that the board of
 139-47 trustees of a school district may not charge under Section
 139-48 11.158(b).

139-49 Sec. 11A.255. TRANSPORTATION. A public charter district
 139-50 shall provide transportation to each student attending the school
 139-51 to the same extent a school district is required by law to provide
 139-52 transportation to district students.

139-53 Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY
 139-54 ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The
 139-55 governing body of a public charter district shall adopt a code of
 139-56 conduct for the district or for each campus in the district.

139-57 (b) The code of conduct must include:

139-58 (1) standards for student behavior, including the
 139-59 types of prohibited behaviors and the possible consequences of
 139-60 misbehavior; and

139-61 (2) the district's due process procedures regarding
 139-62 expulsion of a student.

139-63 (c) A final decision of the governing body of a public
 139-64 charter district regarding action taken under the code of conduct
 139-65 may not be appealed.

139-66 (d) A public charter district may not expel a student for a
 139-67 reason that is not authorized by Section 37.007 or specified in the
 139-68 district's code of conduct as conduct that may result in expulsion.

139-69 (e) Section 37.002 does not apply to a public charter

140-1 district except to the extent specified by the governing body of the
 140-2 public charter district in the district's code of conduct.

140-3 [Sections 11A.257-11A.300 reserved for expansion]

140-4 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

140-5 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except
 140-6 as otherwise required by this section or chapter, a person employed
 140-7 as a teacher by a public charter district must hold a high school
 140-8 diploma.

140-9 (b) To the extent required by federal law, including 20
 140-10 U.S.C. Section 7801(11), a person employed as a teacher by a public
 140-11 charter district must hold a baccalaureate degree.

140-12 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE
 140-13 QUALIFICATIONS. (a) Each public charter district shall provide to
 140-14 the parent or guardian of each student enrolled at a campus in the
 140-15 district written notice of the qualifications of each professional
 140-16 employee, including each teacher, employed at the campus.

140-17 (b) The notice must include:

140-18 (1) any professional or educational degree held by the
 140-19 employee;

140-20 (2) a statement of any certification under Subchapter
 140-21 B, Chapter 21, held by the employee; and

140-22 (3) any relevant experience of the employee.

140-23 Sec. 11A.303. COLLECTION OF FINGERPRINTS REQUIRED. The
 140-24 governing body of a public charter district shall obtain a complete
 140-25 set of fingerprints from each person described by Section
 140-26 21.0032(a).

140-27 Sec. 11A.304. CRIMINAL HISTORY AND DISCIPLINARY HISTORY OF
 140-28 CERTAIN APPLICANTS. A public charter district must comply with
 140-29 Section 21.0032 before employing or otherwise securing the services
 140-30 of a person as a teacher, teacher intern or trainee, librarian,
 140-31 educational aide, administrator, or counselor, regardless of
 140-32 whether the applicant is certified under Subchapter B, Chapter 21.

140-33 Sec. 11A.305. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF
 140-34 TEXAS. (a) An employee of a public charter district who qualifies
 140-35 for membership in the Teacher Retirement System of Texas shall be
 140-36 covered under the system to the same extent a qualified employee of
 140-37 a school district is covered.

140-38 (b) For each employee of a public charter district covered
 140-39 under the system, the public charter district is responsible for
 140-40 making any contribution that otherwise would be the legal
 140-41 responsibility of a school district, and the state is responsible
 140-42 for making contributions to the same extent it would be legally
 140-43 responsible if the employee were a school district employee.

140-44 Sec. 11A.306. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.
 140-45 (a) This section applies only to a charter holder that on January
 140-46 1, 2005:

140-47 (1) operated an open-enrollment charter school under
 140-48 former Subchapter D, Chapter 12; and

140-49 (2) participated in the program under Chapter 1579,
 140-50 Insurance Code.

140-51 (b) Using state funds received by the charter holder for
 140-52 that purpose under Section 11A.2011, a charter holder each school
 140-53 year shall pay the following employees employed by the charter
 140-54 holder at a public charter district an amount at least equal to:

140-55 (1) \$1,000 for:

140-56 (A) classroom teachers, full-time librarians,
 140-57 and full-time counselors certified under Subchapter B, Chapter 21;
 140-58 and

140-59 (B) full-time school nurses appropriately
 140-60 licensed under Chapter 301, Occupations Code;

140-61 (2) \$500 for full-time public charter district
 140-62 employees, other than administrators or employees described by
 140-63 Subdivision (1); and

140-64 (3) \$250 for part-time public charter district
 140-65 employees.

140-66 (c) A payment under this section is in addition to wages the
 140-67 charter holder would otherwise pay the employee during the school
 140-68 year.

140-69 [Sections 11A.307-11A.350 reserved for expansion]

SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

141-1 Sec. 11A.351. AUDIT. (a) To the extent consistent with
 141-2 this section, the commissioner may audit the records of:

141-3 (1) a public charter district or campus;

141-4 (2) a charter holder; and

141-5 (3) a management company.

141-6 (b) An audit under Subsection (a) must be limited to matters
 141-7 directly related to the management or operation of a public charter
 141-8 district, including any financial, student, and administrative
 141-9 records.

141-10 (c) Unless the commissioner has specific cause to conduct an
 141-11 additional audit, the commissioner may not conduct more than one
 141-12 on-site audit of a public charter district under this section
 141-13 during any fiscal year, including any audit of financial, student,
 141-14 and administrative records. For purposes of this subsection, an
 141-15 audit of a charter holder or management company associated with a
 141-16 public charter district is not considered an audit of the district.

141-17 [Sec. 11A.352 reserved]

141-18 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
 141-19 any of the actions described by Subsection (b) or by Section
 141-20 39.131(a), to the extent the commissioner determines necessary, if
 141-21 a public charter district, as determined by a report issued under
 141-22 Section 39.076(b):

141-23 (1) commits a material violation of the district's
 141-24 charter;

141-25 (2) fails to satisfy generally accepted accounting
 141-26 standards of fiscal management; or

141-27 (3) fails to comply with this chapter or another
 141-28 applicable rule or law.

141-29 (b) The commissioner may temporarily withhold funding,
 141-30 suspend the authority of a public charter district to operate, or
 141-31 take any other reasonable action the commissioner determines
 141-32 necessary to protect the health, safety, or welfare of students
 141-33 enrolled at a district campus based on evidence that conditions at
 141-34 the district campus present a danger to the health, safety, or
 141-35 welfare of the students.

141-36 (c) After the commissioner acts under Subsection (b), the
 141-37 public charter district may not receive funding and may not resume
 141-38 operating until a determination is made that:

141-39 (1) despite initial evidence, the conditions at the
 141-40 district campus do not present a danger of material harm to the
 141-41 health, safety, or welfare of students; or

141-42 (2) the conditions at the district campus that
 141-43 presented a danger of material harm to the health, safety, or
 141-44 welfare of students have been corrected.

141-45 (d) Not later than the third business day after the date the
 141-46 commissioner acts under Subsection (b), the commissioner shall
 141-47 provide the charter holder an opportunity for a hearing. This
 141-48 subsection does not apply to an action taken by the commissioner
 141-49 under Chapter 39.

141-50 (e) Immediately after a hearing under Subsection (d), the
 141-51 commissioner must cease the action under Subsection (b) or initiate
 141-52 action under Section 11A.108.

141-53 Sec. 11A.3531. SUPERVISION OF ADMINISTRATION OF CERTAIN
 141-54 ASSESSMENT INSTRUMENTS. (a) Using funds appropriated for the
 141-55 Foundation School Program, the commissioner shall reduce the total
 141-56 amount of state funds allocated to each district from any source in
 141-57 the same manner described for a reduction in allotments under
 141-58 Section 42.313 and adopt and implement a program for supervising
 141-59 the administration of assessment instruments under Section 39.023
 141-60 during the 2005-2006 school year at an open-enrollment charter
 141-61 school, other than a school operated by an entity described by
 141-62 Section 11A.1041(a)(2), (3), or (4), at which less than 25 percent
 141-63 of all students enrolled at the school and administered an
 141-64 assessment instrument under Section 39.023(a), (c), or (l)
 141-65 performed satisfactorily on:

141-66 (1) the assessment instrument in mathematics, as
 141-67 determined by the school's assessment instrument results for the
 141-68 2004-2005 school year; or

142-1 (2) the assessment instrument in reading or English
 142-2 language arts, as applicable, as determined by the school's
 142-3 assessment instrument results for the 2004-2005 school year.

142-4 (b) The program adopted under Subsection (a) must be
 142-5 designed to:

142-6 (1) ensure that the location at which an assessment
 142-7 instrument is administered is secure and under the supervision of
 142-8 persons who do not have any interest in the results of the
 142-9 assessment instrument; and

142-10 (2) provide direct supervision of:

142-11 (A) the transportation of the assessment
 142-12 instrument materials to and from the location at which the
 142-13 instrument is administered; and

142-14 (B) the administration of the assessment
 142-15 instrument to students.

142-16 (c) The commissioner may adopt rules necessary to
 142-17 administer this section and may take any action that the
 142-18 commissioner determines necessary to ensure the integrity of the
 142-19 results of an assessment instrument administered at an
 142-20 open-enrollment charter school described by Subsection (a).

142-21 (d) After deducting the amount withheld under Subsection
 142-22 (a) from the total amount appropriated for the Foundation School
 142-23 Program, the commissioner shall reduce the total amount of state
 142-24 funds allocated to each district from any source in the same manner
 142-25 described for a reduction in allotments under Section 42.313.

142-26 (e) An open-enrollment charter school's failure to fully
 142-27 cooperate with the commissioner under this section is sufficient
 142-28 grounds for revocation of the district's charter, as determined by
 142-29 the commissioner.

142-30 (f) This section expires September 1, 2006.

142-31 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The
 142-32 commissioner shall periodically consult with representatives of
 142-33 charter holders regarding the duties and mission of the agency
 142-34 relating to the operation of public charter districts. The
 142-35 commissioner shall determine the frequency of the consultations.

142-36 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
 142-37 in this chapter may be construed to limit the commissioner's
 142-38 authority under Chapter 39.

142-39 Sec. 11A.356. RULES. The commissioner may adopt rules for
 142-40 the administration of this chapter.

142-41 [Sections 11A.357-11A.400 reserved for expansion]

142-42 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

142-43 Sec. 11A.401. AUTHORIZATION. (a) In this section,
 142-44 "eligible entity" means an organization that is exempt from
 142-45 taxation under Section 501(a), Internal Revenue Code of 1986, as an
 142-46 organization described by Section 501(c)(3) of that code.

142-47 (b) In accordance with this subchapter, the commissioner
 142-48 may authorize not more than three charter holders to grant a charter
 142-49 to an eligible entity to operate a blue ribbon charter campus if:

142-50 (1) the charter holder proposes to grant the blue
 142-51 ribbon charter to replicate a distinctive education program;

142-52 (2) the charter holder has demonstrated the ability to
 142-53 replicate the education program;

142-54 (3) the education program has been implemented by the
 142-55 charter holder for at least seven school years; and

142-56 (4) the charter school in which the charter holder has
 142-57 implemented the program has been rated recognized or exemplary
 142-58 under Section 39.072 for at least five school years.

142-59 (b-1) An eligible entity that assumed operation of an
 142-60 existing charter school program during the seven years preceding
 142-61 the proposed authorization under Subsection (b) may be authorized
 142-62 to grant a blue ribbon charter under Subsection (b) if:

142-63 (1) the performance level of the program at a campus
 142-64 before and after the entity assumed operation of the program meets
 142-65 the qualifications described by Subsection (b); and

142-66 (2) the entity has met the qualifications described by
 142-67 Subsection (b) since assuming operation of the program.

142-68 (c) A charter holder may grant a blue ribbon charter only to
 142-69 an applicant that meets any financial, governing, and operational

standards adopted by the commissioner under this subchapter.

(d) A charter holder may grant not more than two blue ribbon charters under this subchapter.

Sec. 11A.402. APPLICABILITY OF CERTAIN LAWS. (a) A blue ribbon charter campus is considered a public charter district campus for purposes of state and federal law.

(b) A blue ribbon charter granted under this subchapter is not considered for purposes of the limit on the number of public charter districts imposed by Section 11A.002.

Sec. 11A.403. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE RIBBON CHARTER CAMPUS. (a) The governing body of the public charter district authorizing a blue ribbon charter is responsible for the management and operation of the campus operated under a blue ribbon charter. A blue ribbon charter campus is subject to the rules and policies of the governing body of the charter holder that granted the blue ribbon charter.

(b) For purposes of academic and financial accountability and all other purposes under this chapter and Chapter 39, a blue ribbon charter campus is considered a campus of the public charter district operated by the charter holder that granted the blue ribbon charter.

(c) A charter holder is entitled to receive funding for a blue ribbon charter campus as if the blue ribbon charter campus were a campus of the public charter district operated by the charter holder.

Sec. 11A.404. APPLICATION FOR AUTHORIZATION. (a) The commissioner by rule shall adopt an application form and procedures for a charter holder to apply for authorization to grant a blue ribbon charter to an eligible entity under this subchapter.

(b) The application must specify:

(1) the criteria that will be used to grant blue ribbon charters;

(2) procedures for governance and management of campuses operating under a blue ribbon charter; and

(3) the performance standard by which continuation of a blue ribbon charter will be determined.

(c) A determination by the commissioner regarding an application under this section is final and may not be appealed.

Sec. 11A.405. REVOCATION OF AUTHORIZATION. (a) The commissioner may revoke a charter holder's authorization to grant a blue ribbon charter or operate a campus granted a blue ribbon charter if the commissioner determines that the purposes of this subchapter are not being satisfied.

(b) On revocation of a charter holder's authority under this section, the charter holder shall:

(1) operate a campus granted a blue ribbon charter as a standard campus of the charter holder under this chapter; or

(2) close the campus effective at the end of the school year in which the commissioner revokes the authorization.

Sec. 11A.406. CONTENT. (a) Each blue ribbon charter granted under this subchapter must:

(1) describe the educational program to be offered, which may be a general or specialized education program;

(2) provide that continuation of the charter is contingent on satisfactory student performance under Subchapter B, Chapter 39, and on compliance with other applicable accountability provisions under Chapter 39;

(3) specify any basis, in addition to a basis specified by this subchapter, on which the charter may be placed on probation or revoked;

(4) prohibit discrimination in admission on the basis of national origin, ethnicity, race, religion, or disability;

(5) describe the governing structure of the blue ribbon charter campus;

(6) specify any procedure or requirement, in addition to those under Chapter 38, that the campus will follow to ensure the health and safety of students and employees; and

(7) describe the manner in which the campus and charter holder granting the blue ribbon charter will comply with

144-1 financial and operational requirements, including requirements
 144-2 related to the Public Education Information Management System
 144-3 (PEIMS) under Section 11A.158 and the audit requirements under
 144-4 Section 11A.210.

144-5 (b) A charter holder may reserve the right to approve
 144-6 contracts, governance alterations, personnel decisions, and other
 144-7 matters affecting the operation of the blue ribbon charter campus.

144-8 (c) A blue ribbon charter must specify the basis and
 144-9 procedure to be used by the charter holder for placing the blue
 144-10 ribbon charter campus on probation or revoking the charter, which
 144-11 must include an opportunity for an informal review of the blue
 144-12 ribbon charter campus and governing body of the campus by the
 144-13 charter holder. A charter holder's decision to place on probation
 144-14 or revoke a blue ribbon charter is final and may not be appealed.

144-15 Sec. 11A.407. FORM. A blue ribbon charter issued under this
 144-16 subchapter must be in the form and substance of a written contract
 144-17 signed by the president or equivalent officer of the governing body
 144-18 of the charter holder granting the blue ribbon charter and the
 144-19 president or equivalent officer of the governing body of the
 144-20 eligible entity to which the blue ribbon charter is granted.

144-21 Sec. 11A.408. REVISION. A blue ribbon charter granted
 144-22 under this subchapter may be revised with the approval of the
 144-23 charter holder that granted the charter.

144-24 [Sections 11A.409-11A.450 reserved for expansion]

144-25 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER
 144-26 SCHOOLS

144-27 Sec. 11A.451. DEFINITIONS. In this subchapter:

144-28 (1) "Assets" means:

144-29 (A) public funds, as determined under Section
 144-30 12.107, as that section existed on January 1, 2005; and

144-31 (B) public property, as determined under Section
 144-32 12.128, as that section existed on January 1, 2005.

144-33 (2) "Records" means government records, as determined
 144-34 under Section 12.1052, as that section existed on January 1, 2005.

144-35 Sec. 11A.452. APPLICABILITY. The commissioner shall
 144-36 appoint a receiver under this subchapter for each open-enrollment
 144-37 charter school that on June 1, 2005, was operating under a charter
 144-38 issued under Subchapter D, Chapter 12, as that subchapter existed
 144-39 on January 1, 2005, and:

144-40 (1) is not authorized to operate as a public charter
 144-41 district under this chapter; or

144-42 (2) elects not to operate as a public charter district
 144-43 under this chapter.

144-44 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED.

144-45 (a) The commissioner shall appoint a receiver to protect the
 144-46 assets and direct the dissolution of open-enrollment charter
 144-47 schools subject to this subchapter.

144-48 (b) The receiver shall execute a bond in an amount set by the
 144-49 commissioner to ensure the proper performance of the receiver's
 144-50 duties.

144-51 (c) Until discharged by the commissioner, the receiver
 144-52 shall perform the duties that the commissioner directs to preserve
 144-53 the assets and direct the dissolution of the open-enrollment
 144-54 charter school under this subchapter.

144-55 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After
 144-56 appointment and execution of bond under Section 11A.453, the
 144-57 receiver shall take possession of:

144-58 (1) assets and records in the possession of the
 144-59 open-enrollment charter school specified by the commissioner; and

144-60 (2) any Foundation School Program funds and any other
 144-61 public funds received by the school's charter holder.

144-62 (b) On request of the receiver, the attorney general shall
 144-63 file a suit for attachment, garnishment, or involuntary bankruptcy
 144-64 and take any other action necessary for the dissolution of an
 144-65 open-enrollment charter school under this subchapter.

144-66 (c) If the charter holder of an open-enrollment charter
 144-67 school or an officer or employee of such a school refuses to
 144-68 transfer school assets or records to a receiver under this
 144-69 subsection, the receiver may ask the attorney general to petition a

145-1 court for recovery of the assets or records. If the court grants
 145-2 the petition, the court shall award attorney's fees and court costs
 145-3 to the state.

145-4 (d) A record described by this section is a public school
 145-5 record for purposes of Section 37.10(c)(2), Penal Code.

145-6 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
 145-7 wind up the affairs of an open-enrollment charter school and,
 145-8 except as provided by Subsection (b), reduce its assets to cash for
 145-9 the purpose of discharging all existing liabilities and obligations
 145-10 of the school. In winding up the affairs of a school, the receiver
 145-11 shall cooperate in any bankruptcy proceeding affecting the school.
 145-12 The receiver shall distribute any remaining balance to the
 145-13 commissioner.

145-14 (b) A receiver shall offer free of charge any equipment and
 145-15 supplies of an open-enrollment charter school dissolved under this
 145-16 subchapter to school districts, giving priority to districts based
 145-17 on the percentage of the charter school's students that reside in
 145-18 the districts.

145-19 (c) The commissioner shall use money in the foundation
 145-20 school fund and money received under this section to pay the costs
 145-21 described by Section 11A.458 and discharge liabilities and
 145-22 obligations of open-enrollment charter schools under this
 145-23 subchapter. The commissioner shall deposit any remaining balance
 145-24 in the foundation school fund.

145-25 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
 145-26 an open-enrollment charter school subject to this subchapter shall
 145-27 be transferred in the manner specified by the commissioner to a
 145-28 custodian designated by the commissioner. The commissioner may
 145-29 designate any appropriate entity to serve as custodian of records,
 145-30 including the agency, a regional education service center, or a
 145-31 school district. In designating a custodian, the commissioner
 145-32 shall ensure that the transferred records, including student and
 145-33 personnel records, are transferred to a custodian capable of:

- 145-34 (1) maintaining the records;
- 145-35 (2) making the records readily accessible to students,
 145-36 parents, former school employees, and other persons entitled to
 145-37 access; and
- 145-38 (3) complying with applicable state or federal law
 145-39 restricting access to the records.

145-40 (b) The commissioner is entitled to access to any records
 145-41 transferred to a custodian under this section as the commissioner
 145-42 determines necessary for auditing, investigative, or monitoring
 145-43 purposes.

145-44 Sec. 11A.457. LIABILITY. A receiver is not personally
 145-45 liable for actions taken by the receiver under this subchapter.

145-46 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
 145-47 authorize reimbursement of reasonable costs related to the
 145-48 receivership, including:

- 145-49 (1) payment of fees to the receiver for the receiver's
 145-50 services; and
- 145-51 (2) payment of fees to attorneys, accountants, or any
 145-52 other person that provides goods or services necessary to the
 145-53 operation of the receivership.

145-54 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
 145-55 competitive bidding requirements of this code and the contracting
 145-56 requirements of Chapter 2155, Government Code, do not apply to the
 145-57 appointment of a receiver, attorney, accountant, or other person
 145-58 appointed under this subchapter.

145-59 SECTION 4.03. Subchapter D, Chapter 12, Education Code, is
 145-60 amended by adding Section 12.1058 to read as follows:

145-61 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
 145-62 PROVISIONS. (a) An open-enrollment charter school is subject to
 145-63 Sections 11A.201, 11A.204, 11A.205, 11A.206, 11A.210, 11A.303,
 145-64 11A.304, 21.0032, and 21.058.

145-65 (b) The commissioner may bring an action for injunctive or
 145-66 other relief as provided by Section 11A.203(d) to enforce Section
 145-67 12.107.

145-68 (c) For purposes of this section, a reference in a law
 145-69 described by this section to a public charter district means an

146-1 open-enrollment charter school.

146-2 SECTION 4.04. Sections 12.152 and 12.156, Education Code,
146-3 are amended to read as follows:

146-4 Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this
146-5 subchapter and Chapter 11A [~~Subchapter D~~], the State Board of
146-6 Education may grant a charter on the application of a public senior
146-7 college or university for a public [~~an open-enrollment~~] charter
146-8 district [~~school~~] to operate on the campus of the public senior
146-9 college or university or in the same county in which the campus of
146-10 the public senior college or university is located.

146-11 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS.
146-12 (a) Except as otherwise provided by this subchapter, Chapter 11A
146-13 [~~Subchapter D~~] applies to a college or university charter school as
146-14 though the college or university charter school were granted a
146-15 charter under that chapter [~~subchapter~~].

146-16 (b) A charter granted under this subchapter is not
146-17 considered for purposes of the limit on the number of public
146-18 [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section
146-19 11A.002 [~~12.101(b)~~].

146-20 (c) A college or university charter school is not subject to
146-21 a prohibition, restriction, or requirement relating to:

146-22 (1) open meetings and public information under Section
146-23 11A.053;

146-24 (2) maintenance of records under Section 11A.054;

146-25 (3) purchasing and contracting under Section 11A.055;

146-26 (4) conflict of interest under Section 11A.056;

146-27 (5) nepotism under Section 11A.057;

146-28 (6) composition of a governing body under Section
146-29 11A.152;

146-30 (7) restrictions on serving as a member of a governing
146-31 body or as an officer or employee under Section 11A.153;

146-32 (8) liability of members of a governing body under
146-33 Section 11A.154;

146-34 (9) training for members of a governing body under
146-35 Section 11A.155;

146-36 (10) bylaws and annual reports under Section 11A.156;

146-37 (11) quarterly financial reports under Section
146-38 11A.157; and

146-39 (12) depository bond and security requirements under
146-40 Section 11A.204.

146-41 (d) A college or university charter school and the governing
146-42 body of the school are subject to regulations and procedures that
146-43 govern a public senior college or university relating to open
146-44 meetings, records retention, purchasing, contracting, conflicts of
146-45 interest, and nepotism.

146-46 SECTION 4.05. Section 5.001, Education Code, is amended by
146-47 adding Subdivision (5-a) and amending Subdivision (6) to read as
146-48 follows:

146-49 (5-a) "Public charter campus" means a campus operated
146-50 by a public charter district.

146-51 (6) "Public charter district [~~Open-enrollment charter~~
146-52 ~~school~~]" means a public school authorized by [~~that has been~~
146-53 ~~granted~~] a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].

146-54 SECTION 4.06. Section 7.003, Education Code, is amended to
146-55 read as follows:

146-56 Sec. 7.003. LIMITATION ON AUTHORITY. An educational
146-57 function not specifically delegated to the agency or the board
146-58 under this code is reserved to and shall be performed by school
146-59 districts or [~~open-enrollment~~] charter schools.

146-60 SECTION 4.07. Subdivision (17), Subsection (b), Section
146-61 7.055, Education Code, is amended to read as follows:

146-62 (17) The commissioner shall distribute funds to public
146-63 charter districts [~~open-enrollment charter schools~~] as required
146-64 under Chapter 11A [~~Subchapter D, Chapter 12~~].

146-65 SECTION 4.08. Subdivision (9), Subsection (c), Section
146-66 7.102, Education Code, is amended to read as follows:

146-67 (9) The board may grant a charter for a public charter
146-68 district [~~an open-enrollment charter or approve a charter revision~~]
146-69 as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

147-1 SECTION 4.09. Section 12.002, Education Code, is amended to
147-2 read as follows:

147-3 Sec. 12.002. CLASSES OF CHARTER. The classes of charter
147-4 under this chapter are:

147-5 (1) a home-rule school district charter as provided by
147-6 Subchapter B;

147-7 (2) a campus or campus program charter as provided by
147-8 Subchapter C; or

147-9 (3) a college or university [~~an open-enrollment~~]
147-10 charter as provided by Subchapter E [D].

147-11 SECTION 4.10. Subchapter A, Chapter 21, Education Code, is
147-12 amended by adding Section 21.0032 to read as follows:

147-13 Sec. 21.0032. CLEARANCE REQUIRED FOR CERTAIN PUBLIC CHARTER
147-14 DISTRICT PERSONNEL; APPEAL. (a) A person may not be employed by or
147-15 serve as a teacher, teacher intern or teacher trainee, librarian,
147-16 educational aide, administrator, educational diagnostician, or
147-17 counselor for a public charter district unless the person has been
147-18 cleared by the agency following a national criminal history record
147-19 review and investigation under this section.

147-20 (b) Before or immediately after employing or securing the
147-21 services of a person described by Subsection (a), a public charter
147-22 district shall send to the agency the person's fingerprints and
147-23 social security number. The person may be employed or serve pending
147-24 action by the agency.

147-25 (c) The agency shall review and investigate the person's
147-26 national criminal history record information, educator
147-27 certification discipline history in any state, and other
147-28 information in the same manner as a review or investigation
147-29 conducted regarding an initial application for educator
147-30 certification. If the agency finds the person would not be eligible
147-31 for educator certification, the agency shall notify the public
147-32 charter district in writing that the person may not be employed or
147-33 serve in a capacity described by Subsection (a).

147-34 (d) On receipt of written notice under Subsection (c), a
147-35 public charter district may not employ or permit the person to serve
147-36 unless the person timely submits a written appeal under this
147-37 section. The agency shall conduct an appeal under this subsection
147-38 in the same manner as an appeal regarding the denial of an initial
147-39 application for educator certification.

147-40 SECTION 4.11. Subsections (b) and (c), Section 21.058,
147-41 Education Code, are amended to read as follows:

147-42 (b) Notwithstanding Section 21.041(b)(7), not later than
147-43 the fifth day after the date the board receives notice under Article
147-44 42.018, Code of Criminal Procedure, of the conviction of a person
147-45 described by Section 21.0032 or who holds a certificate under this
147-46 subchapter, the board shall:

147-47 (1) revoke the certificate or clearance held by the
147-48 person; and

147-49 (2) provide to the person and to any school district or
147-50 public charter district [~~open-enrollment charter school~~] employing
147-51 the person at the time of revocation written notice of:

147-52 (A) the revocation; and

147-53 (B) the basis for the revocation.

147-54 (c) A school district or public charter district
147-55 [~~open-enrollment charter school~~] that receives notice under
147-56 Subsection (b) of the revocation of a certificate issued under this
147-57 subchapter shall:

147-58 (1) immediately remove the person whose certificate
147-59 has been revoked from campus or from an administrative office, as
147-60 applicable, to prevent the person from having any contact with a
147-61 student; and

147-62 (2) as soon as practicable, terminate the employment
147-63 of the person in accordance with the person's contract and with this
147-64 subchapter.

147-65 SECTION 4.12. Subsections (b) and (c), Section 22.083,
147-66 Education Code, are amended to read as follows:

147-67 (b) A public charter district may [~~An open-enrollment~~
147-68 ~~charter school shall~~] obtain from the Department of Public Safety
147-69 [~~any law enforcement or criminal justice agency~~] all criminal

148-1 history record information that relates to:

148-2 (1) a person whom the district [~~school~~] intends to
148-3 employ in any capacity; or

148-4 (2) a person who has indicated, in writing, an
148-5 intention to serve as a volunteer with the district [~~school~~].

148-6 (c) A school district, public charter district
148-7 [~~open-enrollment charter school~~], private school, regional
148-8 education service center, or shared services arrangement may obtain
148-9 from a federal or state [~~any~~] law enforcement or criminal justice
148-10 agency all criminal history record information that relates to:

148-11 (1) a volunteer or employee of the district, school,
148-12 service center, or shared services arrangement; or

148-13 (2) an employee of or applicant for employment by a
148-14 person that contracts with the district, school, service center, or
148-15 shared services arrangement to provide services, if:

148-16 (A) the employee or applicant has or will have
148-17 continuing duties related to the contracted services; and

148-18 (B) the duties are or will be performed on school
148-19 property or at another location where students are regularly
148-20 present.

148-21 SECTION 4.13. Section 22.084, Education Code, is amended to
148-22 read as follows:

148-23 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL
148-24 BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as provided
148-25 by Subsections (c) and (d), a school district, public charter
148-26 district [~~open-enrollment charter school~~], private school,
148-27 regional education service center, or shared services arrangement
148-28 that contracts with a person for transportation services shall
148-29 obtain from the Department of Public Safety [~~any law enforcement or~~
148-30 ~~criminal justice agency~~] all criminal history record information
148-31 that relates to:

148-32 (1) a person employed by the person as a bus driver; or

148-33 (2) a person the person intends to employ as a bus
148-34 driver.

148-35 (b) Except as provided by Subsections (c) and (d), a person
148-36 that contracts with a school district, public charter district
148-37 [~~open-enrollment charter school~~], private school, regional
148-38 education service center, or shared services arrangement to provide
148-39 transportation services shall submit to the district, school,
148-40 service center, or shared services arrangement the name and other
148-41 identification data required to obtain criminal history record
148-42 information of each person described by Subsection (a). If the
148-43 district, school, service center, or shared services arrangement
148-44 obtains information that a person described by Subsection (a) has
148-45 been convicted of a felony or a misdemeanor involving moral
148-46 turpitude, the district, school, service center, or shared services
148-47 arrangement shall inform the chief personnel officer of the person
148-48 with whom the district, school, service center, or shared services
148-49 arrangement has contracted, and the person may not employ that
148-50 person to drive a bus on which students are transported without the
148-51 permission of the board of trustees of the district or service
148-52 center, the governing body of the public charter district
148-53 [~~open-enrollment charter school~~], or the chief executive officer of
148-54 the private school or shared services arrangement.

148-55 (c) A commercial transportation company that contracts with
148-56 a school district, public charter district [~~open-enrollment~~
148-57 ~~charter school~~], private school, regional education service
148-58 center, or shared services arrangement to provide transportation
148-59 services may obtain from a federal or state [~~any~~] law enforcement or
148-60 criminal justice agency all criminal history record information
148-61 that relates to:

148-62 (1) a person employed by the commercial transportation
148-63 company as a bus driver, bus monitor, or bus aide; or

148-64 (2) a person the commercial transportation company
148-65 intends to employ as a bus driver, bus monitor, or bus aide.

148-66 (d) If the commercial transportation company obtains
148-67 information that a person employed or to be employed by the company
148-68 has been convicted of a felony or a misdemeanor involving moral
148-69 turpitude, the company may not employ that person to drive or to

149-1 serve as a bus monitor or bus aide on a bus on which students are
149-2 transported without the permission of the board of trustees of the
149-3 district or service center, the governing body of the public
149-4 charter district [~~open-enrollment charter school~~], or the chief
149-5 executive officer of the private school or shared services
149-6 arrangement. Subsections (a) and (b) do not apply if information is
149-7 obtained as provided by Subsection (c).

149-8 SECTION 4.14. Section 25.087, Education Code, is amended by
149-9 amending Subsection (b) and adding Subsection (c) to read as
149-10 follows:

149-11 (b) A school district shall excuse a student from attending
149-12 school for:

149-13 (1) the following purposes, including travel for those
149-14 purposes:

149-15 (A) [~~purpose of~~] observing religious holy days;

149-16 (B) appearing at a governmental office to
149-17 complete paperwork required in connection with the student's
149-18 application for United States citizenship or to take part in a
149-19 naturalization oath ceremony;

149-20 (C) attending an appointment with the student's
149-21 probation officer;

149-22 (D) attending an adoption proceeding involving
149-23 the student; or

149-24 (E) attending a required court appearance; or

149-25 (2) a [~~, including traveling for that purpose. A~~
149-26 ~~school district shall excuse a student for~~] temporary absence
149-27 resulting from health care professionals if that student commences
149-28 classes or returns to school on the same day of the appointment.

149-29 (c) A student whose absence is excused under Subsection (b)
149-30 [~~this subsection~~] may not be penalized for that absence and shall be
149-31 counted as if the student attended school for purposes of
149-32 calculating the average daily attendance of students in the school
149-33 district. A student whose absence is excused under Subsection (b)
149-34 [~~this subsection~~] shall be allowed a reasonable time to make up
149-35 school work missed on those days. If the student satisfactorily
149-36 completes the school work, the day of absence shall be counted as a
149-37 day of compulsory attendance.

149-38 SECTION 4.15. Section 25.088, Education Code, is amended to
149-39 read as follows:

149-40 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school
149-41 attendance officer may be selected by:

149-42 (1) the county school trustees of any county;

149-43 (2) the board of trustees of any school district or the
149-44 boards of trustees of two or more school districts jointly; or

149-45 (3) the governing body of a public charter district
149-46 [~~an open-enrollment charter school~~].

149-47 SECTION 4.16. Subsection (a), Section 25.089, Education
149-48 Code, is amended to read as follows:

149-49 (a) An attendance officer may be compensated from the funds
149-50 of the county, independent school district, or public charter
149-51 district [~~open-enrollment charter school~~], as applicable.

149-52 SECTION 4.17. Subsection (b), Section 25.090, Education
149-53 Code, is amended to read as follows:

149-54 (b) If the governing body of a public charter district [~~an~~
149-55 ~~open-enrollment charter school~~] has not selected an attendance
149-56 officer for a district campus, the duties of attendance officer
149-57 shall be performed by the peace officers of the county in which the
149-58 campus [~~school~~] is located.

149-59 SECTION 4.18. Subsections (d) and (e), Section 25.093,
149-60 Education Code, are amended to read as follows:

149-61 (d) A fine collected under this section shall be deposited
149-62 as follows:

149-63 (1) one-half shall be deposited to the credit of the
149-64 operating fund of, as applicable:

149-65 (A) the school district in which the child
149-66 attends school;

149-67 (B) the public charter district [~~open-enrollment~~
149-68 ~~charter school~~] the child attends; or

149-69 (C) the juvenile justice alternative education

150-1 program that the child has been ordered to attend; and

150-2 (2) one-half shall be deposited to the credit of:

150-3 (A) the general fund of the county, if the
150-4 complaint is filed in the justice court or the constitutional
150-5 county court; or

150-6 (B) the general fund of the municipality, if the
150-7 complaint is filed in municipal court.

150-8 (e) At the trial of any person charged with violating this
150-9 section, the attendance records of the child may be presented in
150-10 court by any authorized employee of the school district or public
150-11 charter district [~~open-enrollment charter school~~], as applicable.

150-12 SECTION 4.19. Subsections (a) and (b), Section 25.095,
150-13 Education Code, are amended to read as follows:

150-14 (a) A school district or public charter district
150-15 [~~open-enrollment charter school~~] shall notify a student's parent in
150-16 writing at the beginning of the school year that if the student is
150-17 absent from school on 10 or more days or parts of days within a
150-18 six-month period in the same school year or on three or more days or
150-19 parts of days within a four-week period:

150-20 (1) the student's parent is subject to prosecution
150-21 under Section 25.093; and

150-22 (2) the student is subject to prosecution under
150-23 Section 25.094 or to referral to a juvenile court in a county with a
150-24 population of less than 100,000 for conduct that violates that
150-25 section.

150-26 (b) A school district or public charter district shall
150-27 notify a student's parent if the student has been absent from
150-28 school, without excuse under Section 25.087, on three days or parts
150-29 of days within a four-week period. The notice must:

150-30 (1) inform the parent that:

150-31 (A) it is the parent's duty to monitor the
150-32 student's school attendance and require the student to attend
150-33 school; and

150-34 (B) the parent is subject to prosecution under
150-35 Section 25.093; and

150-36 (2) request a conference between school officials and
150-37 the parent to discuss the absences.

150-38 SECTION 4.20. Subsection (a), Section 25.0951, Education
150-39 Code, as amended by H.B. No. 1575, Acts of the 79th Legislature,
150-40 Regular Session, 2005, is amended to read as follows:

150-41 (a) If a student fails to attend school without excuse on 10
150-42 or more days or parts of days within a six-month period in the same
150-43 school year, a school district or public charter district shall
150-44 within seven school days of the student's last absence:

150-45 (1) file a complaint against the student or the
150-46 student's parent or both in a county, justice, or municipal court
150-47 for an offense under Section 25.093 or 25.094, as appropriate, or
150-48 refer the student to a juvenile court in a county with a population
150-49 of less than 100,000 for conduct that violates Section 25.094; or

150-50 (2) refer the student to a juvenile court for conduct
150-51 indicating a need for supervision under Section 51.03(b)(2), Family
150-52 Code.

150-53 SECTION 4.21. Subsection (b), Section 25.0951, Education
150-54 Code, is amended to read as follows:

150-55 (b) If a student fails to attend school without excuse on
150-56 three or more days or parts of days within a four-week period but
150-57 does not fail to attend school for the time described by Subsection
150-58 (a), the school district or public charter district may:

150-59 (1) file a complaint against the student or the
150-60 student's parent or both in a county, justice, or municipal court
150-61 for an offense under Section 25.093 or 25.094, as appropriate, or
150-62 refer the student to a juvenile court in a county with a population
150-63 of less than 100,000 for conduct that violates Section 25.094; or

150-64 (2) refer the student to a juvenile court for conduct
150-65 indicating a need for supervision under Section 51.03(b)(2), Family
150-66 Code.

150-67 SECTION 4.22. Subsections (a), (c), (d), and (e), Section
150-68 26.0085, Education Code, are amended to read as follows:

150-69 (a) A school district or public charter district

151-1 ~~[open-enrollment charter school]~~ that seeks to withhold
 151-2 information from a parent who has requested public information
 151-3 relating to the parent's child under Chapter 552, Government Code,
 151-4 and that files suit as described by Section 552.324, Government
 151-5 Code, to challenge a decision by the attorney general issued under
 151-6 Subchapter G, Chapter 552, Government Code, must bring the suit not
 151-7 later than the 30th calendar day after the date the school district
 151-8 or public charter district ~~[open-enrollment charter school]~~
 151-9 receives the decision of the attorney general being challenged.

151-10 (c) Notwithstanding any other law, a school district or
 151-11 public charter district ~~[open-enrollment charter school]~~ may not
 151-12 appeal the decision of a court in a suit filed under Subsection (a).
 151-13 This subsection does not affect the right of a parent to appeal the
 151-14 decision.

151-15 (d) If the school district or public charter district
 151-16 ~~[open-enrollment charter school]~~ does not bring suit within the
 151-17 period established by Subsection (a), the school district or public
 151-18 charter district ~~[open-enrollment charter school]~~ shall comply
 151-19 with the decision of the attorney general.

151-20 (e) A school district or public charter district
 151-21 ~~[open-enrollment charter school]~~ that receives a request from a
 151-22 parent for public information relating to the parent's child shall
 151-23 comply with Chapter 552, Government Code. If an earlier deadline
 151-24 for bringing suit is established under Chapter 552, Government
 151-25 Code, Subsection (a) does not apply. This section does not affect
 151-26 the earlier deadline for purposes of Section 552.353(b)(3),
 151-27 Government Code, ~~[552.353(b)(3)]~~ for a suit brought by an officer
 151-28 for public information.

151-29 SECTION 4.23. Subsection (j), Section 28.0211, Education
 151-30 Code, is amended to read as follows:

151-31 (j) A school district ~~[or open-enrollment charter school]~~
 151-32 shall provide students required to attend accelerated programs
 151-33 under this section with transportation to those programs if the
 151-34 programs occur outside of regular school hours.

151-35 SECTION 4.24. Subsection (f), Section 29.010, Education
 151-36 Code, is amended to read as follows:

151-37 (f) This section does not create an obligation for or impose
 151-38 a requirement on a school district ~~[or open-enrollment charter~~
 151-39 ~~school]~~ that is not also created or imposed under another state law
 151-40 or a federal law.

151-41 SECTION 4.25. Subsections (a) and (c), Section 29.012,
 151-42 Education Code, are amended to read as follows:

151-43 (a) Except as provided by Subsection (b)(2), not later than
 151-44 the third day after the date a person 22 years of age or younger is
 151-45 placed in a residential facility, the residential facility shall:

151-46 (1) if the person is three years of age or older,
 151-47 notify the school district in which the facility is located, unless
 151-48 the facility is a public charter district ~~[an open-enrollment~~
 151-49 ~~charter school]~~; or

151-50 (2) if the person is younger than three years of age,
 151-51 notify a local early intervention program in the area in which the
 151-52 facility is located.

151-53 (c) For purposes of enrollment in a school, a person who
 151-54 resides in a residential facility is considered a resident of the
 151-55 school district or geographical area served by the public charter
 151-56 district campus ~~[open-enrollment charter school]~~ in which the
 151-57 facility is located.

151-58 SECTION 4.26. Subsections (c), (d), and (e), Section
 151-59 29.062, Education Code, are amended to read as follows:

151-60 (c) Not later than the 30th day after the date of an on-site
 151-61 monitoring inspection, the agency shall report its findings to the
 151-62 school district ~~[or open-enrollment charter school]~~ and to the
 151-63 division of accreditation.

151-64 (d) The agency shall notify a school district ~~[or~~
 151-65 ~~open-enrollment charter school]~~ found in noncompliance in writing,
 151-66 not later than the 30th day after the date of the on-site
 151-67 monitoring. The district ~~[or open-enrollment charter school]~~ shall
 151-68 take immediate corrective action.

151-69 (e) If a school district ~~[or open-enrollment charter~~

152-1 ~~school~~] fails to satisfy appropriate standards adopted by the
 152-2 commissioner for purposes of Subsection (a), the agency shall apply
 152-3 sanctions, which may include the removal of accreditation, loss of
 152-4 foundation school funds, or both.

152-5 SECTION 4.27. Subsections (a), (b), (b-1), (c), (e), (k),
 152-6 and (l), Section 29.087, Education Code, are amended to read as
 152-7 follows:

152-8 (a) The agency shall develop a process by which a school
 152-9 district or public charter district [~~open-enrollment charter~~
 152-10 ~~school~~] may apply to the commissioner for authority to operate a
 152-11 program to prepare eligible students to take a high school
 152-12 equivalency examination.

152-13 (b) Any school district or public charter district
 152-14 [~~open-enrollment charter school~~] may apply for authorization to
 152-15 operate a program under this section. As part of the application
 152-16 process, the commissioner shall require a school district or public
 152-17 charter district [~~or school~~] to provide information regarding the
 152-18 operation of any similar program during the preceding five years.

152-19 (b-1) A school district or public charter district
 152-20 [~~open-enrollment charter school~~] authorized by the commissioner on
 152-21 or before August 31, 2003, to operate a program under this section
 152-22 may continue to operate that program in accordance with this
 152-23 section.

152-24 (c) A school district or public charter district
 152-25 [~~open-enrollment charter school~~] may not increase enrollment of
 152-26 students in a program authorized by this section by more than five
 152-27 percent of the number of students enrolled in the similar program
 152-28 operated by the school district or public charter district [~~or~~
 152-29 ~~school~~] during the 2000-2001 school year.

152-30 (e) A school district or public charter district
 152-31 [~~open-enrollment charter school~~] shall inform each student who has
 152-32 completed a program authorized by this section of the time and place
 152-33 at which the student may take the high school equivalency
 152-34 examination. Notwithstanding any provision of this section, a
 152-35 student may not take the high school equivalency examination except
 152-36 as authorized by Section 7.111.

152-37 (k) The board of trustees of a school district or the
 152-38 governing body [~~board~~] of a public charter district [~~an~~
 152-39 ~~open-enrollment charter school~~] shall:

152-40 (1) hold a public hearing concerning the proposed
 152-41 application of the school district or public charter district [~~or~~
 152-42 ~~school~~] before applying to operate a program authorized by this
 152-43 section; and

152-44 (2) subsequently hold a public hearing annually to
 152-45 review the performance of the program.

152-46 (l) The commissioner may revoke a school district's or
 152-47 public charter district's [~~open-enrollment charter school's~~]
 152-48 authorization under this section after consideration of relevant
 152-49 factors, including performance of students participating in the
 152-50 school district's or public charter district's [~~or school's~~]
 152-51 program on assessment instruments required under Chapter 39, the
 152-52 percentage of students participating in the school district's or
 152-53 public charter district's [~~or school's~~] program who complete the
 152-54 program and perform successfully on the high school equivalency
 152-55 examination, and other criteria adopted by the commissioner. A
 152-56 decision by the commissioner under this subsection is final and may
 152-57 not be appealed.

152-58 SECTION 4.28. Subsections (a) through (d), (i), and (j),
 152-59 Section 29.155, Education Code, are amended to read as follows:

152-60 (a) From amounts appropriated for the purposes of this
 152-61 section, the commissioner may make grants to school districts and
 152-62 public charter districts [~~open-enrollment charter schools~~] to
 152-63 implement or expand kindergarten and prekindergarten programs by:

152-64 (1) operating an existing half-day kindergarten or
 152-65 prekindergarten program on a full-day basis; or

152-66 (2) implementing a prekindergarten program at a campus
 152-67 that does not have a prekindergarten program.

152-68 (b) A school district or public charter district
 152-69 [~~open-enrollment charter school~~] may use funds received under this

153-1 section to employ teachers and other personnel for a kindergarten
 153-2 or prekindergarten program and acquire curriculum materials or
 153-3 equipment, including computers, for use in kindergarten and
 153-4 prekindergarten programs.

153-5 (c) To be eligible for a grant under this section, a school
 153-6 district or public charter district [~~open-enrollment charter~~
 153-7 ~~school~~] must apply to the commissioner in the manner and within the
 153-8 time prescribed by the commissioner.

153-9 (d) In awarding grants under this section, the commissioner
 153-10 shall give priority to districts and public charter districts
 153-11 [~~open-enrollment charter schools~~] in which the level of performance
 153-12 of students on the assessment instruments administered under
 153-13 Section 39.023 to students in grade three is substantially below
 153-14 the average level of performance on those assessment instruments
 153-15 for all school districts in the state.

153-16 (i) In carrying out the purposes of Subsection (g), a school
 153-17 district or public charter district [~~open-enrollment charter~~
 153-18 ~~school~~] may use funds granted to the school district or public
 153-19 charter district [~~or school~~] under this section [~~subsection~~] in
 153-20 contracting with another entity, including a private entity.

153-21 (j) If a school district or public charter district
 153-22 [~~open-enrollment charter school~~] returns to the commissioner funds
 153-23 granted under this section, the commissioner may grant those funds
 153-24 to another entity, including a private entity, for the purposes of
 153-25 Subsection (g).

153-26 SECTION 4.29. Subsection (b), Section 29.905, Education
 153-27 Code, is amended to read as follows:

153-28 (b) The agency shall make the program available to a school
 153-29 on the request of the board of trustees of [~~or~~] the school district
 153-30 of which the school is a part, or if the school is a public charter
 153-31 district [~~an open-enrollment charter school~~], on the request of the
 153-32 governing body of the public charter district [~~school~~].

153-33 SECTION 4.30. Subchapter C, Chapter 32, Education Code, is
 153-34 amended by adding Section 32.1011 to read as follows:

153-35 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.
 153-36 This subchapter applies to a public charter district as if the
 153-37 public charter district were a school district.

153-38 SECTION 4.31. Section 32.102, Education Code, is amended to
 153-39 read as follows:

153-40 Sec. 32.102. AUTHORITY. (a) As provided by this
 153-41 subchapter, a school district [~~or open-enrollment charter school~~]
 153-42 may transfer to a student enrolled in the district [~~or school~~]:

153-43 (1) any data processing equipment donated to the
 153-44 district [~~or school~~], including equipment donated by:

153-45 (A) a private donor; or
 153-46 (B) a state eleemosynary institution or a state
 153-47 agency under Section 2175.128, Government Code;

153-48 (2) any equipment purchased by the district [~~or~~
 153-49 ~~school~~], to the extent consistent with Section 32.105; and

153-50 (3) any surplus or salvage equipment owned by the
 153-51 district [~~or school~~].

153-52 (b) A school district [~~or open-enrollment charter school~~]
 153-53 may accept:

153-54 (1) donations of data processing equipment for
 153-55 transfer under this subchapter; and

153-56 (2) any gifts, grants, or donations of money or
 153-57 services to purchase, refurbish, or repair data processing
 153-58 equipment under this subchapter.

153-59 SECTION 4.32. Section 32.103, Education Code, is amended to
 153-60 read as follows:

153-61 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
 153-62 eligible to receive data processing equipment under this subchapter
 153-63 only if the student does not otherwise have home access to data
 153-64 processing equipment, as determined by the student's school
 153-65 district [~~or open-enrollment charter school~~].

153-66 (b) In transferring data processing equipment to students,
 153-67 a school district [~~or open-enrollment charter school~~] shall give
 153-68 preference to educationally disadvantaged students.

153-69 SECTION 4.33. Section 32.104, Education Code, is amended to

154-1 read as follows:

154-2 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before
154-3 transferring data processing equipment to a student, a school
154-4 district [~~or open-enrollment charter school~~] must:

154-5 (1) adopt rules governing transfers under this
154-6 subchapter, including provisions for technical assistance to the
154-7 student by the district [~~or school~~];

154-8 (2) determine that the transfer serves a public
154-9 purpose and benefits the district [~~or school~~]; and

154-10 (3) remove from the equipment any offensive,
154-11 confidential, or proprietary information, as determined by the
154-12 district [~~or school~~].

154-13 SECTION 4.34. Section 32.105, Education Code, is amended to
154-14 read as follows:

154-15 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school
154-16 district [~~or open-enrollment charter school~~] may spend public funds
154-17 to:

154-18 (1) purchase, refurbish, or repair any data processing
154-19 equipment transferred to a student under this subchapter; and

154-20 (2) store, transport, or transfer data processing
154-21 equipment under this subchapter.

154-22 SECTION 4.35. Section 32.106, Education Code, is amended to
154-23 read as follows:

154-24 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided
154-25 by Subsection (b), a student who receives data processing equipment
154-26 from a school district [~~or open-enrollment charter school~~] under
154-27 this subchapter shall return the equipment to the district [~~or
154-28 school~~] not later than the earliest of:

154-29 (1) five years after the date the student receives the
154-30 equipment;

154-31 (2) the date the student graduates;

154-32 (3) the date the student transfers to another school
154-33 district [~~or open-enrollment charter school~~]; or

154-34 (4) the date the student withdraws from school.

154-35 (b) Subsection (a) does not apply if, at the time the
154-36 student is required to return the data processing equipment under
154-37 that subsection, the district [~~or school~~] determines that the
154-38 equipment has no marketable value.

154-39 SECTION 4.36. Section 33.007, Education Code, is amended to
154-40 read as follows:

154-41 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION.
154-42 (a) Each counselor at an elementary, middle, or junior high
154-43 school, including a public charter district [~~an open-enrollment
154-44 charter school~~] offering those grades, shall advise students and
154-45 their parents or guardians regarding the importance of higher
154-46 education, coursework designed to prepare students for higher
154-47 education, and financial aid availability and requirements.

154-48 (b) During the first school year a student is enrolled in a
154-49 high school or at the high school level in a public charter district
154-50 [~~an open-enrollment charter school~~], and again during a student's
154-51 senior year, a counselor shall provide information about higher
154-52 education to the student and the student's parent or guardian. The
154-53 information must include information regarding:

154-54 (1) the importance of higher education;

154-55 (2) the advantages of completing the recommended or
154-56 advanced high school program adopted under Section 28.025(a);

154-57 (3) the disadvantages of taking courses to prepare for
154-58 a high school equivalency examination relative to the benefits of
154-59 taking courses leading to a high school diploma;

154-60 (4) financial aid eligibility;

154-61 (5) instruction on how to apply for federal financial
154-62 aid;

154-63 (6) the center for financial aid information
154-64 established under Section 61.0776;

154-65 (7) the automatic admission of certain students to
154-66 general academic teaching institutions as provided by Section
154-67 51.803; and

154-68 (8) the eligibility and academic performance
154-69 requirements for the TEXAS Grant as provided by Subchapter M,

155-1 Chapter 56 [~~as added by Chapter 1590, Acts of the 76th Legislature,~~
 155-2 ~~Regular Session, 1999~~].

155-3 SECTION 4.37. Section 33.901, Education Code, is amended to
 155-4 read as follows:

155-5 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of
 155-6 the students enrolled in one or more schools in a school district or
 155-7 enrolled in a public charter district campus [~~an open-enrollment~~
 155-8 ~~charter school~~] are eligible for free or reduced-price breakfasts
 155-9 under the national school breakfast program provided for by the
 155-10 Child Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing
 155-11 body of the district or the public charter district
 155-12 [~~open-enrollment charter school~~] shall participate in the program
 155-13 and make the benefits of the program available to all eligible
 155-14 students in the schools or campus [~~school~~].

155-15 SECTION 4.38. Subsection (e), Section 37.007, Education
 155-16 Code, is amended to read as follows:

155-17 (e) In accordance with 20 U.S.C. Section 7151, a local
 155-18 educational agency, including a school district, home-rule school
 155-19 district, or public charter district [~~open-enrollment charter~~
 155-20 ~~school~~], shall expel a student who brings a firearm, as defined by
 155-21 18 U.S.C. Section 921, to school. The student must be expelled from
 155-22 the student's regular campus for a period of at least one year,
 155-23 except that:

155-24 (1) the superintendent or other chief administrative
 155-25 officer of the school district or of the other local educational
 155-26 agency, as defined by 20 U.S.C. Section 7801, may modify the length
 155-27 of the expulsion in the case of an individual student;

155-28 (2) the district or other local educational agency
 155-29 shall provide educational services to an expelled student in a
 155-30 disciplinary alternative education program as provided by Section
 155-31 37.008 if the student is younger than 10 years of age on the date of
 155-32 expulsion; and

155-33 (3) the district or other local educational agency may
 155-34 provide educational services to an expelled student who is 10 years
 155-35 of age or older in a disciplinary alternative education program as
 155-36 provided in Section 37.008.

155-37 SECTION 4.39. Subsection (j), Section 37.008, Education
 155-38 Code, as amended by H.B. No. 603, Acts of the 79th Legislature,
 155-39 Regular Session, 2005, is amended to read as follows:

155-40 (j) If a student placed in a disciplinary alternative
 155-41 education program enrolls in another school district before the
 155-42 expiration of the period of placement, the board of trustees of the
 155-43 district requiring the placement shall provide to the district in
 155-44 which the student enrolls, at the same time other records of the
 155-45 student are provided, a copy of the placement order. The district
 155-46 in which the student enrolls shall inform each educator who will
 155-47 have responsibility for, or will be under the direction and
 155-48 supervision of an educator who will have responsibility for, the
 155-49 instruction of the student of the contents of the placement order.
 155-50 Each educator shall keep the information received under this
 155-51 subsection confidential from any person not entitled to the
 155-52 information under this subsection, except that the educator may
 155-53 share the information with the student's parent or guardian as
 155-54 provided for by state or federal law. The district in which the
 155-55 student enrolls may continue the disciplinary alternative
 155-56 education program placement under the terms of the order or may
 155-57 allow the student to attend regular classes without completing the
 155-58 period of placement. A school district may take any action
 155-59 permitted by this subsection if:

155-60 (1) the student was placed in a disciplinary
 155-61 alternative education program by a public charter district [~~an~~
 155-62 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~] and
 155-63 the public charter district [~~school~~] provides to the school
 155-64 district a copy of the placement order; or

155-65 (2) the student was placed in a disciplinary
 155-66 alternative education program by a school district in another state
 155-67 and:

155-68 (A) the out-of-state district provides to the
 155-69 school district a copy of the placement order; and

156-1 (B) the grounds for the placement by the
 156-2 out-of-state district are grounds for placement in the school
 156-3 district in which the student is enrolling.

156-4 SECTION 4.40. Subdivision (2), Subsection (a), Section
 156-5 37.022, Education Code, as renumbered by Subdivision (16), Section
 156-6 23.001, H.B. No. 2018, Acts of the 79th Legislature, Regular
 156-7 Session, 2005, is amended to read as follows:

156-8 (2) "District or school" includes an independent
 156-9 school district, a home-rule school district, a campus or campus
 156-10 program charter holder, or a public charter district [~~an~~
 156-11 ~~open-enrollment charter school~~].

156-12 SECTION 4.41. Subsection (a), Section 44.008, Education
 156-13 Code, is amended to read as follows:

156-14 (a) The board of school trustees of each school district
 156-15 shall have its school district fiscal accounts audited annually at
 156-16 district expense by a certified or public accountant holding a
 156-17 permit from the Texas State Board of Public Accountancy. Except as
 156-18 determined impracticable by the commissioner, the accountant must
 156-19 have completed at least one peer-reviewed audit of a school
 156-20 district, governmental entity, quasi-governmental entity, or
 156-21 nonprofit corporation and received an unqualified opinion from the
 156-22 peer review. The audit must be completed following the close of
 156-23 each fiscal year.

156-24 SECTION 4.42. Section 46.012, Education Code, is amended to
 156-25 read as follows:

156-26 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
 156-27 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~
 156-28 ~~open-enrollment charter school~~] is not entitled to an allotment
 156-29 under this subchapter.

156-30 SECTION 4.43. Section 46.036, Education Code, is amended to
 156-31 read as follows:

156-32 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
 156-33 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~
 156-34 ~~open-enrollment charter school~~] is not entitled to an allotment
 156-35 under this subchapter.

156-36 SECTION 4.44. Subdivision (13), Section 53.02, Education
 156-37 Code, is amended to read as follows:

156-38 (13) "Authorized charter school" means a public
 156-39 charter district [~~an open-enrollment charter school~~] that holds a
 156-40 charter granted under Chapter 11A [~~Subchapter D, Chapter 12~~].

156-41 SECTION 4.45. The heading to Section 53.351, Education
 156-42 Code, is amended to read as follows:

156-43 Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN-ENROLLMENT~~]
 156-44 CHARTER SCHOOL FACILITIES.

156-45 SECTION 4.46. Subsections (a), (c), (d), (f), and (g),
 156-46 Section 53.351, Education Code, are amended to read as follows:

156-47 (a) The Texas Public Finance Authority shall establish a
 156-48 nonprofit corporation to issue revenue bonds on behalf of
 156-49 authorized [~~open-enrollment~~] charter schools for the acquisition,
 156-50 construction, repair, or renovation of educational facilities of
 156-51 those schools.

156-52 (c) The corporation has all powers granted under the Texas
 156-53 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
 156-54 Texas Civil Statutes) for the purpose of aiding authorized
 156-55 [~~open-enrollment~~] charter schools in providing educational
 156-56 facilities. The corporation may make expenditures from the fund
 156-57 described by Subsection (e) and may solicit and accept grants for
 156-58 deposit into the fund. In addition, Sections 53.131, 53.15, 53.31,
 156-59 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and
 156-60 govern the corporation and its procedures and bonds.

156-61 (d) The corporation shall adopt rules governing the
 156-62 issuance of bonds on behalf of an authorized [~~open-enrollment~~]
 156-63 charter school.

156-64 (f) A revenue bond issued under this section is not a debt of
 156-65 the state or any state agency, political corporation, or political
 156-66 subdivision of the state and is not a pledge of the faith and credit
 156-67 of any of these entities. A revenue bond is payable solely from the
 156-68 revenue of the authorized [~~open-enrollment~~] charter school on whose
 156-69 behalf the bond is issued. A revenue bond issued under this section

157-1 must contain on its face a statement to the effect that:

157-2 (1) neither the state nor a state agency, political
157-3 corporation, or political subdivision of the state is obligated to
157-4 pay the principal of or interest on the bond; and

157-5 (2) neither the faith and credit nor the taxing power
157-6 of the state or any state agency, political corporation, or
157-7 political subdivision of the state is pledged to the payment of the
157-8 principal of or interest on the bond.

157-9 (g) An educational facility financed in whole or in part
157-10 under this section is exempt from taxation if the facility:

157-11 (1) is owned by an authorized [~~open-enrollment~~]
157-12 charter school;

157-13 (2) is held for the exclusive benefit of the school;
157-14 and

157-15 (3) is held for the exclusive use of the students,
157-16 faculty, and staff members of the school.

157-17 SECTION 4.47. Subsection (c), Section 411.097, Government
157-18 Code, is amended to read as follows:

157-19 (c) A public charter district [~~An open-enrollment charter~~
157-20 ~~school~~] is entitled to obtain from the department criminal history
157-21 record information maintained by the department that relates to a
157-22 person who:

157-23 (1) is a member of the governing body of the public
157-24 charter district [~~school~~], as defined by Section 11A.001 [~~12.1012~~],
157-25 Education Code; or

157-26 (2) has agreed to serve as a member of the governing
157-27 body of the public charter district [~~school~~].

157-28 SECTION 4.48. Subsections (a) and (b), Section 2175.128,
157-29 Government Code, are amended to read as follows:

157-30 (a) If a disposition of a state agency's surplus or salvage
157-31 data processing equipment is not made under Section 2175.125 or
157-32 2175.184, the state agency shall transfer the equipment to:

157-33 (1) a school district or public charter district
157-34 [~~open-enrollment charter school~~] in this state under Subchapter C,
157-35 Chapter 32, Education Code;

157-36 (2) an assistance organization specified by the school
157-37 district or public charter district; or

157-38 (3) the Texas Department of Criminal Justice.

157-39 (b) If a disposition of the surplus or salvage data
157-40 processing equipment of a state eleemosynary institution or an
157-41 institution or agency of higher education is not made under other
157-42 law, the institution or agency shall transfer the equipment to:

157-43 (1) a school district or public charter district
157-44 [~~open-enrollment charter school~~] in this state under Subchapter C,
157-45 Chapter 32, Education Code;

157-46 (2) an assistance organization specified by the school
157-47 district or public charter district; or

157-48 (3) the Texas Department of Criminal Justice.

157-49 SECTION 4.49. Subsection (a), Section 2306.630, Government
157-50 Code, is amended to read as follows:

157-51 (a) Subject to Subsection (b), the following entities may
157-52 apply to receive a grant for an eligible project under this
157-53 subchapter:

157-54 (1) a private, nonprofit, tax-exempt organization
157-55 listed in Section 501(c)(3), Internal Revenue Code of 1986 (26
157-56 U.S.C. Section 501(c)(3));

157-57 (2) a public agency that operates a community-based
157-58 youth employment training program;

157-59 (3) a community housing development organization
157-60 certified by the state;

157-61 (4) an educational facility approved by the Texas
157-62 Youth Commission;

157-63 (5) a corps-based community service organization;

157-64 (6) a public charter district [~~an open-enrollment~~
157-65 ~~charter school~~] approved by the State Board of Education [~~Texas~~
157-66 ~~Education Agency~~]; or

157-67 (7) another entity authorized by board rule.

157-68 SECTION 4.50. Subdivision (6), Section 1575.002, Insurance
157-69 Code, is amended to read as follows:

(6) "Public school" means:

- (A) a school district;
- (B) another educational district whose employees are members of the Teacher Retirement System of Texas;
- (C) a regional education service center established under Chapter 8, Education Code; or
- (D) a public charter district [~~an open-enrollment charter school~~] established under Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code.

SECTION 4.51. Subdivision (3), Section 1579.002, Insurance Code, is amended to read as follows:

- (3) "Charter school" means a public charter district [~~an open-enrollment charter school~~] established under Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code.

SECTION 4.52. Section 140.005, Local Government Code, is amended to read as follows:

Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD, OR OTHER DISTRICT. The governing body of a school district, public charter district [~~open-enrollment charter school~~], junior college district, or a district or authority organized under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, shall prepare an annual financial statement showing for each fund subject to the authority of the governing body during the fiscal year:

- (1) the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;

- (2) the total disbursements of the fund, itemized by the nature of the expenditure; and

- (3) the balance in the fund at the close of the fiscal year.

SECTION 4.53. Subsection (c), Section 140.006, Local Government Code, is amended to read as follows:

(c) The presiding officer of a school district shall submit a financial statement prepared under Section 140.005 to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the school district, the financial statement shall be published in the manner provided by Subsections (a) and (b). The financial statement of a public charter district [~~an open-enrollment charter school~~] shall be made available in the manner provided by Chapter 552, Government Code.

SECTION 4.54. Subdivision (2), Section 375.303, Local Government Code, is amended to read as follows:

(2) "Eligible project" means a program authorized by Section 379A.051 and a project as defined by Sections 2(11) and 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes). Notwithstanding this definition, seeking a charter for or operating a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an eligible project.

SECTION 4.55. Subsections (b) and (c), Section 375.308, Local Government Code, are amended to read as follows:

(b) An authority may not:

- (1) issue bonds or notes without the prior approval of the governing body of the municipality that created the authority;

- (2) seek a charter for or operate, within the boundaries of the authority, a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code; or

- (3) levy ad valorem property taxes.

(c) A municipality may not seek a charter for or operate a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code, within the boundaries of the authority.

SECTION 4.56. Subdivision (15), Section 541.201, Transportation Code, is amended to read as follows:

159-1 (15) "School activity bus" means a bus designed to
 159-2 accommodate more than 15 passengers, including the operator, that
 159-3 is owned, operated, rented, or leased by a school district, county
 159-4 school, public charter district [~~open-enrollment charter school~~],
 159-5 regional education service center, or shared services arrangement
 159-6 and that is used to transport public school students on a
 159-7 school-related activity trip, other than on routes to and from
 159-8 school. The term does not include a chartered bus, a bus operated
 159-9 by a mass transit authority, or a school bus.

159-10 SECTION 4.57. Subdivision (9), Section 57.042, Utilities
 159-11 Code, is amended to read as follows:

159-12 (9) "Public school" means a public elementary or
 159-13 secondary school, including a public charter district [~~an~~
 159-14 ~~open-enrollment charter school~~], a home-rule school district
 159-15 school, and a school with a campus or campus program charter.

159-16 SECTION 4.58. Subdivision (2), Section 4, Chapter 22, Acts
 159-17 of the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5,
 159-18 Vernon's Texas Civil Statutes), is amended to read as follows:

159-19 (2) "Educational institution" means a school district
 159-20 or a public charter district [~~an open-enrollment charter school~~].

159-21 SECTION 4.59. The following laws are repealed:

159-22 (1) Section 12.106, Education Code; and

159-23 (2) Section 40, Chapter 1504, Acts of the 77th
 159-24 Legislature, Regular Session, 2001.

159-25 SECTION 4.60. Notwithstanding the repeal of Sections 12.107
 159-26 and 12.128, Education Code, by this Act, those sections continue to
 159-27 apply to state funds and property received or purchased by an
 159-28 open-enrollment charter school before September 1, 2006.

159-29 SECTION 4.61. The changes in law made by Sections 4.04
 159-30 through 4.60 of this article apply beginning August 1, 2006, except
 159-31 that Sections 4.10, 4.11, 4.41, and 4.59 apply beginning September
 159-32 1, 2005.

159-33 [ARTICLES 5-6 RESERVED]

159-34 ARTICLE 7. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION;
 159-35 TRANSFER OF POWERS AND DUTIES

159-36 SECTION 7.01. Subsection (a), Section 21.0031, Education
 159-37 Code, is amended to read as follows:

159-38 (a) An employee's probationary, continuing, or term
 159-39 contract under this chapter is void if the employee:

159-40 (1) does not hold a certificate or permit issued under
 159-41 Subchapter B [~~by the State Board for Educator Certification~~]; or

159-42 (2) fails to fulfill the requirements necessary to
 159-43 extend the employee's temporary or emergency certificate or permit.

159-44 SECTION 7.02. Subsections (a) through (e), Section 21.004,
 159-45 Education Code, are amended to read as follows:

159-46 (a) To the extent that funds are available, the agency [~~the~~
 159-47 ~~State Board for Educator Certification~~] and the Texas Higher
 159-48 Education Coordinating Board shall develop and implement programs
 159-49 to identify talented students and recruit those students and
 159-50 persons, including high school and undergraduate students,
 159-51 mid-career and retired professionals, honorably discharged and
 159-52 retired military personnel, and members of underrepresented gender
 159-53 and ethnic groups, into the teaching profession.

159-54 (b) From available funds, the agency [~~the State Board for~~
 159-55 ~~Educator Certification~~] and the Texas Higher Education
 159-56 Coordinating Board shall develop and distribute materials that
 159-57 emphasize the importance of the teaching profession and inform
 159-58 individuals about state-funded loan forgiveness and tuition
 159-59 assistance programs.

159-60 (c) The commissioner, in cooperation with the commissioner
 159-61 of higher education [~~and the executive director of the State Board~~
 159-62 ~~for Educator Certification~~], shall annually identify the need for
 159-63 teachers in specific subject areas and geographic regions and among
 159-64 underrepresented groups. The commissioner shall give priority to
 159-65 developing and implementing recruitment programs to address those
 159-66 needs from the agency's discretionary funds.

159-67 (d) The agency [~~the State Board for Educator~~
 159-68 ~~Certification~~] and the Texas Higher Education Coordinating Board
 159-69 shall encourage the business community to cooperate with local

160-1 schools to develop recruiting programs designed to attract and
 160-2 retain capable teachers, including programs to provide summer
 160-3 employment opportunities for teachers.

160-4 (e) The agency [~~the State Board for Educator~~
 160-5 ~~Certification,~~] and the Texas Higher Education Coordinating Board
 160-6 shall encourage major education associations to cooperate in
 160-7 developing a long-range program promoting teaching as a career and
 160-8 to assist in identifying local activities and resources that may be
 160-9 used to promote the teaching profession.

160-10 SECTION 7.03. Section 21.006, Education Code, is amended by
 160-11 amending Subsections (a), (b), (c), (e), (f), and (g) and adding
 160-12 Subsection (h) to read as follows:

160-13 (a) In this section:

160-14 (1) "Abuse" [~~"abuse"~~] has the meaning assigned by
 160-15 Section 261.001, Family Code, and includes any sexual conduct
 160-16 involving an educator and a student or minor.

160-17 (2) "Board" means the Educators' Professional
 160-18 Practices Board.

160-19 (b) In addition to the reporting requirement under Section
 160-20 261.101, Family Code, the superintendent or director of a school
 160-21 district, regional education service center, or shared services
 160-22 arrangement shall notify the commissioner [~~State Board for Educator~~
 160-23 ~~Certification]~~ if the superintendent or director has reasonable
 160-24 cause to believe that:

160-25 (1) an educator employed by or seeking employment by
 160-26 the district, service center, or shared services arrangement has a
 160-27 criminal record;

160-28 (2) an educator's employment at the district, service
 160-29 center, or shared services arrangement was terminated based on a
 160-30 determination that the educator:

160-31 (A) abused or otherwise committed an unlawful act
 160-32 with a student or minor;

160-33 (B) possessed, transferred, sold, or distributed
 160-34 a controlled substance, as defined by Chapter 481, Health and
 160-35 Safety Code, or by 21 U.S.C. Section 801 et seq. [~~and its~~
 160-36 ~~subsequent amendments];~~

160-37 (C) illegally transferred, appropriated, or
 160-38 expended funds or other property of the district, service center,
 160-39 or shared services arrangement;

160-40 (D) attempted by fraudulent or unauthorized
 160-41 means to obtain or alter a professional certificate or license for
 160-42 the purpose of promotion or additional compensation; or

160-43 (E) committed a criminal offense or any part of a
 160-44 criminal offense on school property or at a school-sponsored event;
 160-45 or

160-46 (3) the educator resigned and reasonable evidence
 160-47 supports a recommendation by the superintendent or director to
 160-48 terminate the educator based on a determination that the educator
 160-49 engaged in misconduct described by Subdivision (2).

160-50 (c) The superintendent or director must notify the
 160-51 commissioner [~~State Board for Educator Certification]~~ by filing a
 160-52 report with the commissioner [~~board]~~ not later than the seventh day
 160-53 after the date the superintendent or director first learns about an
 160-54 alleged incident of misconduct described by Subsection (b). The
 160-55 report must be:

160-56 (1) in writing; and

160-57 (2) in a form prescribed by the board.

160-58 (e) A superintendent or director who in good faith and while
 160-59 acting in an official capacity files a report with the commissioner
 160-60 [~~State Board for Educator Certification]~~ under this section is
 160-61 immune from civil or criminal liability that might otherwise be
 160-62 incurred or imposed.

160-63 (f) The board, acting on a recommendation of the
 160-64 commissioner, [~~State Board for Educator Certification]~~ shall
 160-65 determine whether to impose sanctions against a superintendent or
 160-66 director who fails to file a report in violation of Subsection (c).

160-67 (g) The commissioner [~~State Board for Educator~~
 160-68 ~~Certification]~~ shall adopt [~~propose~~] rules as necessary to
 160-69 implement this section.

161-1 (h) The commissioner shall forward a report received under
 161-2 this section to the board for use as the commissioner determines
 161-3 appropriate in the execution of the board's duties.

161-4 SECTION 7.035. Subchapter A, Chapter 21, Education Code, is
 161-5 amended by adding Section 21.007 to read as follows:

161-6 Sec. 21.007. RECOMMENDATION TO SANCTION. The commissioner
 161-7 shall determine whether to recommend a sanction against an educator
 161-8 to the Educators' Professional Practices Board under this chapter.
 161-9 The board shall make a final determination regarding the imposition
 161-10 of a sanction under this chapter, except that the commissioner may
 161-11 impose any sanction through informal disposition by stipulation,
 161-12 agreed settlement, consent order, or default.

161-13 SECTION 7.04. Sections 21.031 and 21.032, Education Code,
 161-14 are amended to read as follows:

161-15 Sec. 21.031. PURPOSE. (a) The Educators' Professional
 161-16 Practices [State] Board [for Educator Certification] is
 161-17 established in the agency to [recognize public school educators as
 161-18 professionals and to grant educators the authority to govern the
 161-19 standards of their profession. The board shall] regulate and
 161-20 oversee [all aspects of] the [certification, continuing education,
 161-21 and] standards of conduct of public school educators.

161-22 (b) The commissioner shall adopt rules governing the
 161-23 certification of educators and continuing education for educators.
 161-24 In adopting [In proposing] rules under this subchapter, the
 161-25 commissioner [board] shall ensure that all candidates for
 161-26 certification or renewal of certification demonstrate the
 161-27 knowledge and skills necessary to improve the performance of the
 161-28 diverse student population of this state.

161-29 Sec. 21.032. DEFINITION. In this subchapter, "board" means
 161-30 the Educators' Professional Practices [State] Board [for Educator
 161-31 Certification].

161-32 SECTION 7.05. The heading to Section 21.033, Education
 161-33 Code, is amended to read as follows:

161-34 Sec. 21.033. EDUCATORS' PROFESSIONAL PRACTICES [STATE]
 161-35 BOARD [FOR EDUCATOR CERTIFICATION].

161-36 SECTION 7.06. Section 21.033, Education Code, is amended by
 161-37 amending Subsection (a) and adding Subsections (a-1), (d), (e), and
 161-38 (f) to read as follows:

161-39 (a) The board [State Board for Educator Certification] is
 161-40 composed of 11 [14] members[. The commissioner of education shall
 161-41 appoint an employee of the agency to represent the commissioner as a
 161-42 nonvoting member. The commissioner of higher education shall
 161-43 appoint an employee of the Texas Higher Education Coordinating
 161-44 Board to represent the commissioner as a nonvoting member. The
 161-45 governor shall appoint a dean of a college of education in this
 161-46 state as a nonvoting member. The remaining 11 members are]
 161-47 appointed by the commissioner [governor with the advice and consent
 161-48 of the senate,] as follows:

161-49 (1) six [four] members must be classroom teachers,
 161-50 appointed as provided by Subsection (a-1) [employed in public
 161-51 schools];

161-52 (2) not more than two members of the board may [must]
 161-53 be [public] school administrators; and

161-54 (3) a number of other members consistent with this
 161-55 subsection who the commissioner determines are qualified [one
 161-56 member must be a public school counselor; and

161-57 [(4) four members must be citizens, three of whom are
 161-58 not and have not, in the five years preceding appointment, been
 161-59 employed by a public school district or by an educator preparation
 161-60 program in an institution of higher education and one of whom is not
 161-61 and has not been employed by a public school district or by an
 161-62 educator preparation program in an institution of higher
 161-63 education].

161-64 (a-1) In appointing a board member under Subsection (a)(1),
 161-65 the commissioner shall:

161-66 (1) appoint teachers with at least five years'
 161-67 experience as public school classroom teachers;

161-68 (2) give preference to teachers who have received
 161-69 state or national awards for teaching excellence; and

162-1 (3) provide an opportunity for professional educator
 162-2 associations to submit nominations for the appointment.

162-3 (d) The commissioner shall designate a member of the board
 162-4 as the presiding officer of the board to serve in that capacity at
 162-5 the pleasure of the commissioner.

162-6 (e) The agency shall provide administrative services for
 162-7 the board as necessary.

162-8 (f) A reference in law to the State Board for Educator
 162-9 Certification means the Educators' Professional Practices Board.

162-10 SECTION 7.07. Section 21.034, Education Code, is amended to
 162-11 read as follows:

162-12 Sec. 21.034. TERMS; VACANCY. (a) The board members
 162-13 ~~[appointed by the governor]~~ hold office for staggered terms of six
 162-14 years with the terms of one-third, or as near to one-third as
 162-15 possible, of the members expiring on February 1 of each
 162-16 odd-numbered year. ~~[A member appointed by the commissioner of~~
 162-17 ~~education or the commissioner of higher education serves at the~~
 162-18 ~~will of the appointing commissioner.]~~

162-19 (b) In the event of a vacancy during a term of a member
 162-20 ~~[appointed by the governor]~~, the commissioner ~~[governor]~~ shall
 162-21 appoint a replacement who meets the qualifications of the vacated
 162-22 office to fill the unexpired portion of the term.

162-23 (c) A vacancy arises if a member ~~[appointed by the governor]~~
 162-24 no longer qualifies for the office to which the member was
 162-25 appointed, as determined by the commissioner.

162-26 SECTION 7.075. Section 21.035, Education Code, as amended
 162-27 by H.B. No. 1116, Acts of the 79th Legislature, Regular Session,
 162-28 2005, is amended to read as follows:

162-29 Sec. 21.035. APPLICATION OF SUNSET ACT. The board is
 162-30 subject to Chapter 325, Government Code (Texas Sunset Act). Unless
 162-31 continued in existence as provided by that chapter, the board is
 162-32 abolished and this subchapter expires on the date prescribed by
 162-33 Section 7.004 for abolishment of the agency. [The Texas Education
 162-34 Agency shall provide the board's administrative functions and
 162-35 services.]

162-36 SECTION 7.08. Subchapter B, Chapter 21, Education Code, is
 162-37 amended by adding Section 21.0391 to read as follows:

162-38 Sec. 21.0391. ADVISORY COMMITTEE. (a) The commissioner
 162-39 shall appoint an advisory committee composed of holders of each
 162-40 class of educator certificate and stakeholders as required under
 162-41 Chapter 2008, Government Code.

162-42 (b) The advisory committee shall recommend educator
 162-43 certification standards under Section 21.041(b)(4) and educator
 162-44 preparation program standards under Section 21.044 and propose
 162-45 rules under those sections to the commissioner through negotiated
 162-46 rulemaking under Chapter 2008, Government Code. For purposes of
 162-47 that chapter, the advisory committee is considered to be the
 162-48 negotiated rulemaking committee described by Section 2008.054,
 162-49 Government Code. As provided by Section 2008.058, Government Code,
 162-50 the commissioner may propose and adopt a rule that has not been
 162-51 recommended or proposed by the advisory committee.

162-52 (c) The commissioner may not finally adopt or amend a rule
 162-53 subject to this section unless the State Board of Education has
 162-54 failed to reject the rule or amendment by an affirmative vote of
 162-55 four-fifths of its members. A vote under this subsection may be
 162-56 conducted by mail ballot, provided that the State Board of
 162-57 Education has at least 30 days' written notice of the proposed final
 162-58 rule adoption.

162-59 (d) Members of the advisory committee serve at the will of
 162-60 the commissioner.

162-61 SECTION 7.09. Section 21.041, Education Code, is amended by
 162-62 adding Subsection (a-1) and amending Subsection (b) to read as
 162-63 follows:

162-64 (a-1) The board shall adopt rules that provide for the
 162-65 adoption and amendment of an educator's code of ethics.

162-66 (b) The commissioner ~~[board]~~ shall adopt ~~[propose]~~ rules
 162-67 that:

162-68 (1) provide for the issuance and renewal of educator
 162-69 certificates ~~[regulation of educators and the general~~

163-1 ~~administration of this subchapter]~~ in a manner consistent with this
 163-2 subchapter;

163-3 (2) specify the classes of educator certificates to be
 163-4 issued, including emergency certificates;

163-5 (3) specify the period for which each class of
 163-6 educator certificate is valid;

163-7 (4) specify the requirements for the issuance and
 163-8 renewal of an educator certificate;

163-9 (5) provide for the issuance of an educator
 163-10 certificate to a person who holds a similar certificate issued by
 163-11 another state or foreign country, subject to Section 21.052;

163-12 (6) provide for special or restricted certification of
 163-13 educators, including certification of instructors of American Sign
 163-14 Language;

163-15 (7) provide for disciplinary proceedings, including:

163-16 (A) the suspension or revocation of an educator
 163-17 certificate, as provided by Chapter 2001, Government Code; and

163-18 (B) enforcement of an educator's code of ethics
 163-19 adopted by the board;

163-20 (8) ~~[provide for the adoption, amendment, and~~
 163-21 ~~enforcement of an educator's code of ethics;~~

163-22 ~~[(9)]~~ provide for continuing education requirements;
 163-23 ~~[and]~~

163-24 (9) ~~[(10)]~~ provide for certification of persons
 163-25 performing appraisals under Subchapter H; and

163-26 (10) provide for the regulation of educators in a
 163-27 manner consistent with this subchapter.

163-28 SECTION 7.10. Section 21.044, Education Code, is amended to
 163-29 read as follows:

163-30 Sec. 21.044. EDUCATOR PREPARATION. The commissioner
 163-31 ~~[board]~~ shall adopt ~~[propose]~~ rules establishing the training
 163-32 requirements a person must accomplish to obtain a certificate,
 163-33 enter an internship, or enter an induction-year program. The
 163-34 commissioner ~~[board]~~ shall specify the minimum academic
 163-35 qualifications required for a certificate.

163-36 SECTION 7.11. Subsections (b), (c), and (d), Section
 163-37 21.045, Education Code, are amended to read as follows:

163-38 (b) Each educator preparation program shall submit data
 163-39 elements as required by the commissioner ~~[board]~~ for an annual
 163-40 performance report to ensure access and equity. At a minimum, the
 163-41 annual report must contain the performance data from Subsection (a)
 163-42 and the following information, disaggregated by sex and ethnicity:

163-43 (1) the number of candidates who apply;

163-44 (2) the number of candidates admitted;

163-45 (3) the number of candidates retained;

163-46 (4) the number of candidates completing the program;

163-47 (5) the number of candidates employed in the
 163-48 profession after completing the program; and

163-49 (6) the number of candidates retained in the
 163-50 profession.

163-51 (c) The commissioner ~~[board]~~ shall adopt ~~[propose]~~ rules
 163-52 establishing performance standards for the Accountability System
 163-53 for Educator Preparation for accrediting educator preparation
 163-54 programs. At a minimum, performance standards must be based on
 163-55 Subsection (a). The commissioner ~~[board]~~ shall adopt ~~[propose]~~
 163-56 rules for the sanction of educator preparation programs and shall
 163-57 annually review the accreditation status of each educator
 163-58 preparation program.

163-59 (d) The commissioner ~~[executive director of the board]~~
 163-60 shall appoint an oversight team of educators to make
 163-61 recommendations and provide assistance to educator preparation
 163-62 programs that do not meet accreditation standards. If, after one
 163-63 year, an educator preparation program has not fulfilled the
 163-64 recommendations of the oversight team, the commissioner ~~[executive~~
 163-65 ~~director]~~ shall appoint a person to administer and manage the
 163-66 operations of the program. If the program does not improve after
 163-67 two years, the commissioner ~~[board]~~ shall revoke the approval of
 163-68 the program to prepare educators for state certification.

163-69 SECTION 7.12. Subsections (c) and (d), Section 21.046,

164-1 Education Code, are amended to read as follows:

164-2 (c) Because an effective principal is essential to school
164-3 improvement, the commissioner [~~board~~] shall ensure that:

164-4 (1) each candidate for certification as a principal is
164-5 of the highest caliber; and

164-6 (2) multi-level screening processes, validated
164-7 comprehensive assessment programs, and flexible internships with
164-8 successful mentors exist to determine whether a candidate for
164-9 certification as a principal possesses the essential knowledge,
164-10 skills, and leadership capabilities necessary for success.

164-11 (d) In creating the qualifications for certification as a
164-12 principal, the commissioner [~~board~~] shall consider the knowledge,
164-13 skills, and proficiencies for principals as developed by relevant
164-14 national organizations and the State Board of Education.

164-15 SECTION 7.13. Subsection (a), Section 21.048, Education
164-16 Code, is amended to read as follows:

164-17 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
164-18 prescribing comprehensive examinations for each class of
164-19 certificate issued by the board.

164-20 SECTION 7.14. Sections 21.0481 through 21.0484 and 21.049,
164-21 Education Code, are amended to read as follows:

164-22 Sec. 21.0481. MASTER READING TEACHER CERTIFICATION.

164-23 (a) To ensure that there are teachers with special training to
164-24 work with other teachers and with students in order to improve
164-25 student reading performance, the commissioner [~~board~~] shall
164-26 establish a master reading teacher certificate.

164-27 (b) The board shall issue a master reading teacher
164-28 certificate to each eligible person.

164-29 (c) To be eligible for a master reading teacher certificate,
164-30 a person must:

164-31 (1) hold a reading specialist certificate issued under
164-32 this subchapter and satisfactorily complete a course of instruction
164-33 as prescribed under Subdivision (2)(B); or

164-34 (2) hold a teaching certificate issued under this
164-35 subchapter and:

164-36 (A) have at least three years of teaching
164-37 experience;

164-38 (B) satisfactorily complete a knowledge-based
164-39 and skills-based course of instruction on the science of teaching
164-40 children to read that includes training in:

164-41 (i) effective reading instruction
164-42 techniques, including effective techniques for students whose
164-43 primary language is a language other than English;

164-44 (ii) identification of dyslexia and related
164-45 reading disorders and effective reading instruction techniques for
164-46 students with those disorders; and

164-47 (iii) effective professional peer
164-48 mentoring techniques;

164-49 (C) perform satisfactorily on the master reading
164-50 teacher certification examination prescribed by the commissioner
164-51 [~~board~~]; and

164-52 (D) satisfy any other requirements prescribed by
164-53 the commissioner [~~board~~].

164-54 Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION.

164-55 (a) To ensure that there are teachers with special training to
164-56 work with other teachers and with students in order to improve
164-57 student mathematics performance, the commissioner [~~board~~] shall
164-58 establish:

164-59 (1) a master mathematics teacher certificate to teach
164-60 mathematics at elementary school grade levels;

164-61 (2) a master mathematics teacher certificate to teach
164-62 mathematics at middle school grade levels; and

164-63 (3) a master mathematics teacher certificate to teach
164-64 mathematics at high school grade levels.

164-65 (b) The board shall issue the appropriate master
164-66 mathematics teacher certificate to each eligible person.

164-67 (c) To be eligible for a master mathematics teacher
164-68 certificate, a person must:

164-69 (1) hold a teaching certificate issued under this

165-1 subchapter;

165-2 (2) have at least three years of teaching experience;
 165-3 (3) satisfactorily complete a knowledge-based course
 165-4 of instruction on the science of teaching children mathematics that
 165-5 includes training in mathematics instruction and professional peer
 165-6 mentoring techniques that, through scientific testing, have been
 165-7 proven effective;

165-8 (4) perform satisfactorily on the appropriate master
 165-9 mathematics teacher certification examination prescribed by the
 165-10 commissioner [~~board~~]; and

165-11 (5) satisfy any other requirements prescribed by the
 165-12 commissioner [~~board~~].

165-13 (d) The course of instruction prescribed under Subsection
 165-14 (c)(3) shall be developed by the commissioner [~~board~~] in
 165-15 consultation with mathematics and science faculty members at
 165-16 institutions of higher education.

165-17 Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION.

165-18 (a) To ensure that there are teachers with special training to
 165-19 work with other teachers and with students in order to increase the
 165-20 use of technology in each classroom, the commissioner [~~board~~] shall
 165-21 establish a master technology teacher certificate.

165-22 (b) The board shall issue a master technology teacher
 165-23 certificate to each eligible person.

165-24 (c) To be eligible for a master technology teacher
 165-25 certificate, a person must:

165-26 (1) hold a technology applications or Technology
 165-27 Education certificate issued under this subchapter, satisfactorily
 165-28 complete the course of instruction prescribed under Subdivision
 165-29 (2)(B), and satisfactorily perform on the examination prescribed
 165-30 under Subdivision (2)(C); or

165-31 (2) hold a teaching certificate issued under this
 165-32 subchapter and:

165-33 (A) have at least three years of teaching
 165-34 experience;

165-35 (B) satisfactorily complete a knowledge-based
 165-36 and skills-based course of instruction on interdisciplinary
 165-37 technology applications and the science of teaching technology that
 165-38 includes training in:

165-39 (i) effective technology instruction
 165-40 techniques, including applications designed to meet the
 165-41 educational needs of students with disabilities;

165-42 (ii) classroom teaching methodology that
 165-43 engages student learning through the integration of technology;

165-44 (iii) digital learning competencies,
 165-45 including Internet research, graphics, animation, website
 165-46 mastering, and video technologies;

165-47 (iv) curriculum models designed to prepare
 165-48 teachers to facilitate an active student learning environment; and

165-49 (v) effective professional peer mentoring
 165-50 techniques;

165-51 (C) satisfactorily perform on an examination
 165-52 developed in cooperation with the Telecommunications
 165-53 Infrastructure Fund Board and administered at the conclusion of the
 165-54 course of instruction prescribed under Paragraph (B); and

165-55 (D) satisfy any other requirements prescribed by
 165-56 the commissioner [~~board~~].

165-57 (d) The commissioner [~~board~~] may provide technology
 165-58 applications training courses under Subsection (c)(2)(B) in
 165-59 cooperation with:

165-60 (1) regional education service centers; and

165-61 (2) other public or private entities, including any
 165-62 state council on technology.

165-63 Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION.

165-64 (a) To ensure that there are teachers with special training to
 165-65 work with other teachers and with students in order to improve
 165-66 student science performance, the commissioner [~~board~~] shall
 165-67 establish:

165-68 (1) a master science teacher certificate to teach
 165-69 science at elementary school grade levels;

166-1 (2) a master science teacher certificate to teach
166-2 science at middle school grade levels; and

166-3 (3) a master science teacher certificate to teach
166-4 science at high school grade levels.

166-5 (b) The board shall issue the appropriate master science
166-6 teacher certificate to each eligible person.

166-7 (c) To be eligible for a master science teacher certificate,
166-8 a person must:

166-9 (1) hold a teaching certificate issued under this
166-10 subchapter;

166-11 (2) have at least three years of teaching experience;

166-12 (3) satisfactorily complete a knowledge-based course
166-13 of instruction on the science of teaching children science that
166-14 includes training in science instruction and professional peer
166-15 mentoring techniques that, through scientific testing, have been
166-16 proven effective;

166-17 (4) perform satisfactorily on the appropriate master
166-18 science teacher certification examination prescribed by the
166-19 commissioner [~~board~~]; and

166-20 (5) satisfy any other requirements prescribed by the
166-21 commissioner [~~board~~].

166-22 (d) The course of instruction prescribed under Subsection
166-23 (c)(3) shall be developed by the commissioner [~~board~~] in
166-24 consultation with science faculty members at institutions of higher
166-25 education.

166-26 Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a
166-27 continuing additional source of qualified educators, the
166-28 commissioner [~~board~~] shall adopt [~~propose~~] rules providing for
166-29 educator certification programs as an alternative to traditional
166-30 educator preparation programs. The rules may not provide that a
166-31 person may be certified under this section only if there is a
166-32 demonstrated shortage of educators in a school district or subject
166-33 area.

166-34 (b) The commissioner [~~board~~] may not require a person
166-35 employed as a teacher in a disciplinary [~~an~~] alternative education
166-36 program under Section 37.008 or a juvenile justice alternative
166-37 education program under Section 37.011 for at least three years to
166-38 complete an alternative educator certification program adopted
166-39 under this section before taking the appropriate certification
166-40 examination.

166-41 SECTION 7.15. Subsection (a), Section 21.050, Education
166-42 Code, is amended to read as follows:

166-43 (a) A person who applies for a teaching certificate for
166-44 which commissioner [~~board~~] rules require a bachelor's degree must
166-45 possess a bachelor's degree received with an academic major or
166-46 interdisciplinary academic major, including reading, other than
166-47 education, that is related to the curriculum as prescribed under
166-48 Subchapter A, Chapter 28.

166-49 SECTION 7.16. Section 21.051, Education Code, is amended to
166-50 read as follows:

166-51 Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS.
166-52 The commissioner [~~board~~] shall adopt [~~propose~~] rules providing
166-53 flexible options for persons for any field experience or internship
166-54 required for certification.

166-55 SECTION 7.17. Subsection (a), Section 21.054, Education
166-56 Code, is amended to read as follows:

166-57 (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules
166-58 establishing a process for identifying continuing education
166-59 courses and programs that fulfill educators' continuing education
166-60 requirements.

166-61 SECTION 7.18. Section 21.056, Education Code, is amended to
166-62 read as follows:

166-63 Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner
166-64 [~~board~~] by rule shall provide for a certified educator to qualify
166-65 for additional certification to teach at a grade level or in a
166-66 subject area not covered by the educator's certificate upon
166-67 satisfactory completion of an examination or other assessment of
166-68 the educator's qualification.

166-69 SECTION 7.19. Subsection (d), Section 21.057, Education

Code, is amended to read as follows:

(d) For purposes of this section, "inappropriately certified or uncertified teacher":

(1) includes:

(A) an individual serving on an emergency certificate issued under Section 21.041(b)(2); or

(B) an individual who does not hold any certificate or permit issued under this chapter and is not employed as specified by Subdivision (2)(E); and

(2) does not include an individual:

(A) who is a certified teacher assigned to teach a class or classes outside his or her area of certification, as determined by rules adopted [~~proposed~~] by the commissioner [~~board~~] in specifying the certificate required for each assignment;

(B) serving on a certificate issued due to a hearing impairment under Section 21.048;

(C) serving on a certificate issued pursuant to enrollment in an approved alternative certification program under Section 21.049;

(D) certified by another state or country and serving on a certificate issued under Section 21.052;

(E) serving on a school district teaching permit issued under Section 21.055; or

(F) employed under a waiver granted by the commissioner pursuant to Section 7.056.

SECTION 7.20. Subsection (d), Section 21.058, Education Code, is amended to read as follows:

(d) A person whose certificate is revoked under Subsection (b) may reapply for a certificate in accordance with commissioner [~~board~~] rules.

SECTION 7.21. Subsection (c), Section 21.105, Education Code, is amended to read as follows:

(c) On written complaint by the employing district and recommendation by the commissioner, the Educators' Professional Practices [~~State~~] Board [~~for Educator Certification~~] may impose sanctions against a teacher employed under a probationary contract who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION 7.22. Subsection (c), Section 21.160, Education Code, is amended to read as follows:

(c) On written complaint by the employing district and recommendation by the commissioner, the Educators' Professional Practices [~~State~~] Board [~~for Educator Certification~~] may impose sanctions against a teacher who is employed under a continuing contract that obligates the district to employ the person for the following school year and who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION 7.23. Subsection (c), Section 21.210, Education Code, is amended to read as follows:

(c) On written complaint by the employing district and recommendation by the commissioner, the Educators' Professional Practices [~~State~~] Board [~~for Educator Certification~~] may impose sanctions against a teacher who is employed under a term contract that obligates the district to employ the person for the following school year and who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION 7.24. Section 21.503, Education Code, is amended to read as follows:

Sec. 21.503. ELIGIBILITY. A person is eligible for the program if the person:

168-1 (1) has served in the armed forces of the United
168-2 States;

168-3 (2) is honorably discharged, retired, or released from
168-4 active duty on or after October 1, 1990, after at least six years of
168-5 continuous active duty service immediately before the discharge,
168-6 retirement, or release;

168-7 (3) has received a baccalaureate or advanced degree
168-8 from a public or private institution of higher education accredited
168-9 by a regional accrediting agency or group that is recognized by a
168-10 nationally recognized accreditation board; and

168-11 (4) satisfies any other criteria for selection
168-12 [~~jointly~~] prescribed by the agency [~~and the State Board for~~
168-13 ~~Educator Certification~~].

168-14 SECTION 7.25. Subsection (b), Section 21.504, Education
168-15 Code, is amended to read as follows:

168-16 (b) The agency [~~and the State Board for Educator~~
168-17 ~~Certification~~] shall distribute the applications and information
168-18 regarding the program.

168-19 SECTION 7.26. Subsection (c), Section 21.510, Education
168-20 Code, is amended to read as follows:

168-21 (c) For purposes of this section, a participant in the
168-22 program is not considered to be in violation of an agreement under
168-23 Section 21.508 during any period in which the participant:

168-24 (1) is pursuing a full-time course of study related to
168-25 the field of teaching at a public or private institution of higher
168-26 education approved by the agency [~~State Board for Educator~~
168-27 ~~Certification~~];

168-28 (2) is serving on active duty as a member of the armed
168-29 forces of the United States;

168-30 (3) is temporarily totally disabled for a period not
168-31 to exceed three years as established by sworn affidavit of a
168-32 qualified physician;

168-33 (4) is unable to secure employment for a period not to
168-34 exceed one year because of care required by a disabled spouse;

168-35 (5) is seeking and unable to find full-time employment
168-36 as a teacher in a public elementary or secondary school for a single
168-37 period not to exceed 27 months; or

168-38 (6) satisfies the provisions of any additional
168-39 reimbursement exception adopted by the agency.

168-40 SECTION 7.27. Sections 21.551, 21.552, and 21.553,
168-41 Education Code, are amended to read as follows:

168-42 Sec. 21.551. PURPOSES. The purposes of the alternative
168-43 certification Teach for Texas Pilot Program are to:

168-44 (1) attract to the teaching profession persons who
168-45 have expressed interest in teaching and to support the
168-46 certification of those persons as teachers;

168-47 (2) recognize the importance of the certification
168-48 process governed by the commissioner [~~State Board for Educator~~
168-49 ~~Certification~~] under Subchapter B, which requires verification of
168-50 competence in subject area and professional knowledge and skills;

168-51 (3) encourage the creation and expansion of educator
168-52 preparation programs that recognize the knowledge and skills gained
168-53 through previous educational and work-related experiences and that
168-54 are delivered in a manner that recognizes individual circumstances,
168-55 including the need to remain employed full-time while enrolled in
168-56 the Teach for Texas Pilot Program; and

168-57 (4) provide annual stipends to postbaccalaureate
168-58 teacher certification candidates.

168-59 Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [~~State~~
168-60 ~~Board for Educator Certification~~] by rule shall establish the Teach
168-61 for Texas Pilot Program consistent with the purposes provided by
168-62 Section 21.551.

168-63 Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program
168-64 must offer to participants financial incentives, including tuition
168-65 assistance and loan forgiveness. In offering a financial
168-66 incentive, the commissioner [~~State Board for Educator~~
168-67 ~~Certification~~] shall:

168-68 (1) require a contract between each participant who
168-69 accepts a financial incentive and the agency [~~State Board for~~

169-1 ~~Educator Certification]~~ under which the participant is obligated to
 169-2 teach in a public school in this state for a stated period after
 169-3 certification;

169-4 (2) provide financial incentives in proportion to the
 169-5 length of the period the participant is obligated by contract to
 169-6 teach after certification; and

169-7 (3) give special financial incentives to a participant
 169-8 who agrees in the contract to teach in an underserved area.

169-9 (b) Financial incentives may be paid only from funds
 169-10 appropriated specifically for that purpose and from gifts, grants,
 169-11 and donations solicited or accepted by the commissioner [~~State~~
 169-12 ~~Board for Educator Certification]~~ for that purpose.

169-13 (c) The commissioner [~~State Board for Educator~~
 169-14 ~~Certification]~~ shall adopt [~~propose~~] rules establishing criteria
 169-15 for awarding financial incentives under this section, including
 169-16 criteria for awarding financial incentives if there are more
 169-17 participants than funds available to provide the financial
 169-18 incentives.

169-19 SECTION 7.28. Subsection (b), Section 21.604, Education
 169-20 Code, is amended to read as follows:

169-21 (b) The agency [~~and the State Board for Educator~~
 169-22 ~~Certification]~~ shall distribute the applications and information
 169-23 regarding the program.

169-24 SECTION 7.29. Subsection (c), Section 21.609, Education
 169-25 Code, is amended to read as follows:

169-26 (c) For purposes of this section, a participant in the
 169-27 program is not considered to be in violation of an agreement under
 169-28 Section 21.607 during any period in which the participant:

169-29 (1) is pursuing a full-time course of study related to
 169-30 the field of teaching at an institution of higher education
 169-31 approved by the agency [~~State Board for Educator Certification]~~;

169-32 (2) is serving on active duty as a member of the armed
 169-33 forces of the United States;

169-34 (3) is temporarily totally disabled for a period not
 169-35 to exceed three years as established by affidavit of a qualified
 169-36 physician;

169-37 (4) is unable to secure employment for a period not to
 169-38 exceed one year because of care required by a disabled spouse;

169-39 (5) is seeking and unable to find full-time employment
 169-40 as a teacher in a public elementary or secondary school for a single
 169-41 period not to exceed 27 months; or

169-42 (6) satisfies the provisions of any additional
 169-43 reimbursement exception adopted by the agency.

169-44 SECTION 7.30. Subsection (b), Section 22.0512, Education
 169-45 Code, is amended to read as follows:

169-46 (b) In this section, "disciplinary proceeding" means:

169-47 (1) an action brought by the school district employing
 169-48 a professional employee of a school district to discharge or
 169-49 suspend the employee or terminate or not renew the employee's term
 169-50 contract; or

169-51 (2) an action brought by the commissioner before the
 169-52 Educators' Professional Practices [~~State~~] Board [~~for Educator~~
 169-53 ~~Certification]~~ to enforce the educator's code of ethics adopted
 169-54 under Section 21.041(a-1) [~~21.041(b)(8)~~].

169-55 SECTION 7.31. Subsections (a), (b), (c), and (e), Section
 169-56 29.061, Education Code, are amended to read as follows:

169-57 (a) The commissioner [~~State Board for Educator~~
 169-58 ~~Certification]~~ shall provide for the issuance of teaching
 169-59 certificates appropriate for bilingual education instruction to
 169-60 teachers who possess a speaking, reading, and writing ability in a
 169-61 language other than English in which bilingual education programs
 169-62 are offered and who meet the general requirements of Chapter 21.
 169-63 The commissioner [~~board~~] shall also provide for the issuance of
 169-64 teaching certificates appropriate for teaching English as a second
 169-65 language. The commissioner [~~board~~] may issue emergency
 169-66 endorsements in bilingual education and in teaching English as a
 169-67 second language.

169-68 (b) A teacher assigned to a bilingual education program must
 169-69 be appropriately certified under Subchapter B, Chapter 21, for

170-1 bilingual education [~~by the board~~].

170-2 (c) A teacher assigned to an English as a second language or
170-3 other special language program must be appropriately certified
170-4 under Subchapter B, Chapter 21, for English as a second language [~~by~~
170-5 ~~the board~~].

170-6 (e) The agency [~~State Board for Educator Certification~~] and
170-7 the Texas Higher Education Coordinating Board shall develop a
170-8 comprehensive plan for meeting the teacher supply needs created by
170-9 the programs outlined in this subchapter.

170-10 SECTION 7.32. Subsections (b) and (c), Section 33.002,
170-11 Education Code, are amended to read as follows:

170-12 (b) A school district with 500 or more students enrolled in
170-13 elementary school grades shall employ a counselor certified under
170-14 the rules of the commissioner [~~State Board for Educator~~
170-15 ~~Certification~~] for each elementary school in the district. A
170-16 school district shall employ at least one counselor for every 500
170-17 elementary school students in the district.

170-18 (c) A school district with fewer than 500 students enrolled
170-19 in elementary school grades shall provide guidance and counseling
170-20 services to elementary school students by:

170-21 (1) employing a part-time counselor certified under
170-22 the rules of the commissioner [~~State Board for Educator~~
170-23 ~~Certification~~];

170-24 (2) employing a part-time teacher certified as a
170-25 counselor under the rules of the commissioner [~~State Board for~~
170-26 ~~Educator Certification~~]; or

170-27 (3) entering into a shared services arrangement
170-28 agreement with one or more school districts to share a counselor
170-29 certified under the rules of the commissioner [~~State Board for~~
170-30 ~~Educator Certification~~].

170-31 SECTION 7.33. Subsection (g), Section 37.007, Education
170-32 Code, as amended by H.B. No. 603, Acts of the 79th Legislature,
170-33 Regular Session, 2005, is amended to read as follows:

170-34 (g) In addition to any notice required under Article 15.27,
170-35 Code of Criminal Procedure, a school district shall inform each
170-36 educator who has responsibility for, or is under the direction and
170-37 supervision of an educator who has responsibility for, the
170-38 instruction of a student who has engaged in any violation listed in
170-39 this section of the student's misconduct. Each educator shall keep
170-40 the information received under this subsection confidential from
170-41 any person not entitled to the information under this subsection,
170-42 except that the educator may share the information with the
170-43 student's parent or guardian as provided for by state or federal
170-44 law. The Educators' Professional Practices [~~State~~] Board on
170-45 recommendation of the commissioner [~~for Educator Certification~~]
170-46 may revoke or suspend the certification of an educator who
170-47 intentionally violates this subsection.

170-48 SECTION 7.34. Section 61.0514, Education Code, is amended
170-49 to read as follows:

170-50 Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the
170-51 cooperation and advice of the commissioner of education [~~State~~
170-52 ~~Board for Educator Certification~~], shall adopt educator
170-53 preparation coursework guidelines that promote, to the greatest
170-54 extent practicable, the integration of subject matter knowledge
170-55 with classroom teaching strategies and techniques in order to
170-56 maximize the effectiveness and efficiency of coursework required
170-57 for certification under Subchapter B, Chapter 21.

170-58 SECTION 7.35. Section 61.076, Education Code, as amended by
170-59 H.B. No. 2808, Acts of the 79th Legislature, Regular Session, 2005,
170-60 is amended by amending Subsection (b) and adding Subsection (j) to
170-61 read as follows:

170-62 (b) The P-16 Council is composed of the commissioner of
170-63 education, the commissioner of higher education, the executive
170-64 director of the Texas Workforce Commission, [~~the executive director~~
170-65 ~~of the State Board for Educator Certification~~], and the
170-66 commissioner of assistive and rehabilitative services. The
170-67 commissioner of higher education and the commissioner of education
170-68 shall serve as co-chairs of the council.

170-69 (j) The P-16 Council, in conjunction with the State Center

171-1 for Early Childhood Development, shall develop and adopt a school
 171-2 readiness certification system as required by Section 29.161.

171-3 SECTION 7.36. Subsection (a), Section 1001.254, Education
 171-4 Code, is amended to read as follows:

171-5 (a) A temporary driver education instructor license may be
 171-6 issued authorizing a person to teach or provide classroom driver
 171-7 education training if the person:

171-8 (1) has completed the educational requirements
 171-9 prescribed by Section 1001.253(d)(1);

171-10 (2) holds a Texas teaching certificate with an
 171-11 effective date before February 1, 1986;

171-12 (3) meets all license requirements, other than
 171-13 successful completion of the examination required under rules
 171-14 adopted by the commissioner [~~State Board for Educator~~
 171-15 ~~Certification~~] to revalidate the teaching certificate; and

171-16 (4) demonstrates, in a manner prescribed by the
 171-17 commissioner, the intention to comply with the examination
 171-18 requirement at the first available opportunity.

171-19 SECTION 7.37. Subsection (a), Article 15.27, Code of
 171-20 Criminal Procedure, is amended to read as follows:

171-21 (a) A law enforcement agency that arrests any person or
 171-22 refers a child to the office or official designated by the juvenile
 171-23 board who the agency believes is enrolled as a student in a public
 171-24 primary or secondary school, for an offense listed in Subsection
 171-25 (h), shall attempt to ascertain whether the person is so enrolled.
 171-26 If the law enforcement agency ascertains that the individual is
 171-27 enrolled as a student in a public primary or secondary school, the
 171-28 agency shall orally notify the superintendent or a person
 171-29 designated by the superintendent in the school district in which
 171-30 the student is enrolled of that arrest or referral within 24 hours
 171-31 after the arrest or referral is made, or on the next school day. If
 171-32 the law enforcement agency cannot ascertain whether the individual
 171-33 is enrolled as a student, the agency shall orally notify the
 171-34 superintendent or a person designated by the superintendent in the
 171-35 school district in which the student is believed to be enrolled of
 171-36 that arrest or detention within 24 hours after the arrest or
 171-37 detention, or on the next school day. If the individual is a
 171-38 student, the superintendent shall promptly notify all
 171-39 instructional and support personnel who have responsibility for
 171-40 supervision of the student. All personnel shall keep the
 171-41 information received in this subsection confidential. The
 171-42 Educators' Professional Practices [~~State~~] Board [~~for Educator~~
 171-43 ~~Certification~~] may revoke or suspend the certification of personnel
 171-44 who intentionally violate this subsection. Within seven days after
 171-45 the date the oral notice is given, the law enforcement agency shall
 171-46 mail written notification, marked "PERSONAL and CONFIDENTIAL" on
 171-47 the mailing envelope, to the superintendent or the person
 171-48 designated by the superintendent. Both the oral and written notice
 171-49 shall contain sufficient details of the arrest or referral and the
 171-50 acts allegedly committed by the student to enable the
 171-51 superintendent or the superintendent's designee to determine
 171-52 whether there is a reasonable belief that the student has engaged in
 171-53 conduct defined as a felony offense by the Penal Code. The
 171-54 information contained in the notice may be considered by the
 171-55 superintendent or the superintendent's designee in making such a
 171-56 determination.

171-57 SECTION 7.38. Subsection (b), Article 42.018, Code of
 171-58 Criminal Procedure, is amended to read as follows:

171-59 (b) Not later than the fifth day after the date a person who
 171-60 holds a certificate issued under Subchapter B, Chapter 21,
 171-61 Education Code, is convicted or granted deferred adjudication on
 171-62 the basis of an offense, the clerk of the court in which the
 171-63 conviction or deferred adjudication is entered shall provide to the
 171-64 Texas Education Agency and the Educators' Professional Practices
 171-65 [~~State~~] Board [~~for Educator Certification~~] written notice of the
 171-66 person's conviction or deferred adjudication, including the
 171-67 offense on which the conviction or deferred adjudication was based.

171-68 SECTION 7.39. Subsection (a), Section 654.011, Government
 171-69 Code, is amended to read as follows:

172-1 (a) The position classification plan and the salary rates
 172-2 and provisions in the General Appropriations Act apply to all
 172-3 hourly, part-time, temporary, and regular, full-time salaried
 172-4 employments in the state departments, agencies, or judicial
 172-5 entities specified in the articles of the General Appropriations
 172-6 Act that appropriate money to:

- 172-7 (1) general government agencies;
- 172-8 (2) health and human services agencies;
- 172-9 (3) the judiciary, except for judges, district
 172-10 attorneys, and assistant district attorneys;
- 172-11 (4) public safety and criminal justice agencies;
- 172-12 (5) natural resources agencies;
- 172-13 (6) business and economic development agencies;
- 172-14 (7) regulatory agencies; and
- 172-15 (8) agencies of public education, but only the Texas
 172-16 Education Agency, the Texas School for the Blind and Visually
 172-17 Impaired, ~~[the State Board for Educator Certification]~~, the
 172-18 Telecommunications Infrastructure Fund, and the Texas School for
 172-19 the Deaf.

172-20 SECTION 7.40. Subdivision (7), Section 821.001, Government
 172-21 Code, is amended to read as follows:

172-22 (7) "Employer" means any agents or agencies in the
 172-23 state responsible for public education, including the governing
 172-24 board of any school district created under the laws of this state,
 172-25 any county school board, the board of trustees, the board of regents
 172-26 of any college or university, or any other legally constituted
 172-27 board or agency of any public school, but excluding the State Board
 172-28 of Education ~~and~~ the Texas Education Agency ~~[, and the State
 172-29 Board for Educator Certification]~~.

172-30 SECTION 7.41. Section 821.103, Government Code, is amended
 172-31 to read as follows:

172-32 Sec. 821.103. REVOCATION ~~[CANCELLATION]~~ OF TEACHER
 172-33 CERTIFICATE. (a) After receiving notice from the board of
 172-34 trustees of an offense under Section 821.101 and after complying
 172-35 with Chapter 2001 and rules adopted by the commissioner of
 172-36 education ~~[State Board for Educator Certification]~~, the Educators'
 172-37 Professional Practices Board ~~[State Board for Educator
 172-38 Certification]~~ may revoke ~~[cancel]~~ the teacher certificate of a
 172-39 person if the board ~~[State Board for Educator Certification]~~
 172-40 determines that the person committed the offense.

172-41 (b) The Educators' Professional Practices ~~[executive
 172-42 director of the State] Board~~ ~~[for Educator Certification]~~ may enter
 172-43 into an agreed sanction.

172-44 (c) A criminal prosecution of an offender under Section
 172-45 821.101 is not a prerequisite to action by the Educators'
 172-46 Professional Practices ~~[State] Board~~ ~~[for Educator Certification
 172-47 or its executive director]~~.

172-48 SECTION 7.42. Subsection (a), Section 2054.352, Government
 172-49 Code, as amended by S.B. No. 411, Acts of the 79th Legislature,
 172-50 Regular Session, 2005, is amended to read as follows:

172-51 (a) The following licensing entities shall participate in
 172-52 the system established under Section 2054.353:

- 172-53 (1) Texas Board of Chiropractic Examiners;
- 172-54 (2) Court Reporters Certification Board;
- 172-55 (3) State Board of Dental Examiners;
- 172-56 (4) Texas Funeral Service Commission;
- 172-57 (5) Texas Board of Professional Land Surveying;
- 172-58 (6) Texas State Board of Medical Examiners;
- 172-59 (7) Board of Nurse Examiners;
- 172-60 (8) Texas Optometry Board;
- 172-61 (9) Texas Structural Pest Control Board;
- 172-62 (10) Texas State Board of Pharmacy;
- 172-63 (11) Executive Council of Physical Therapy and
 172-64 Occupational Therapy Examiners;
- 172-65 (12) Texas State Board of Plumbing Examiners;
- 172-66 (13) Texas State Board of Podiatric Medical Examiners;
- 172-67 (14) Board of Tax Professional Examiners;
- 172-68 (15) Polygraph Examiners Board;
- 172-69 (16) Texas State Board of Examiners of Psychologists;

- 173-1 (17) State Board of Veterinary Medical Examiners;
 173-2 (18) Texas Real Estate Commission;
 173-3 (19) Texas Appraiser Licensing and Certification
 173-4 Board;
 173-5 (20) Texas Department of Licensing and Regulation;
 173-6 (21) Texas State Board of Public Accountancy;
 173-7 (22) Educators' Professional Practices [State] Board
 173-8 [~~for Educator Certification~~];
 173-9 (23) Texas Board of Professional Engineers;
 173-10 (24) Department of State Health Services;
 173-11 (25) Texas Board of Architectural Examiners;
 173-12 (26) Texas Racing Commission;
 173-13 (27) Commission on Law Enforcement Officer Standards
 173-14 and Education; [~~and~~]
 173-15 (28) Texas Private Security Board; and
 173-16 (29) Texas Education Agency.

173-17 SECTION 7.43. Subsection (b), Section 504.002, Occupations
 173-18 Code, is amended to read as follows:

173-19 (b) This chapter does not apply to an activity or service of
 173-20 a person who:

173-21 (1) is employed as a counselor by a federal
 173-22 institution and is providing chemical dependency counseling within
 173-23 the scope of the person's employment;

173-24 (2) except as provided by Section 504.1515 [~~504.057~~],
 173-25 is a student, intern, or trainee pursuing a supervised course of
 173-26 study in counseling at a regionally accredited institution of
 173-27 higher education or training institution, if the person:

173-28 (A) is designated as a "counselor intern"; and

173-29 (B) is engaging in the activity or providing the
 173-30 service as part of the course of study;

173-31 (3) is not a resident of this state, if the person:

173-32 (A) engages in the activity or provides the
 173-33 service in this state for not more than 30 days during any year; and

173-34 (B) is authorized to engage in the activity or
 173-35 provide the service under the law of the state of the person's
 173-36 residence;

173-37 (4) is a licensed physician, psychologist,
 173-38 professional counselor, or social worker;

173-39 (5) is a religious leader of a congregation providing
 173-40 pastoral chemical dependency counseling within the scope of the
 173-41 person's duties;

173-42 (6) is working for or providing counseling with a
 173-43 program exempt under Subchapter C, Chapter 464, Health and Safety
 173-44 Code; or

173-45 (7) is a school counselor certified under Subchapter
 173-46 B, Chapter 21, Education Code [~~by the State Board for Educator~~
 173-47 ~~Certification~~].

173-48 SECTION 7.44. Sections 21.036, 21.040, 21.042, and 21.047,
 173-49 Education Code, are repealed.

173-50 SECTION 7.45. (a) The State Board for Educator
 173-51 Certification is abolished, and all powers, duties, personnel,
 173-52 property, assets, and obligations of the board are transferred to
 173-53 the Educators' Professional Practices Board and the Texas Education
 173-54 Agency, as determined appropriate by the commissioner of education.
 173-55 The validity of a prior action of the State Board for Educator
 173-56 Certification is not affected by the abolishment, and any pending
 173-57 activities of the State Board for Educator Certification shall be
 173-58 deemed to have continued without interruption or material change.

173-59 (b) The powers and duties of the Educators' Professional
 173-60 Practices Board, as created by this Act, shall continue to be
 173-61 exercised by the State Board for Educator Certification until the
 173-62 initial appointees of the Educators' Professional Practices Board
 173-63 assume their offices, which may not be later than January 1, 2006.

173-64 (c) All rules of the State Board for Educator Certification
 173-65 relating to a transferred power or duty remain in effect as rules of
 173-66 the Educators' Professional Practices Board or commissioner of
 173-67 education, as appropriate, until amended or repealed by the board
 173-68 or commissioner.

173-69 (d) A contested case, rulemaking procedure, program, test,

174-1 fee, contract, review, evaluation, sanction, act, or decision of
 174-2 the State Board for Educator Certification that is pending,
 174-3 completed, or in effect on the effective date of this Act shall be
 174-4 deemed that of the commissioner of education or the Educators'
 174-5 Professional Practices Board to the extent authorized by Subchapter
 174-6 B, Chapter 21, Education Code, as amended by this article, or other
 174-7 law, until and unless a change is expressly made by the commissioner
 174-8 or the board, as appropriate.

174-9 (e) As soon as practicable after the effective date of this
 174-10 article and not later than November 1, 2005, the commissioner of
 174-11 education shall make initial appointments to the Educators'
 174-12 Professional Practices Board. In making the initial appointments,
 174-13 the commissioner shall designate four members to serve terms
 174-14 expiring February 1, 2007, four members to serve terms expiring
 174-15 February 1, 2009, and three members to serve terms expiring
 174-16 February 1, 2011.

174-17 (f) A person who holds a certificate issued under Subchapter
 174-18 B, Chapter 21, Education Code, as it existed on January 1, 2005, may
 174-19 continue to practice under that certificate until the certificate
 174-20 is renewed or replaced under Subchapter B, Chapter 21, Education
 174-21 Code, as amended by this article.

174-22 (g) The code of ethics adopted under Subchapter B, Chapter
 174-23 21, Education Code, by the State Board for Educator Certification
 174-24 and in effect on the effective date of this article remains in
 174-25 effect until superseded by rules of the Educators' Professional
 174-26 Practices Board.

174-27 ARTICLE 8. DRIVER AND TRAFFIC SAFETY EDUCATION

174-28 SECTION 8.01. Section 1001.001, Education Code, is amended
 174-29 by amending Subdivisions (2) through (5) and adding Subdivision
 174-30 (13-a) to read as follows:

174-31 (2) "Approved driving safety course" means a driving
 174-32 safety course approved by the department [~~commissioner~~].

174-33 (3) "Commission" [~~"Commissioner"~~] means the Texas
 174-34 Commission of Licensing and Regulation [~~commissioner of~~
 174-35 ~~education~~].

174-36 (4) "Course provider" means an enterprise that:

174-37 (A) maintains a place of business or solicits
 174-38 business in this state;

174-39 (B) is operated by an individual, association,
 174-40 partnership, or corporation; and

174-41 (C) has received an approval for a driving safety
 174-42 course from the department [~~commissioner~~] or has been designated by
 174-43 a person who has received that approval to conduct business and
 174-44 represent the person in this state.

174-45 (5) "Department" means the Texas Department of
 174-46 Licensing and Regulation [~~Public Safety~~].

174-47 (13-a) "Executive director" means the executive
 174-48 director of the department.

174-49 SECTION 8.02. Subsection (c), Section 1001.002, Education
 174-50 Code, is amended to read as follows:

174-51 (c) A driver education course is exempt from this chapter,
 174-52 other than Section 1001.055, if the course is:

174-53 (1) conducted by a vocational driver training school
 174-54 operated to train or prepare a person for a field of endeavor in a
 174-55 business, trade, technical, or industrial occupation;

174-56 (2) conducted by a school or training program that
 174-57 offers only instruction of purely avocational or recreational
 174-58 subjects as determined by the department [~~commissioner~~];

174-59 (3) sponsored by an employer to train its own
 174-60 employees without charging tuition;

174-61 (4) sponsored by a recognized trade, business, or
 174-62 professional organization with a closed membership to instruct the
 174-63 members of the organization; or

174-64 (5) conducted by a school regulated and approved under
 174-65 another law of this state.

174-66 SECTION 8.03. Sections 1001.003 and 1001.004, Education
 174-67 Code, are amended to read as follows:

174-68 Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL
 174-69 BUSINESSES. It is the intent of the legislature that commission

175-1 [~~agency~~] rules that affect driver training schools that qualify as
 175-2 small businesses be adopted and administered so as to have the least
 175-3 possible adverse economic effect on the schools.

175-4 Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of
 175-5 administering this chapter shall be included in the state budget
 175-6 allowance for the department [~~agency~~].

175-7 SECTION 8.04. Sections 1001.051 and 1001.052, Education
 175-8 Code, are amended to read as follows:

175-9 Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department
 175-10 [~~agency~~] has jurisdiction over and control of driver training
 175-11 schools regulated under this chapter.

175-12 Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt
 175-13 [~~and administer~~] comprehensive rules governing driving safety
 175-14 courses, including rules to ensure the integrity of approved
 175-15 driving safety courses and enhance program quality.

175-16 SECTION 8.05. The heading to Section 1001.053, Education
 175-17 Code, is amended to read as follows:

175-18 Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT
 175-19 [~~COMMISSIONER~~].

175-20 SECTION 8.06. Subsection (a), Section 1001.053, Education
 175-21 Code, is amended to read as follows:

175-22 (a) The department [~~commissioner~~] shall:

175-23 (1) ~~administer [the policies of]~~ this chapter;

175-24 (2) enforce minimum standards for driver training
 175-25 schools under this chapter;

175-26 (3) [~~adopt and~~] enforce rules adopted by the
 175-27 commission necessary to administer this chapter; and

175-28 (4) inspect [~~visit~~] a driver training school or course
 175-29 provider and reexamine the school or course provider for compliance
 175-30 with this chapter.

175-31 SECTION 8.07. The heading to Section 1001.054, Education
 175-32 Code, is amended to read as follows:

175-33 Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR~~
 175-34 ~~COMPETITIVE BIDDING~~].

175-35 SECTION 8.08. Subsection (c), Section 1001.054, Education
 175-36 Code, is amended to read as follows:

175-37 (c) The commission [~~commissioner~~] by rule may restrict
 175-38 advertising by a branch location of a driver training school so that
 175-39 the location adequately identifies the primary location of the
 175-40 school in a solicitation.

175-41 SECTION 8.09. Section 1001.055, Education Code, is amended
 175-42 to read as follows:

175-43 Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The
 175-44 department [~~agency~~] shall print and supply to each licensed or
 175-45 exempt driver education school driver education certificates to be
 175-46 used for certifying completion of an approved driver education
 175-47 course to satisfy the requirements of Section 521.204(a)(2),
 175-48 Transportation Code. The certificates must be numbered serially.

175-49 (b) The commission [~~agency~~] by rule shall provide for the
 175-50 design and distribution of the certificates in a manner that, to the
 175-51 greatest extent possible, prevents the unauthorized reproduction
 175-52 or misuse of the certificates.

175-53 (c) The department [~~agency~~] may charge a fee of not more
 175-54 than \$4 for each certificate.

175-55 SECTION 8.10. Subsections (b), (c), (e), and (g), Section
 175-56 1001.056, Education Code, as amended by H.B. No. 468, Acts of the
 175-57 79th Legislature, Regular Session, 2005, are amended to read as
 175-58 follows:

175-59 (b) The department [~~agency~~] shall provide each licensed
 175-60 course provider with course completion certificate numbers to
 175-61 enable the provider to print and issue department-approved
 175-62 [~~agency-approved~~] uniform certificates of course completion. The
 175-63 certificates must be serial.

175-64 (c) The department [~~agency~~] by rule shall provide for the
 175-65 design of the certificates and the distribution of certificate
 175-66 numbers in a manner that, to the greatest extent possible, prevents
 175-67 the unauthorized production or the misuse of the certificates or
 175-68 certificate numbers.

175-69 (e) The department [~~agency~~] may charge a fee of not more

176-1 than \$4 for each course completion certificate number. A course
 176-2 provider that supplies a certificate to an operator shall collect
 176-3 from the operator a fee equal to the amount of the fee paid to the
 176-4 agency for the certificate number.

176-5 (g) A course provider shall issue a duplicate certificate by
 176-6 mail or commercial delivery. The department [~~commissioner~~] by rule
 176-7 shall determine the amount of the fee for issuance of a duplicate
 176-8 certificate under this subsection.

176-9 SECTION 8.11. Section 1001.057, Education Code, is amended
 176-10 to read as follows:

176-11 Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY
 176-12 COURSE INFORMATION. The department [~~agency~~] shall investigate
 176-13 options to develop and implement procedures to electronically
 176-14 transmit information relating to driving safety courses to
 176-15 municipal and justice courts.

176-16 SECTION 8.12. Subchapter B, Chapter 1001, Education Code,
 176-17 is amended by adding Section 1001.058 to read as follows:

176-18 Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER.
 176-19 The executive director may designate a person knowledgeable in the
 176-20 administration of regulating driver training schools to administer
 176-21 this chapter for the department.

176-22 SECTION 8.13. Sections 1001.101 and 1001.102, Education
 176-23 Code, are amended to read as follows:

176-24 Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND
 176-25 TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish
 176-26 the curriculum and designate the textbooks to be used in a driver
 176-27 education course.

176-28 Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The
 176-29 commission [~~agency~~] by rule shall require that information relating
 176-30 to alcohol awareness and the effect of alcohol on the effective
 176-31 operation of a motor vehicle be included in the curriculum of any
 176-32 driver education course or driving safety course.

176-33 (b) In developing rules under this section, the commission
 176-34 [~~agency~~] shall consult with the Department of Public Safety
 176-35 [~~department~~].

176-36 SECTION 8.14. Subsections (b), (d), and (e), Section
 176-37 1001.103, Education Code, are amended to read as follows:

176-38 (b) The department [~~agency~~] shall develop standards for a
 176-39 separate school certification and approve curricula for drug and
 176-40 alcohol driving awareness programs that include one or more
 176-41 courses. Except as provided by commission [~~agency~~] rule, a program
 176-42 must be offered in the same manner as a driving safety course.

176-43 (d) In accordance with Section 461.013(b), Health and
 176-44 Safety Code, the department [~~agency~~] and the Texas Commission on
 176-45 Alcohol and Drug Abuse shall enter into a memorandum of
 176-46 understanding for the interagency approval of the required
 176-47 curricula.

176-48 (e) The commission [~~Notwithstanding Section 1001.056,~~
 176-49 ~~Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~]
 176-50 may establish fees in connection with the programs under this
 176-51 section. The fees must be in amounts reasonable and necessary to
 176-52 administer the department's [~~agency's~~] duties under this section.

176-53 SECTION 8.15. Sections 1001.104 and 1001.105, Education
 176-54 Code, are amended to read as follows:

176-55 Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES.
 176-56 (a) The department [~~agency~~] shall enter into a memorandum of
 176-57 understanding with the Texas Rehabilitation Commission and the
 176-58 Department of Public Safety [~~department~~] for the interagency
 176-59 development of curricula and licensing criteria for hospital and
 176-60 rehabilitation facilities that teach driver education.

176-61 (b) The department [~~agency~~] shall administer comprehensive
 176-62 rules governing driver education courses adopted by mutual
 176-63 agreement among the commission [~~agency~~], the Texas Rehabilitation
 176-64 Commission, and the Department of Public Safety [~~department~~].

176-65 Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The
 176-66 commission [~~agency~~] shall enter into a memorandum of understanding
 176-67 with the Texas Department of Insurance for the interagency
 176-68 development of a curriculum for driving safety courses.

176-69 SECTION 8.16. Subsections (b), (c), and (d), Section

177-1 1001.106, Education Code, are amended to read as follows:

177-2 (b) The commission [~~commissioner~~] by rule shall provide
177-3 minimum standards of curriculum relating to operation of vehicles
177-4 at railroad and highway grade crossings.

177-5 (c) Subchapter F, Chapter 51, Occupations Code, Section
177-6 51.353, Occupations Code, and Section [~~Sections 1001.454,~~
177-7 1001.456 of this code [~~, and 1001.553~~] do not apply to a violation of
177-8 this section or a rule adopted under this section.

177-9 (d) Section 51.352, Occupations Code, and Sections
177-10 [~~1001.455(a)(6),~~] 1001.501 [~~, 1001.551, 1001.552,~~] and 1001.554 of
177-11 this code do not apply to a violation of this section.

177-12 SECTION 8.17. Section 1001.107, Education Code, is amended
177-13 to read as follows:

177-14 Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION.

177-15 (a) The commission [~~commissioner~~] by rule shall require that
177-16 information relating to litter prevention be included in the
177-17 curriculum of each driver education and driving safety course.

177-18 (b) In developing rules under this section, the commission
177-19 [~~commissioner~~] shall consult the Department of Public Safety
177-20 [~~department~~].

177-21 SECTION 8.18. Subsections (a) and (c), Section 1001.108,
177-22 Education Code, are amended to read as follows:

177-23 (a) The commission [~~commissioner~~] by rule shall require
177-24 that information relating to anatomical gifts be included in the
177-25 curriculum of each driver education course and driving safety
177-26 course.

177-27 (c) In developing rules under this section, the commission
177-28 [~~commissioner~~] shall consult with the Department of Public Safety
177-29 [~~department~~] and the [~~Texas~~] Department of State Health Services.

177-30 SECTION 8.19. Section 1001.151, Education Code, as amended
177-31 by H.B. No. 468, Acts of the 79th Legislature, Regular Session,
177-32 2005, is amended to read as follows:

177-33 Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION
177-34 FEES. (a) The commission [~~commissioner~~] shall establish
177-35 [~~collect~~] application, license, and registration fees. The fees
177-36 must be in amounts sufficient to cover administrative costs and are
177-37 nonrefundable. The department shall collect the application,
177-38 license, and registration fees.

177-39 (b) The commission shall establish a fee for:

177-40 (1) an initial driver education school license and [~~is~~
177-41 \$1,000 plus \$850] for each branch location; [~~-~~]

177-42 (2) [~~(c) The fee for~~] an initial driving safety
177-43 school license; [~~is an appropriate amount established by the~~
177-44 commissioner not to exceed \$200.]

177-45 (3) [~~(d) The fee for~~] an initial course provider
177-46 license [~~is an appropriate amount established by the commissioner~~
177-47 not to exceed \$2,000], except that the commission [~~agency~~] may
177-48 waive the fee if revenue received from the course provider is
177-49 sufficient to cover the cost of licensing the course provider; [~~-~~]

177-50 (4) the [~~(e) The~~] annual renewal [~~fee~~] for a course
177-51 provider, driving safety school, driver education school, or branch
177-52 location [~~is an appropriate amount established by the commissioner~~
177-53 not to exceed \$200], except that the commission [~~agency~~] may waive
177-54 the fee if revenue generated by the issuance of course completion
177-55 certificate numbers and driver education certificates is
177-56 sufficient to cover the cost of administering this chapter and
177-57 Article 45.0511, Code of Criminal Procedure; [~~-~~]

177-58 (5) [~~(f) The fee for~~] a change of address of [~~+
177-59~~

177-59 [~~(1)~~] a driver education school, [~~is \$180, and~~

177-60 [~~(2)~~] a driving safety school, or course provider; [~~is
177-61~~

177-61 \$50.]

177-62 (6) [~~(g) The fee for~~] a change of name of:

177-63 (A) [~~(1)~~] a driver education school or course
177-64 provider or an owner of a driver education school or course provider
177-65 [~~is \$100~~]; or [~~and~~

177-66 (B) [~~(2)~~] a driving safety school or owner of a
177-67 driving safety school; [~~is \$50.~~]

177-68 (7) [~~(h) The application fee for~~] each additional
177-69 driver education or driving safety course at a driver training

178-1 school; ~~[is \$25.]~~

178-2 (8) an ~~[(i) The]~~ application of a ~~[fee for:~~

178-3 ~~[(1) each]~~ director, ~~[is \$30, and~~

178-4 ~~[(2) each]~~ assistant director, or administrative

178-5 staff member; and ~~[is \$15.]~~

178-6 (9) an ~~[(j) Each]~~ application for approval of a

178-7 driving safety course that has not been evaluated by the department

178-8 ~~[commissioner must be accompanied by a nonrefundable fee of~~

178-9 ~~\$9,000].~~

178-10 (c) ~~[(k)]~~ An application for an original driver education

178-11 or driving safety instructor license must be accompanied by a

178-12 processing fee ~~[of \$50]~~ and an annual license fee ~~[of \$25]~~, except

178-13 that the department ~~[commissioner]~~ may not collect the processing

178-14 fee from an applicant for a driver education instructor license who

178-15 is currently teaching a driver education course in a public school

178-16 in this state.

178-17 (d) ~~[(l)]~~ The commission ~~[commissioner]~~ shall establish the

178-18 amount of the fee for a duplicate license.

178-19 SECTION 8.20. Section 1001.153, Education Code, is amended

178-20 to read as follows:

178-21 Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The

178-22 commission ~~[commissioner]~~ shall establish the amount of the fee to

178-23 investigate a driver training school or course provider to resolve

178-24 a complaint against the school or course provider.

178-25 (b) The fee may be charged only if:

178-26 (1) the complaint could not have been resolved solely

178-27 by telephone or in writing;

178-28 (2) a representative of the department ~~[agency]~~

178-29 visited the school or course provider as a part of the complaint

178-30 resolution process; and

178-31 (3) the school or course provider was found to be at

178-32 fault.

178-33 SECTION 8.21. Subsection (b), Section 1001.202, Education

178-34 Code, is amended to read as follows:

178-35 (b) A driving safety school may use multiple classroom

178-36 locations to teach a driving safety course if each location:

178-37 (1) is approved by the parent school and the

178-38 department ~~[agency]~~;

178-39 (2) has the same name as the parent school; and

178-40 (3) has the same ownership as the parent school.

178-41 SECTION 8.22. Sections 1001.203 through 1001.206,

178-42 Education Code, are amended to read as follows:

178-43 Sec. 1001.203. APPLICATION. To operate or do business in

178-44 this state, a driver training school must apply to the department

178-45 ~~[commissioner]~~ for the appropriate license. The application must:

178-46 (1) be in writing;

178-47 (2) be in the form prescribed by the department

178-48 ~~[commissioner]~~;

178-49 (3) include all required information; and

178-50 (4) be verified.

178-51 Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL

178-52 LICENSE. The department ~~[commissioner]~~ shall approve an

178-53 application for a driver education school license if, on

178-54 investigation of the premises of the school, it is determined that

178-55 the school:

178-56 (1) has courses, curricula, and instruction of a

178-57 quality, content, and length that reasonably and adequately achieve

178-58 the stated objective for which the courses, curricula, and

178-59 instruction are offered;

178-60 (2) has adequate space, equipment, instructional

178-61 material, and instructors to provide training of good quality in

178-62 the classroom and behind the wheel;

178-63 (3) has directors, instructors, and administrators

178-64 who have adequate educational qualifications and experience;

178-65 (4) provides to each student before enrollment:

178-66 (A) a copy of:

178-67 (i) the refund policy;

178-68 (ii) the schedule of tuition, fees, and

178-69 other charges; and

179-1 (iii) the regulations relating to absence,
179-2 grading policy, and rules of operation and conduct; and

179-3 (B) the department's name, mailing address,
179-4 [~~and~~] telephone number, and Internet website address [~~of the~~
179-5 agency] for the purpose of directing complaints to the department
179-6 [~~agency~~];

179-7 (5) maintains adequate records as prescribed by the
179-8 department [~~commissioner~~] to show attendance and progress or grades
179-9 and enforces satisfactory standards relating to attendance,
179-10 progress, and conduct;

179-11 (6) on completion of training, issues each student a
179-12 certificate indicating the course name and satisfactory
179-13 completion;

179-14 (7) complies with all county, municipal, state, and
179-15 federal regulations, including fire, building, and sanitation
179-16 codes and assumed name registration;

179-17 (8) is financially sound and capable of fulfilling its
179-18 commitments for training;

179-19 (9) has administrators, directors, owners, and
179-20 instructors who are of good reputation and character;

179-21 (10) maintains and publishes as part of its student
179-22 enrollment contract the proper policy for the refund of the unused
179-23 portion of tuition, fees, and other charges if a student fails to
179-24 take the course or withdraws or is discontinued from the school at
179-25 any time before completion;

179-26 (11) does not use erroneous or misleading advertising,
179-27 either by actual statement, omission, or intimation, as determined
179-28 by the department [~~commissioner~~];

179-29 (12) does not use a name similar to the name of another
179-30 existing school or tax-supported educational institution in this
179-31 state, unless specifically approved in writing by the executive
179-32 director [~~commissioner~~];

179-33 (13) submits to the department [~~agency~~] for approval
179-34 the applicable course hour lengths and curriculum content for each
179-35 course offered by the school;

179-36 (14) does not owe an administrative penalty for a
179-37 violation of [~~under~~] this chapter; and

179-38 (15) meets any additional criteria required by the
179-39 department [~~agency~~].

179-40 Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL
179-41 LICENSE. The department [~~commissioner~~] shall approve an
179-42 application for a driving safety school license if on investigation
179-43 the department [~~agency~~] determines that the school:

179-44 (1) has driving safety courses, curricula, and
179-45 instruction of a quality, content, and length that reasonably and
179-46 adequately achieve the stated objective for which the course,
179-47 curricula, and instruction are developed by the course provider;

179-48 (2) has adequate space, equipment, instructional
179-49 material, and instructors to provide training of good quality;

179-50 (3) has instructors and administrators who have
179-51 adequate educational qualifications and experience;

179-52 (4) maintains adequate records as prescribed by the
179-53 department [~~commissioner~~] to show attendance and progress or grades
179-54 and enforces satisfactory standards relating to attendance,
179-55 progress, and conduct;

179-56 (5) complies with all county, municipal, state, and
179-57 federal laws, including fire, building, and sanitation codes and
179-58 assumed name registration;

179-59 (6) has administrators, owners, and instructors who
179-60 are of good reputation and character;

179-61 (7) does not use erroneous or misleading advertising,
179-62 either by actual statement, omission, or intimation, as determined
179-63 by the department [~~commissioner~~];

179-64 (8) does not use a name similar to the name of another
179-65 existing school or tax-supported educational establishment in this
179-66 state, unless specifically approved in writing by the executive
179-67 director [~~commissioner~~];

179-68 (9) maintains and uses the approved contract and
179-69 policies developed by the course provider;

180-1 (10) does not owe an administrative penalty for a
 180-2 violation of [under] this chapter;

180-3 (11) will not provide a driving safety course to a
 180-4 person for less than \$25; and

180-5 (12) meets additional criteria required by the
 180-6 department [commissioner].

180-7 Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER
 180-8 LICENSE. The department [commissioner] shall approve an
 180-9 application for a course provider license if on investigation the
 180-10 department [agency] determines that:

180-11 (1) the course provider has an approved course that at
 180-12 least one licensed driving safety school is willing to offer;

180-13 (2) the course provider has adequate educational
 180-14 qualifications and experience;

180-15 (3) the course provider will:

180-16 (A) develop and provide to each driving safety
 180-17 school that offers the approved course a copy of:

180-18 (i) the refund policy; and

180-19 (ii) the regulations relating to absence,
 180-20 grading policy, and rules of operation and conduct; and

180-21 (B) provide to the driving safety school the
 180-22 department's name, mailing address, [and] telephone number, and
 180-23 Internet website address [of the agency] for the purpose of
 180-24 directing complaints to the department [agency];

180-25 (4) a copy of the information provided to each driving
 180-26 safety school under Subdivision (3) will be provided to each
 180-27 student by the school before enrollment;

180-28 (5) not later than the 15th working day after the date
 180-29 the person successfully completes the course, the course provider
 180-30 will mail a uniform certificate of course completion to the person
 180-31 indicating the course name and successful completion;

180-32 (6) the course provider maintains adequate records as
 180-33 prescribed by the department [commissioner] to show attendance and
 180-34 progress or grades and enforces satisfactory standards relating to
 180-35 attendance, progress, and conduct;

180-36 (7) the course provider complies with all county,
 180-37 municipal, state, and federal laws, including assumed name
 180-38 registration and other applicable requirements;

180-39 (8) the course provider is financially sound and
 180-40 capable of fulfilling its commitments for training;

180-41 (9) the course provider is of good reputation and
 180-42 character;

180-43 (10) the course provider maintains and publishes as a
 180-44 part of its student enrollment contract the proper policy for the
 180-45 refund of the unused portion of tuition, fees, and other charges if
 180-46 a student fails to take the course or withdraws or is discontinued
 180-47 from the school at any time before completion;

180-48 (11) the course provider does not use erroneous or
 180-49 misleading advertising, either by actual statement, omission, or
 180-50 intimation, as determined by the department [commissioner];

180-51 (12) the course provider does not use a name similar to
 180-52 the name of another existing school or tax-supported educational
 180-53 institution in this state, unless specifically approved in writing
 180-54 by the executive director [commissioner];

180-55 (13) the course provider does not owe an
 180-56 administrative penalty for a violation of [under] this chapter; and

180-57 (14) the course provider meets additional criteria
 180-58 required by the department [commissioner].

180-59 SECTION 8.23. Subsections (a) and (b), Section 1001.207,
 180-60 Education Code, are amended to read as follows:

180-61 (a) Before a driver education school may be issued a
 180-62 license, the school must file a corporate surety bond with the
 180-63 department [commissioner] in the amount of:

180-64 (1) \$10,000 for the primary location of the school;
 180-65 and

180-66 (2) \$5,000 for each branch location.

180-67 (b) A bond issued under Subsection (a) must be:

180-68 (1) issued in a form approved by the department
 180-69 [commissioner];

- 181-1 (2) issued by a company authorized to do business in
- 181-2 this state;
- 181-3 (3) payable to the state to be used only for payment of
- 181-4 a refund due to a student or potential student;
- 181-5 (4) conditioned on the compliance of the school and
- 181-6 its officers, agents, and employees with this chapter and rules
- 181-7 adopted under this chapter; and
- 181-8 (5) issued for a period corresponding to the term of
- 181-9 the license.

181-10 SECTION 8.24. Subsection (b), Section 1001.209, Education
181-11 Code, as amended by H.B. No. 468, Acts of the 79th Legislature,
181-12 Regular Session, 2005, is amended to read as follows:

- 181-13 (b) A bond issued under Subsection (a) must be:
- 181-14 (1) issued by a company authorized to do business in
- 181-15 this state;
- 181-16 (2) payable to the state to be used:
- 181-17 (A) for payment of a refund due a student of the
- 181-18 course provider's approved course;
- 181-19 (B) to cover the payment of unpaid fees or
- 181-20 penalties assessed by the department [~~agency~~]; or
- 181-21 (C) to recover any cost associated with providing
- 181-22 course completion certificate numbers, including the cancellation
- 181-23 of certificate numbers;
- 181-24 (3) conditioned on the compliance of the course
- 181-25 provider and its officers, agents, and employees with this chapter
- 181-26 and rules adopted under this chapter; and
- 181-27 (4) issued for a period corresponding to the term of
- 181-28 the license.

181-29 SECTION 8.25. Section 1001.210, Education Code, is amended
181-30 to read as follows:

181-31 Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the
181-32 bond required by Section 1001.207 or 1001.209, a driver education
181-33 school or course provider may provide another form of security that
181-34 is:

- 181-35 (1) [~~(A)~~] approved by the department [~~commissioner~~];
- 181-36 and
- 181-37 (2) [~~(B)~~] in the amount required for a comparable bond
- 181-38 under Section 1001.207 or 1001.209.

181-39 SECTION 8.26. Subsections (a) and (b), Section 1001.211,
181-40 Education Code, are amended to read as follows:

- 181-41 (a) The department [~~commissioner~~] shall issue a license to
- 181-42 an applicant for a license under this subchapter if:
- 181-43 (1) the application is submitted in accordance with
- 181-44 this subchapter; and
- 181-45 (2) the applicant meets the requirements of this
- 181-46 chapter.
- 181-47 (b) A license must be in a form determined by the department
- 181-48 [~~commissioner~~] and must show in a clear and conspicuous manner:
- 181-49 (1) the date of issuance, effective date, and term of
- 181-50 the license;
- 181-51 (2) the name and address of the driver training school
- 181-52 or course provider;
- 181-53 (3) the authority for and conditions of approval;
- 181-54 (4) the executive director's [~~commissioner's~~]
- 181-55 signature; and
- 181-56 (5) any other fair and reasonable representation that
- 181-57 is consistent with this chapter and that the department
- 181-58 [~~commissioner~~] considers necessary.

181-59 SECTION 8.27. Section 1001.212, Education Code, is amended
181-60 to read as follows:

181-61 Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department
181-62 [~~commissioner~~] shall provide a person whose application for a
181-63 license under this subchapter is denied a written statement of the
181-64 reasons for the denial.

181-65 SECTION 8.28. Subsections (c) and (d), Section 1001.213,
181-66 Education Code, are amended to read as follows:

- 181-67 (c) The commission may establish [~~Instead of the~~] fees
- 181-68 [~~required by Section 1001.151, the fee~~] for a new driver education
- 181-69 school or course provider license under Subsection (b) and [~~is~~

182-1 ~~\$500, plus \$200] for each branch location that are different from~~
182-2 ~~the amounts established under Section 1001.151[7] if:~~

182-3 (1) the new owner is substantially similar to the
182-4 previous owner; and

182-5 (2) there is no significant change in the management
182-6 or control of the driver education school or course provider.

182-7 (d) The department [~~commissioner~~] is not required to
182-8 reinspect a school or a branch location after a change of ownership.

182-9 SECTION 8.29. Section 1001.214, Education Code, is amended
182-10 to read as follows:

182-11 Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may
182-12 be issued to a driver training school or course provider if:

182-13 (1) the original license is lost or destroyed; and

182-14 (2) an affidavit of that fact is filed with the
182-15 department [~~agency~~].

182-16 SECTION 8.30. Sections 1001.251, 1001.252, and 1001.253,
182-17 Education Code, are amended to read as follows:

182-18 Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A
182-19 person may not teach or provide driver education, either as an
182-20 individual or in a driver education school, or conduct any phase of
182-21 driver education, unless the person holds a driver education
182-22 instructor license issued by the department [~~agency~~].

182-23 (b) A person may not teach or provide driving safety
182-24 training, either as an individual or in a driving safety school, or
182-25 conduct any phase of driving safety education, unless the person
182-26 holds a driving safety instructor license issued by the department
182-27 [~~agency~~]. This subsection does not apply to an instructor of a
182-28 driving safety course that does not provide a uniform certificate
182-29 of course completion to its graduates.

182-30 Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A
182-31 license under this subchapter must be signed by the executive
182-32 director [~~commissioner~~].

182-33 Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING.
182-34 (a) The department [~~commissioner~~] shall establish standards for
182-35 certification of professional and paraprofessional personnel who
182-36 conduct driver education programs in driver education schools.

182-37 (b) A driver education instructor license authorizing a
182-38 person to teach or provide behind-the-wheel training may not be
182-39 issued unless the person has successfully completed six semester
182-40 hours of driver and traffic safety education or a program of study
182-41 in driver education approved by the department [~~commissioner~~] from
182-42 an approved driver education school.

182-43 (c) A person who holds a driver education instructor license
182-44 authorizing behind-the-wheel training may not be approved to assist
182-45 a classroom instructor in the classroom phase of driver education
182-46 unless the person has successfully completed the three additional
182-47 semester hours of training required for a classroom instructor or a
182-48 program of study in driver education approved by the department
182-49 [~~commissioner~~].

182-50 (d) Except as provided by Section 1001.254, a driver
182-51 education instructor license authorizing a person to teach or
182-52 provide classroom training may not be issued unless the person:

182-53 (1) has completed nine semester hours of driver and
182-54 traffic safety education or a program of study in driver education
182-55 approved by the department [~~commissioner~~] from an approved driver
182-56 education school; and

182-57 (2) holds a teaching certificate and any additional
182-58 certification required to teach driver education.

182-59 (e) A driver education instructor who has completed the
182-60 educational requirements prescribed by Subsection (d)(1) may not
182-61 teach instructor training classes unless the instructor has
182-62 successfully completed a supervising instructor development
182-63 program consisting of at least six additional semester hours or a
182-64 program of study in driver education approved by the department
182-65 [~~commissioner~~] that includes administering driver education
182-66 programs and supervising and administering traffic safety
182-67 education.

182-68 (f) A driver education school may submit for department
182-69 [~~agency~~] approval a curriculum for an instructor development

183-1 program for driver education instructors. The program must:

183-2 (1) be taught by a person who has completed a
183-3 supervising instructor development program under Subsection (e);
183-4 and

183-5 (2) satisfy the requirements of this section for the
183-6 particular program or type of training to be provided.

183-7 SECTION 8.31. Subsection (a), Section 1001.254, Education
183-8 Code, is amended to read as follows:

183-9 (a) A temporary driver education instructor license may be
183-10 issued authorizing a person to teach or provide classroom driver
183-11 education training if the person:

183-12 (1) has completed the educational requirements
183-13 prescribed by Section 1001.253(d)(1);

183-14 (2) holds a Texas teaching certificate with an
183-15 effective date before February 1, 1986;

183-16 (3) meets all license requirements, other than
183-17 successful completion of the examination required under rules
183-18 adopted by the State Board for Educator Certification to revalidate
183-19 the teaching certificate; and

183-20 (4) demonstrates, in a manner prescribed by the
183-21 department [~~commissioner~~], the intention to comply with the
183-22 examination requirement at the first available opportunity.

183-23 SECTION 8.32. Subsections (a), (b), and (c), Section
183-24 1001.255, Education Code, are amended to read as follows:

183-25 (a) The department [~~agency~~] shall regulate as a driver
183-26 education school a driver education instructor who:

183-27 (1) teaches driver education courses in a county
183-28 having a population of 50,000 or less; and

183-29 (2) does not teach more than 200 students annually.

183-30 (b) An instructor described by Subsection (a) must submit to
183-31 the department [~~agency~~] an application for an initial or renewal
183-32 driver education school license, together with all required
183-33 documentation and information.

183-34 (c) The department [~~commissioner~~] may waive initial or
183-35 renewal driver education school license fees or the fee for a
183-36 director or administrative staff member.

183-37 SECTION 8.33. Section 1001.256, Education Code, is amended
183-38 to read as follows:

183-39 Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may
183-40 be issued to a driver education instructor or driving safety
183-41 instructor if:

183-42 (1) the original license is lost or destroyed; and

183-43 (2) an affidavit of that fact is filed with the
183-44 department [~~agency~~].

183-45 SECTION 8.34. The heading to Subchapter G, Chapter 1001,
183-46 Education Code, is amended to read as follows:

183-47 SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

183-48 SECTION 8.35. Subsection (b), Section 1001.351, Education
183-49 Code, as amended by H.B. No. 468, Acts of the 79th Legislature,
183-50 Regular Session, 2005, is amended to read as follows:

183-51 (b) A course provider shall electronically submit to the
183-52 department [~~agency~~] in the manner established by the department
183-53 [~~agency~~] data identified by the department [~~agency~~] relating to
183-54 uniform certificates of course completion issued by the course
183-55 provider.

183-56 SECTION 8.36. Subsections (a) and (b), Section 1001.354,
183-57 Education Code, are amended to read as follows:

183-58 (a) A driving safety course may be taught at a driving
183-59 safety school if the school is approved by the department [~~agency~~].

183-60 (b) A driving safety school may teach an approved driving
183-61 safety course by an alternative method that does not require
183-62 students to be present in a classroom if the department
183-63 [~~commissioner~~] approves the alternative method. The department
183-64 [~~commissioner~~] may approve the alternative method if:

183-65 (1) the department [~~commissioner~~] determines that the
183-66 approved driving safety course can be taught by the alternative
183-67 method; and

183-68 (2) the alternative method includes testing and
183-69 security measures that are at least as secure as the measures

184-1 available in the usual classroom setting.

184-2 SECTION 8.37. Subsections (b) and (c), Section 1001.404,
184-3 Education Code, are amended to read as follows:

184-4 (b) The department [~~commissioner~~] shall establish annually
184-5 the rate of interest for a refund at a rate sufficient to provide a
184-6 deterrent to the retention of student money.

184-7 (c) The department [~~agency~~] may except a driver education
184-8 school or course provider from the payment of interest if the school
184-9 or course provider makes a good-faith effort to refund tuition,
184-10 fees, and other charges but is unable to locate the student to whom
184-11 the refund is owed. On request of the department [~~agency~~], the
184-12 school or course provider shall document the effort to locate a
184-13 student.

184-14 SECTION 8.38. Sections 1001.451 and 1001.452, Education
184-15 Code, are amended to read as follows:

184-16 Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

184-17 (1) use advertising designed to mislead or deceive a
184-18 prospective student;

184-19 (2) fail to notify the department [~~commissioner~~] of
184-20 the discontinuance of the operation of a driver training school
184-21 before the fourth working day after the date of cessation of classes
184-22 and make available accurate records as required by this chapter;

184-23 (3) issue, sell, trade, or transfer:

184-24 (A) a uniform certificate of course completion or
184-25 driver education certificate to a person or driver training school
184-26 not authorized to possess the certificate;

184-27 (B) a uniform certificate of course completion to
184-28 a person who has not successfully completed an approved, six-hour
184-29 driving safety course; or

184-30 (C) a driver education certificate to a person
184-31 who has not successfully completed a department-approved
184-32 [~~commissioner-approved~~] driver education course;

184-33 (4) negotiate a promissory instrument received as
184-34 payment of tuition or another charge before the student completes
184-35 75 percent of the course, except that before that time the
184-36 instrument may be assigned to a purchaser who becomes subject to any
184-37 defense available against the school named as payee; or

184-38 (5) conduct any part of an approved driver education
184-39 course or driving safety course without having an instructor
184-40 physically present in appropriate proximity to the student for the
184-41 type of instruction being given.

184-42 Sec. 1001.452. COURSE OF INSTRUCTION. A driver training
184-43 school may not maintain, advertise, solicit for, or conduct a
184-44 course of instruction in this state before the later of:

184-45 (1) the 30th day after the date the school applies for
184-46 a driver training school license; or

184-47 (2) the date the school receives a driver training
184-48 school license from the department [~~commissioner~~].

184-49 SECTION 8.39. Subsections (d) and (e), Section 1001.453,
184-50 Education Code, are amended to read as follows:

184-51 (d) Subchapter F, Chapter 51, Occupations Code, Section
184-52 51.353, Occupations Code, and Section [~~Sections 1001.454,~~]
184-53 1001.456(a) of this code [~~, and 1001.553~~] do not apply to a violation
184-54 of this section or a rule adopted under this section.

184-55 (e) Section 51.352, Occupations Code, and Sections
184-56 [1001.455(a)(6),] 1001.501 [~~, 1001.551, 1001.552,~~] and 1001.554 of
184-57 this code do not apply to a violation of this section.

184-58 SECTION 8.40. Section 1001.456, Education Code, as amended
184-59 by H.B. No. 468, Acts of the 79th Legislature, Regular Session,
184-60 2005, is amended to read as follows:

184-61 Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the
184-62 department [~~agency~~] believes that a driver education school or
184-63 instructor has violated this chapter or a rule or order of the
184-64 commission or executive director [~~adopted under this chapter~~], the
184-65 department [~~agency~~] may, without notice:

184-66 (1) order a peer review;

184-67 (2) suspend the enrollment of students in the school
184-68 or the offering of instruction by the instructor; or

184-69 (3) suspend the right to purchase driver education

185-1 certificates.

185-2 (b) If the department [~~agency~~] believes that a course
185-3 provider, driving safety school, or driving safety instructor has
185-4 violated this chapter or a rule or order of the commission or
185-5 executive director [~~adopted under this chapter~~], the department
185-6 [~~agency~~] may, without notice:

185-7 (1) order a peer review of the course provider,
185-8 driving safety school, or driving safety instructor;

185-9 (2) suspend the enrollment of students in the school
185-10 or the offering of instruction by the instructor; or

185-11 (3) suspend the right to purchase course completion
185-12 certificate numbers.

185-13 (c) A peer review ordered under this section must be
185-14 conducted by a team of knowledgeable persons selected by the
185-15 department [~~agency~~]. The team shall provide the department
185-16 [~~agency~~] with an objective assessment of the content of the
185-17 school's or course provider's curriculum and its application. The
185-18 school or course provider shall pay the costs of the peer review.

185-19 (d) A suspension of enrollment under Subsection (a)(2) or
185-20 (b)(2) means a ruling by the executive director [~~commissioner~~] that
185-21 restricts a school from:

185-22 (1) accepting enrollments or reenrollments;

185-23 (2) advertising;

185-24 (3) soliciting; or

185-25 (4) directly or indirectly advising prospective
185-26 students of its program or course offerings.

185-27 SECTION 8.41. The heading to Subchapter L, Chapter 1001,
185-28 Education Code, is amended to read as follows:

185-29 SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

185-30 SECTION 8.42. Subsection (b), Section 1001.555, Education
185-31 Code, is amended to read as follows:

185-32 (b) The department [~~agency~~] shall contract with the
185-33 Department of Public Safety [~~department~~] to provide undercover and
185-34 investigative assistance in the enforcement of Subsection (a).

185-35 SECTION 8.43. Subsection (b), Article 45.0511, Code of
185-36 Criminal Procedure, as amended by H.B. No. 370, Acts of the 79th
185-37 Legislature, Regular Session, 2005, is amended to read as follows:

185-38 (b) The judge shall require the defendant to successfully
185-39 complete a driving safety course approved by the Texas Department
185-40 of Licensing and Regulation [~~Education Agency~~] or a course under
185-41 the motorcycle operator training and safety program approved by the
185-42 designated state agency under Chapter 662, Transportation Code, if:

185-43 (1) the defendant elects driving safety course or
185-44 motorcycle operator training course dismissal under this article;

185-45 (2) the defendant:

185-46 (A) has not completed an approved driving safety
185-47 course or motorcycle operator training course, as appropriate,
185-48 within the 12 months preceding the date of the offense; or

185-49 (B) does not have a valid Texas driver's license
185-50 or permit, is a member of the United States military forces serving
185-51 on active duty, and has not completed a driving safety course or
185-52 motorcycle operator training course, as appropriate, in another
185-53 state within the 12 months preceding the date of the offense;

185-54 (3) the defendant enters a plea under Article 45.021
185-55 in person or in writing of no contest or guilty on or before the
185-56 answer date on the notice to appear and:

185-57 (A) presents in person or by counsel to the court
185-58 a request to take a course; or

185-59 (B) sends to the court by certified mail, return
185-60 receipt requested, postmarked on or before the answer date on the
185-61 notice to appear, a written request to take a course;

185-62 (4) the defendant:

185-63 (A) has a valid Texas driver's license or permit;
185-64 or

185-65 (B) is a member of the United States military
185-66 forces serving on active duty;

185-67 (5) the defendant is charged with an offense to which
185-68 this article applies, other than speeding 25 miles per hour or more
185-69 over the posted speed limit; and

186-1 (6) the defendant provides evidence of financial
186-2 responsibility as required by Chapter 601, Transportation Code.

186-3 SECTION 8.44. Section 51.308, Education Code, is amended to
186-4 read as follows:

186-5 Sec. 51.308. DRIVER EDUCATION. A driver education course
186-6 for the purpose of preparing students to obtain a driver's license
186-7 may be offered by an institution of higher education, as defined by
186-8 Section 61.003, with the approval of the Texas Department of
186-9 Licensing and Regulation [~~Central Education Agency~~].

186-10 SECTION 8.45. Subsection (a), Section 521.1655,
186-11 Transportation Code, is amended to read as follows:

186-12 (a) A driver education school licensed under Chapter 1001,
186-13 Education Code, [~~the Texas Driver and Traffic Safety Education Act~~
186-14 ~~(Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer
186-15 to a student of that school the vision, highway sign, and traffic
186-16 law parts of the examination required by Section 521.161.

186-17 SECTION 8.46. Section 521.203, Transportation Code, is
186-18 amended to read as follows:

186-19 Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The
186-20 department may not issue a Class A or Class B driver's license to a
186-21 person who:

186-22 (1) is under 17 years of age;

186-23 (2) is under 18 years of age unless the person has
186-24 completed a driver training course approved by the Texas Department
186-25 of Licensing and Regulation [~~Central Education Agency~~]; or

186-26 (3) has not provided the department with an affidavit,
186-27 on a form prescribed by the department, that states that no vehicle
186-28 that the person will drive that requires a Class A or Class B
186-29 license is a commercial motor vehicle as defined by Section
186-30 522.003.

186-31 SECTION 8.47. Subsections (b) and (d), Section 521.205,
186-32 Transportation Code, are amended to read as follows:

186-33 (b) The department may not approve a course unless it
186-34 determines that the course materials are at least equal to those
186-35 required in a course approved by the Texas Department of Licensing
186-36 and Regulation [~~Education Agency~~], except that the department may
186-37 not require that:

186-38 (1) the classroom instruction be provided in a room
186-39 with particular characteristics or equipment; or

186-40 (2) the vehicle used for the behind-the-wheel
186-41 instruction have equipment other than the equipment otherwise
186-42 required by law for operation of the vehicle on a highway while the
186-43 vehicle is not being used for driver training.

186-44 (d) Completion of a driver education course approved under
186-45 this section has the same effect under this chapter as completion of
186-46 a driver education course approved by the Texas Department of
186-47 Licensing and Regulation [~~Education Agency~~].

186-48 SECTION 8.48. Subdivision (1), Section 1001.001,
186-49 Subsections (b) and (c), Section 1001.053, Subsections (a) and (b),
186-50 Section 1001.054, and Sections 1001.152, 1001.303, 1001.304,
186-51 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460,
186-52 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and
186-53 Subchapter B, Chapter 543, Transportation Code, are repealed.

186-54 SECTION 8.49. (a) As soon as practicable after the
186-55 effective date of this Act, the Texas Education Agency and the Texas
186-56 Department of Licensing and Regulation shall develop a transition
186-57 plan for transferring the functions performed by the Texas
186-58 Education Agency under Chapter 1001, Education Code, to the Texas
186-59 Department of Licensing and Regulation. The transition plan must
186-60 include a timetable with specific steps and deadlines needed to
186-61 complete the transfer.

186-62 (b) In accordance with the transition plan developed by the
186-63 Texas Education Agency and the Texas Department of Licensing and
186-64 Regulation under Subsection (a) of this section, on January 1,
186-65 2006:

186-66 (1) all functions and activities relating to Chapter
186-67 1001, Education Code, performed by the Texas Education Agency
186-68 immediately before that date are transferred to the Texas
186-69 Department of Licensing and Regulation;

187-1 (2) a rule or form adopted by the commissioner of
 187-2 education that relates to Chapter 1001, Education Code, is a rule or
 187-3 form of the Texas Commission of Licensing and Regulation or the
 187-4 Texas Department of Licensing and Regulation, as applicable, and
 187-5 remains in effect until amended or replaced by that commission or
 187-6 department;

187-7 (3) a reference in law to or an administrative rule of
 187-8 the Texas Education Agency that relates to Chapter 1001, Education
 187-9 Code, means the Texas Commission of Licensing and Regulation or the
 187-10 Texas Department of Licensing and Regulation, as applicable;

187-11 (4) a complaint, investigation, or other proceeding
 187-12 before the Texas Education Agency that is related to Chapter 1001,
 187-13 Education Code, is transferred without change in status to the
 187-14 Texas Department of Licensing and Regulation, and the Texas
 187-15 Department of Licensing and Regulation assumes, as appropriate and
 187-16 without a change in status, the position of the Texas Education
 187-17 Agency in an action or proceeding to which the Texas Education
 187-18 Agency is a party;

187-19 (5) all money, contracts, leases, property, and
 187-20 obligations of the Texas Education Agency related to Chapter 1001,
 187-21 Education Code, are transferred to the Texas Department of
 187-22 Licensing and Regulation;

187-23 (6) all property in the custody of the Texas Education
 187-24 Agency related to Chapter 1001, Education Code, is transferred to
 187-25 the Texas Department of Licensing and Regulation; and

187-26 (7) the unexpended and unobligated balance of any
 187-27 money appropriated by the legislature for the Texas Education
 187-28 Agency related to Chapter 1001, Education Code, is transferred to
 187-29 the Texas Department of Licensing and Regulation.

187-30 (c) In accordance with the transition plan developed by the
 187-31 Texas Education Agency and the Texas Department of Licensing and
 187-32 Regulation under Subsection (a) of this section, on January 1,
 187-33 2006, all full-time equivalent employee positions at the Texas
 187-34 Education Agency that primarily concern the administration of
 187-35 Chapter 1001, Education Code, become positions at the Texas
 187-36 Department of Licensing and Regulation. When filling the
 187-37 positions, the Texas Department of Licensing and Regulation shall
 187-38 give first consideration to an applicant who, as of December 31,
 187-39 2005, was a full-time employee at the Texas Education Agency
 187-40 primarily involved in administering Chapter 1001, Education Code.

187-41 (d) Before January 1, 2006, the Texas Education Agency may
 187-42 agree with the Texas Department of Licensing and Regulation to
 187-43 transfer any property of the Texas Education Agency to the Texas
 187-44 Department of Licensing and Regulation to implement the transfer
 187-45 required by this Act.

187-46 (e) In the period beginning with the effective date of this
 187-47 Act and ending on January 1, 2006, the Texas Education Agency shall
 187-48 continue to perform functions and activities under Chapter 1001,
 187-49 Education Code, as if that chapter had not been amended by this Act,
 187-50 and the former law is continued in effect for that purpose.

187-51 (f) If this Act does not take effect immediately, an action
 187-52 required to be taken under this section on or before January 1,
 187-53 2006, by the Texas Education Agency or the Texas Department of
 187-54 Licensing and Regulation shall be taken as soon as practicable
 187-55 after the effective date of this Act, but not later than March 1,
 187-56 2006.

187-57 SECTION 8.50. The changes in law made by this article apply
 187-58 only to a fee charged on or after January 1, 2006. A fee charged
 187-59 before January 1, 2006, is governed by the law in effect immediately
 187-60 before that date, and the former law is continued in effect for that
 187-61 purpose.

187-62 SECTION 8.51. The changes in law made by this article apply
 187-63 only to a license issued or renewed on or after January 1, 2006. An
 187-64 issuance or renewal that occurs before January 1, 2006, is governed
 187-65 by the law in effect immediately before that date, and the former
 187-66 law is continued in effect for that purpose.

187-67 ARTICLE 9. APPROPRIATION FOR TEXAS EDUCATION AGENCY

187-68 SECTION 9.01. The several sums of money herein specified,
 187-69 or so much thereby as may be necessary, are appropriated out of any

funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the Texas Education Agency:

	For the Years Ending	
	<u>August 31, 2006</u>	<u>August 31, 2007</u>
188-6	Method of Financing:	
188-7	<u>General Revenue Fund</u>	
188-8	\$ 523,690,734	\$ 524,368,466
188-9	1,271,000,000	1,622,000,000
188-10	329,057,832	1,971,597
188-11	8,556,398,505	7,979,015,981
188-12	18,359,121	18,378,121
188-13		
188-14	2,000,000	2,000,000
188-15		
188-16	1,045,000,000	1,046,000,000
188-17	<u>\$ 11,745,506,192</u>	<u>\$ 11,193,734,165</u>
188-18	<u>General Revenue Fund - Dedicated</u>	
188-19	115,000,000	115,000,000
188-20	42,960	42,960
188-21	<u>\$ 115,042,960</u>	<u>\$ 115,042,960</u>
188-22	<u>Federal Funds</u>	
188-23	13,153,500	13,153,500
188-24	2,939,024,866	2,938,215,169
188-25		
188-26	1,058,000,000	1,104,000,000
188-27	<u>\$ 4,010,178,366</u>	<u>\$ 4,055,368,669</u>
188-28	<u>Other Funds</u>	
188-29	1,133,000,000	1,284,000,000
188-30		
188-31	50,000,000	50,000,000
188-32	6,851,389	6,914,804
188-33	451,636	448,905
188-34	<u>\$ 1,190,303,025</u>	<u>\$ 1,341,363,709</u>
188-35	<u>\$17,061,030,543</u>	<u>\$16,705,509,503</u>
188-36	Other Direct and Indirect Costs Appropriated	
188-37	\$ 1,340,119	\$ 1,319,693
188-38	This bill pattern represents an estimated 100% of	
188-39	this agency's estimated total available funds	
188-40	for the biennium.	
188-41	Number of Full-Time-Equivalents (FTE): 797.0	797.0
188-42	Schedule of Exempt Positions:	
188-43	Commissioner, Group 6 \$164,748	\$164,748
188-44	Executive Director, State Board for Educator Certification, Group 3 78,000	78,000
188-45		
188-46	Items of Appropriation:	
188-47	A. Goal: PROGRAM LEADERSHIP	
188-48	A.1.1. Strategy: FSP - EQUALIZED \$ 11,293,400,000	\$ 11,224,000,000
188-49	OPERATIONS Foundation School Program -	
188-50	Equalized Operations.	
188-51	A.1.2. Strategy: FSP - EQUALIZED \$ 765,000,000	\$ 774,000,000
188-52	FACILITIES	
188-53	Foundation School Program - Equalized	
188-54	Facilities.	
188-55	A.2.1. Strategy: STUDENT SUCCESS \$ 411,502,833	\$ 411,513,111

189-1	Statewide Initiatives to Further Student		
189-2	Achievement.		
189-3	A.2.2. Strategy: ACHIEVEMENT OF STUDENTS AT	\$ 1,317,068,251	\$ 1,317,121,454
189-4	RISK		
189-5	Resources for Low-income and Other At-risk		
189-6	Students.		
189-7	A.2.3. Strategy: STUDENTS WITH DISABILITIES	\$ 961,715,519	\$ 961,715,519
189-8	Resources for Mentally/Physically Disabled		
189-9	Students.		
189-10	A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT	\$ 159,084,132	\$ 159,085,478
189-11	PGMS		
189-12	Grants for School and Program Improvement and		
189-13	Innovation.		
189-14	A.2.5. Strategy: ADULT EDUCATION & FAMILY		
189-15	LITERACY	<u>\$ 74,894,091</u>	<u>\$ 74,894,091</u>
189-16	Total, Goal A: PROGRAM LEADERSHIP	<u>\$15,322,264,826</u>	<u>\$14,922,329,653</u>
189-17			
189-18	B. Goal: OPERATIONAL EXCELLENCE		
189-19	B.1.1. Strategy: ASSESSMENT & ACCOUNTABILITY		
189-20	SYSTEM	\$ 61,207,441	\$ 61,207,441
189-21	B.2.1. Strategy: EDUCATIONAL TECHNOLOGY	\$ 42,220,916	\$ 42,245,510
189-22	B.2.2. Strategy: SAFE SCHOOLS	\$ 56,696,728	\$ 57,460,542
189-23	School Safety Programs and Education in		
189-24	Disciplinary Programs.		
189-25	B.2.3. Strategy: CHILD NUTRITION PROGRAMS	\$ 1,072,400,000	\$ 1,118,400,000
189-26	B.2.4. Strategy: WINDHAM SCHOOL DISTRICT	\$ 57,569,745	\$ 57,569,745
189-27	Educational Resources for Prison Inmates.		
189-28	B.3.1. Strategy: IMPROVING TEACHER QUALITY	\$ 372,311,979	\$ 372,396,121
189-29	Funds for Teacher Training and Education		
189-30	Service Centers.		
189-31	B.3.2. Strategy: AGENCY OPERATIONS	\$ 31,552,314	\$ 31,653,501
189-32	B.3.3. Strategy: CENTRAL ADMINISTRATION	\$ 10,337,833	\$ 10,338,027
189-33	B.3.4. Strategy: INFORMATION SYSTEMS -		
189-34	TECHNOLOGY	<u>\$ 16,025,761</u>	<u>\$ 13,446,963</u>
189-35	Total, Goal B: OPERATIONAL EXCELLENCE	<u>\$ 1,720,322,717</u>	<u>\$ 1,764,717,850</u>
189-36			
189-37	C. Goal: EDUCATOR CERTIFICATION		
189-38	State Board for Educator Certification.		
189-39	C.1.1. Strategy: EDUCATOR QUALITY AND		
189-40	CREDENTIALING	\$ 4,165,093	\$ 4,165,093
189-41	Educator Credentialing and Educator		
189-42	Preparation Program Review.		
189-43	C.1.2. Strategy: CERTIFICATION EXAM		
189-44	ADMINISTRATION	\$ 10,381,994	\$ 10,400,994
189-45	Educator Certification Exam Services.		
189-46	Estimated and nontransferable.		
189-47	C.1.3. Strategy: RETENTION, RECRUITMENT	\$ 83,879	\$ 83,879
189-48	Retention, Recruitment, and Continuing		
189-49	Professional Development.		
189-50	C.1.4. Strategy: EDUCATOR PROFESSIONAL	<u>\$ 3,812,034</u>	<u>\$ 3,812,034</u>
189-51	CONDUCT		
189-52	Total, Goal C: EDUCATOR CERTIFICATION	<u>\$ 18,443,000</u>	<u>\$ 18,462,000</u>
189-53	Grand Total, TEXAS EDUCATION AGENCY	<u>\$17,061,030,543</u>	<u>\$16,705,509,503</u>
189-54	Supplemental Appropriations Made in Riders:	\$ (145,000,000)	\$ 0
189-55			
189-56	Object-of-Expense Informational Listing:		
189-57	Salaries and Wages	\$ 29,279,613	\$ 29,280,996
189-58	Other Personnel Costs	2,089,648	2,089,648
189-59	Professional Fees and Services	95,960,793	94,324,102
189-60	Fuels and Lubricants	3,570	3,570
189-61	Consumable Supplies	338,153	338,153
189-62	Utilities	162,046	162,045
189-63	Travel	868,079	868,079
189-64	Rent - Building	546,720	546,720

190-1	Rent - Machine and Other	1,265,644	1,265,644
190-2	Other Operating Expense	14,230,663	14,225,201
190-3	Client Services	3,100,500	3,100,500
190-4	Grants	16,766,611,825	16,558,549,202
190-5	Capital Expenditures	<u>1,573,289</u>	<u>755,643</u>
190-6			

190-7	Total, Object-of-Expense Informational Listing	<u>\$16,916,030,543</u>	<u>\$16,705,509,503</u>
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190-8
 190-9 **Estimated Allocations for Employee Benefits and**
 190-10 **Debt Service Appropriations Made Elsewhere in**
 190-11 **this Act:**

190-12	<u>Employee Benefits</u>		
190-13	Retirement	\$ 1,812,504	\$ 1,848,754
190-14	Group Insurance	6,276,877	6,870,441
190-15	Social Security	2,483,220	2,532,885
190-16	Benefits Replacement	<u>297,586</u>	<u>282,707</u>

190-17	Subtotal, Employee Benefits	<u>\$ 10,870,187</u>	<u>\$ 11,534,787</u>
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190-18
 190-19
 190-20
 190-21 **Total, Estimated Allocations for Employee**
 190-22 **Benefits and Debt Service Appropriations**
 190-23 **Made Elsewhere in this Act**

190-23		<u>\$ 10,870,187</u>	<u>\$ 11,534,787</u>
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190-24 **1. Performance Measure Targets.** The following is a listing of the
 190-25 key performance target levels for the Texas Education Agency. It is
 190-26 the intent of the Legislature that appropriations made by this Act
 190-27 be utilized in the most efficient and effective manner possible to
 190-28 achieve the intended mission of the Texas Education Agency. In
 190-29 order to achieve the objectives and service standards established
 190-30 by this Act, the Texas Education Agency shall make every effort to
 190-31 attain the following designated key performance target levels
 190-32 associated with each item of appropriation.

190-33
 190-34

	<u>2006</u>	<u>2007</u>
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190-35 **A. Goal: PROGRAM LEADERSHIP**

190-36 **Outcome (Results/Impact):**

190-37	Percent of Students Completing High School	95.5%	96.2%
190-38	Percent of African-American Students	93.9%	94.2%
190-39	Completing High School		
190-40	Percent of Hispanic Students Completing High	92.9%	93.2%
190-41	School		
190-42	Percent of White Students Completing High	97.8%	97.8%
190-43	School		
190-44	Percent of Asian-American Students Completing	98.1%	98.1%
190-45	High School		
190-46	Percent of Native American Students Completing	96.8%	97%
190-47	High School		
190-48	Percent of Economically Disadvantaged Students	93.4%	93.6%
190-49	Completing High School		
190-50	Percent of Equalized Revenue in the Foundation	98%	98%
190-51	School Program		
190-52	Percent of Students in Districts with	85%	85%
190-53	Substantially Equal Access to Revenues		
190-54	Percent of Students Graduating under the	60%	65%
190-55	Recommended or Distinguished Achievement		
190-56	High School Program		
190-57	Percent of Students with Auditory Impairment	92%	92%
190-58	in Regional Day Schools for the Deaf Who		
190-59	Graduate from High School		
190-60	Percent of Students with Disabilities Who	92.5%	93%
190-61	Complete High School		
190-62	Percent of Eligible Students Taking Advanced	25%	28%
190-63	Placement/International Baccalaureate Exams		
190-64	Percentage of AP/IB Exams Taken on Which the	60%	61%
190-65	Score Qualifies for College Credit or		
190-66	Advanced Placement		

190-

191-1	Percent of Students Exiting Bilingual/English as a Second Language Programs Successfully	75%	75%
191-2	Percent of Students Retained in Grade 3	2.6%	2.6%
191-3	Percent of Students Retained in Grade ____	4.4%	4.4%
191-4	Percent of Students in State-funded Optional Extended-year Programs Promoted to the Next Grade Level as a Result of the Program	91.5%	92%
191-5	Percent of Adult Learners Who Complete the Level in Which They Are Enrolled	42%	44%
191-6	Percent of Parents Participating in AVANCE Programs Who Complete the Adult Education Level at Which They Are Enrolled	65%	67%
191-7	Percent Campuses That Meet Adequate Yearly Progress	73.7%	66.4%
191-8	Percent of Total Developmental Disabilities Plan Activities Initiated	93.5%	93.5%
191-9	A.1.1. Strategy: FSP - EQUALIZED OPERATIONS		
191-10	Output (Volume):		
191-11	Total Average Daily Attendance (ADA) - Includes Regular and Charter Schools	4,190,426	4,284,617
191-12	Total Average Daily Attendance (ADA) - Open-enrollment Charter Schools Only	61,891	63,981
191-13	Number of Students Served by Compensatory Education Programs and Services	1,811,199	1,847,255
191-14	Number of Textbooks and Digital Content Purchased from Conforming Lists	6,447,310	5,027,830
191-15	Number of Textbooks and Digital Content Purchased from Nonconforming Lists	55,927	44,126
191-16	Efficiencies:		
191-17	Average Cost Per Textbook and Digital Content Purchased	22.16	19.57
191-18	Explanatory:		
191-19	Special Education Full-time Equivalent (FTEs)	170,749	174,069
191-20	Compensatory Education Average Daily Attendance	2,376,589	2,447,887
191-21	Career and Technology Education Full-time Equivalent (FTEs)	171,394	174,650
191-22	Bilingual Education/English as a Second Language Average Daily Attendance	590,872	620,415
191-23	Gifted and Talented Average Daily Attendance	206,117	210,419
191-24	A.1.2. Strategy: FSP - EQUALIZED FACILITIES		
191-25	Output (Volume):		
191-26	Number of Districts Receiving IFA	425	445
191-27	Total Amount of State and Local Funds Allocated for Debt for Facilities (Billions)	2.7	2.7
191-28	A.2.1. Strategy: STUDENT SUCCESS		
191-29	Output (Volume):		
191-30	Number of Students Served by the Prekindergarten Grant Programs	47,000	47,000
191-31	Number of Students Participating in the Student Success Initiative Accelerated Reading Program	423,027	423,027
191-32	Number of Students in Tech-prep Programs	158,000	168,000
191-33	Number of Students Served in Summer School Programs for Limited English-proficient Students	46,500	48,500
191-34	A.2.2. Strategy: ACHIEVEMENT OF STUDENTS AT RISK		
191-35	Output (Volume):		
191-36	Number of Title I Campuses Rated Exemplary or Recognized	1,211	1,223
191-37	A.2.3. Strategy: STUDENTS WITH DISABILITIES		
191-38	Output (Volume):		
191-39	Number of Students Served by Regional Day Schools for the Deaf	4,670	4,680
191-40	Number of Students Served by Statewide Programs for the Visually Impaired	7,642	7,819

192-1	A.2.4. Strategy: SCHOOL IMPROVEMENT & SUPPORT		
192-2	PGMS		
192-3	Output (Volume):		
192-4	Number of Pregnant Teens and Teen Parents		
192-5	Served by Teen Pregnancy and		
192-6	Parenting Programs	22,000	22,000
192-7	Number of Students Served by State-funded		
192-8	Optional Extended-year Programs	189,211	192,995
192-9	Number of Case-managed Students Participating		
192-10	in Communities in Schools	73,762	73,762
192-11	Efficiencies:		
192-12	Average State Cost Per Communities in		
192-13	Schools Participant	296	296
192-14	Explanatory:		
192-15	Number of Open-enrollment Charter Schools	202	204
192-16	A.2.5. Strategy: ADULT EDUCATION & FAMILY		
192-17	LITERACY		
192-18	Output (Volume):		
192-19	Number of Students Served through State		
192-20	Adult Education Cooperatives	150,000	160,000
192-21	B. Goal: OPERATIONAL EXCELLENCE		
192-22	Outcome (Results/Impact):		
192-23	Percent of Students Passing All Tests Taken	70%	72%
192-24	Percent of African-American Students Passing		
192-25	All Tests Taken	60%	63%
192-26	Percent of Hispanic Students Passing All		
192-27	Tests Taken	60%	63%
192-28	Percent of White Students Passing All		
192-29	Tests Taken	84%	85%
192-30	Percent of Asian-American Students Passing		
192-31	All Tests Taken	87%	88%
192-32	Percent of Native American Students Passing	73%	75%
192-33	All Tests Taken		
192-34	Percent of Economically Disadvantaged		
192-35	Students Passing All Tests Taken	60%	63%
192-36	Percent of Students Reading at Grade Level		
192-37	(3rd Grade Only)	93%	94%
192-38	Percent of Students Passing TAKS Reading	87%	88%
192-39	Percent of Students Passing TAKS Mathematics	78%	80%
192-40	Percent of Students Whose Assessment Results		
192-41	Are Included in the Accountability System	90%	90%
192-42	Percent of Special Education Students Who Are		
192-43	Tested and Included in the Accountability		
192-44	System	80%	80%
192-45	Percent of Limited English-proficient Students		
192-46	Who Are Tested and Included in the		
192-47	Accountability System	80%	80%
192-48	Annual Statewide Dropout Rate for All Students	1.1%	2.9%
192-49	Percent of Districts Rated Exemplary or		
192-50	Recognized	40%	50%
192-51	Percent of Campuses Rated Exemplary or		
192-52	Recognized	45%	50%
192-53	Percent of Districts Rated Academically		
192-54	Unacceptable in the Prior Year Which Earn an		
192-55	Academically Acceptable or Higher		
192-56	Accreditation Rating in the Current Year	70%	65%
192-57	Percent of Campuses Rated Low-performing in		
192-58	the Prior Year Which Earn an Academically		
192-59	Acceptable or Higher Accreditation Rating in		
192-60	the Current Year	60%	55%
192-61	Percent of Charter Schools Rated Academically		
192-62	Unacceptable	8%	7%
192-63	Annual Drug Use and Violence Incident Rate on		
192-64	School Campuses, Per 1,000 Students	21.5	21
192-65	Percent of Incarcerated Students Who Complete		
192-66	the Level in Which They Are Enrolled	34%	34%
192-67	Percent of Eligible Windham Inmates Who Have		
192-68	Been Served by a Windham Education Program		

193-1	during the Past Five Years	87%	87%
193-2	Percent of High-need Campuses That Receive a		
193-3	Master Reading Teacher Grant	30%	35%
193-4	Percent of Highly Qualified Teachers	100%	100%
193-5	Percent of Grant Applications Processed within		
193-6	60 Days	80%	85%
193-7	Percent of School District Annual Textbook		
193-8	Orders Processed by May 31	90%	91%
193-9	B.2.1. Strategy: EDUCATIONAL TECHNOLOGY		
193-10	Output (Volume):		
193-11	Number of Students Receiving Course Credit		
193-12	through Distance Learning	8,500	9,500
193-13	B.2.2. Strategy: SAFE SCHOOLS		
193-14	Output (Volume):		
193-15	Number of Students in Disciplinary		
193-16	Alternative Education Programs (DAEPs)	101,350	101,450
193-17	B.2.4. Strategy: WINDHAM SCHOOL DISTRICT		
193-18	Output (Volume):		
193-19	Number of Contact Hours Received by Inmates		
193-20	within the Windham School District	16,638,655	16,638,655
193-21	Number of Offenders Passing General		
193-22	Education Development (GED) Tests	4,397	4,397
193-23	Efficiencies:		
193-24	Average Cost Per Contact Hour in the		
193-25	Windham School District	3.52	3.52
193-26	B.3.1. Strategy: IMPROVING TEACHER		
193-27	QUALITY		
193-28	Output (Volume):		
193-29	Number of Teachers Who Participate in		
193-30	Mathcounts Training	275	275
193-31	Number of Teachers Receiving Training in		
193-32	Dyslexia and Related Disorders Services	24,500	24,500
193-33	B.3.2. Strategy: AGENCY OPERATIONS		
193-34	Output (Volume):		
193-35	Number of Campuses Investigated for		
193-36	Exemption Rates	50	50
193-37	Number of Complaint Investigations		
193-38	Conducted	1,600	1,600
193-39	Number of Certificates of High School		
193-40	Equivalency (GED) Issued	47,078	47,078
193-41	Efficiencies:		
193-42	Average Cost of Accreditation Onsite		
193-43	Review	4,000	4,000
193-44	Performance in Excess of Assigned		
193-45	Benchmark (Internal Managers)	101%	101%
193-46	Explanatory:		
193-47	Average Percent Equity Holdings in the		
193-48	Permanent School Fund (PSF)	75%	75%
193-49	Market Value of the Permanent		
193-50	School Fund (Billions)	20.4	21.3
193-51	C. Goal: EDUCATOR CERTIFICATION		
193-52	Outcome (Results/Impact):		
193-53	Percent of Teachers Who Are Fully		
193-54	Certified	90.3%	90.3%
193-55	Percent of Teachers Who Are		
193-56	Employed/Assigned to Teaching Positions		
193-57	for Which They Are Fully Certified	84.5%	84.5%
193-58	Percent of Documented Complaints		
193-59	Resolved within Six Months	85%	75%
193-60	Percent of Educator Preparation Programs		
193-61	Rated "Accredited"	90%	90%
193-62	Percent of Surveyed Customer Respondents		
193-63	Expressing Overall Satisfaction with		
193-64	Services Received	90%	95%
193-65	Percent of Certification Examinations		
193-66	That Are Computer Administered	16.5%	21.5%
193-67	C.1.1. Strategy: EDUCATOR QUALITY		
193-68	AND CREDENTIALING		

194-1	Output (Volume):		
194-2	Number of Educator Preparation		
194-3	Programs Reviewed	139	139
194-4	Number of Individuals Issued Initial		
194-5	Teacher Certificate	36,058	39,500
194-6	Number of Temporary Credentials		
194-7	Issued	25,566	29,657
194-8	Efficiencies:		
194-9	Average Days for Credential Issuance	20	20
194-10	C.1.2. Strategy: CERTIFICATION EXAM		
194-11	ADMINISTRATION		
194-12	Output (Volume):		
194-13	Number of Certification Examinations		
194-14	Administered	119,512	119,731
194-15	Efficiencies:		
194-16	Average Cost Per Certification		
194-17	Examination Administered	86.87	89.48
194-18	C.1.3. Strategy: RETENTION, RECRUITMENT		
194-19	Output (Volume):		
194-20	Number of Previously Degreed Individuals		
194-21	Issued Initial Teacher Certificate	24,885	29,462
194-22	Number of Individuals Issued Initial		
194-23	Teacher Certificate Concurrent with		
194-24	Receiving Baccalaureate Degree	12,826	13,611
194-25	C.1.4. Strategy: EDUCATOR PROFESSIONAL		
194-26	CONDUCT		
194-27	Output (Volume):		
194-28	Number of Complaints Resolved	1,200	1,700
194-29	Number of Complaints Pending	800	800
194-30	Efficiencies:		
194-31	Average Time for Resolving		
194-32	Complaints (Days)	220	250

194-33 **2. Capital Budget.** None of the funds appropriated above may be
 194-34 expended for capital budget items except as listed below. The
 194-35 amounts shown below shall be expended only for the purposes shown
 194-36 and are not available for expenditure for other purposes. Amounts
 194-37 appropriated above and identified in this provision as
 194-38 appropriations either for "Lease payments to the Master Lease
 194-39 Purchase Program" or for items with an "(MLPP)" notation shall be
 194-40 expended only for the purposes of making lease-purchase payments to
 194-41 the Texas Public Finance Authority pursuant to the provisions of
 194-42 Government Code Sec. 1232.103.

	<u>2006</u>	<u>2007</u>
194-43		
194-44		
194-45		
194-46		
194-47		
	<u>\$5,517,248</u>	<u>\$2,904,072</u>
194-48		
	<u>\$5,517,248</u>	<u>\$2,904,072</u>
194-49		
194-50		
194-51		
194-52		
194-53		
194-54		
194-55		
194-56		
194-57		
194-58		
194-59		
	<u>\$5,517,248</u>	<u>\$2,904,072</u>

194-60 **3. Chapter 42 and 46 Formula Funding.** Out of the funds appropriated
 194-61 above, a total of \$12,524,000,000 in fiscal year 2006 and
 194-62 \$12,124,000,000 in fiscal year 2007 shall represent the sum-certain
 194-63 appropriation to the Foundation School Program under Sec. 42.313
 194-64 and under Chapter 46 of the Texas Education Code. (The total
 194-65 appropriation may not exceed the sum-certain amount.) The

195-1 Commissioner shall make allocations to local school districts under
 195-2 Sec. 42.313 and under Chapter 46 based on the March 2005 estimates
 195-3 of average daily attendance and local district tax rates as
 195-4 determined by the Legislative Budget Board and the final 2004
 195-5 property values. Property values shall be increased by 5.03
 195-6 percent for fiscal year 2007.

195-7 Notwithstanding any other provision of this Act, the Texas
 195-8 Education Agency may make transfers as appropriate between Strategy
 195-9 A.1.1, FSP-Equalized Operations, and Strategy A.1.2, FSP-Equalized
 195-10 Facilities. The TEA shall notify the Legislative Budget Board and
 195-11 the Governor of any such transfers at least 45 days prior to the
 195-12 transfer.

195-13 The funds appropriated above in Strategy A.1.1, FSP -
 195-14 Equalized Operations, include appropriations for the following
 195-15 items:

195-16 a. State Textbook Funds for instructional materials, any
 195-17 balances of which as of August 31, 2006 are hereby appropriated for
 195-18 fiscal year 2007 for the same purposes;

195-19 b. Telecommunications Infrastructure Funds for the
 195-20 technology allotment;

195-21 4. [Reserved]

195-22 **5. Education Service Centers.** The Commissioner shall furnish
 195-23 reports as required by § 8.102 of the Texas Education Code to the
 195-24 State Board of Education for transmittal, along with
 195-25 recommendations for change, modification, or improvement, to the
 195-26 Legislative Budget Board and the Governor. Regional Education
 195-27 Service Centers shall be prohibited from purchasing land and
 195-28 acquiring buildings without prior authorization from the
 195-29 Commissioner of Education.

195-30 **6. Windham Schools.** The funds appropriated above in Strategy
 195-31 B.2.4, Windham School District, are to be expended only for
 195-32 academic and vocational educational programs approved by the Texas
 195-33 Education Agency. The Commissioner of Education shall allocate
 195-34 funds to the Windham Schools based on contact hours for the best 180
 195-35 of 210 school days in each year of the biennium. The contact hour
 195-36 rates for the 2006-07 biennium are the following: \$3.97558 for
 195-37 academic education, \$3.24582 for vocational education.

195-38 Funds appropriated above for fiscal year 2007 for the Windham
 195-39 School District are made contingent on the continuation of the
 195-40 Windham School District by the Legislature. In the event that the
 195-41 agency is not continued, the funds appropriated for fiscal year
 195-42 2006 or as much thereof as may be necessary are to be used to provide
 195-43 for the phase out of Windham School District operations.

195-44 **7. Appropriation of Audit Adjustments, Settle-Up Funds and**
 195-45 **Attendance Credit Revenues.** When reviews and audits of allocations
 195-46 to school districts reveal the allocations previously made were
 195-47 greater or less than the amounts found to be due, the Texas
 195-48 Education Agency is authorized to recover or pay the sums necessary
 195-49 to adjust to the correct amounts. All such amounts recovered shall
 195-50 become a part of the Foundation School Fund or General Revenue Fund,
 195-51 and the amounts necessary to make such additional payments to the
 195-52 school districts are hereby appropriated from the Foundation School
 195-53 Fund or General Revenue Fund.

195-54 All funds received from local school districts as recovery
 195-55 for overpayment pursuant to the provisions of § 42.317 of the Texas
 195-56 Education Code are hereby appropriated to the Texas Education
 195-57 Agency for distribution to local school districts for Foundation
 195-58 School Program purposes.

195-59 All unexpended balances and all funds received from the
 195-60 payment of school districts for attendance credits in excess of the
 195-61 amounts appropriated above pursuant to the provisions of § 41.094
 195-62 of the Texas Education Code, are hereby appropriated to the Texas
 195-63 Education Agency for distribution to school districts for
 195-64 Foundation School Program purposes.

195-65 **8. State Textbook Fund.** Except as explicitly allowed elsewhere in
 195-66 this Act, any amount expended for Textbook Administration,
 195-67 including new textbooks, rebinding, and other related expenses,
 195-68 shall be paid out of the State Textbook Fund. A transfer of funds
 195-69 from the Available School Fund to the State Textbook Fund is

196-1 authorized in an amount which, together with other revenues of the
 196-2 State Textbook Fund, is sufficient to finance the sum-certain
 196-3 appropriation from the State Textbook Fund for each fiscal year.
 196-4 Penalties assessed by the State Board of Education shall be
 196-5 deposited to the credit of the Textbook Fund.

196-6 **9. Day-care Expenditures.** It is expressly provided that the
 196-7 pre-school day care programs, such as the Early Childhood Program
 196-8 for Educationally Disadvantaged Children and Special Education and
 196-9 Training for Pre-School Children with Disabilities administered by
 196-10 the Texas Education Agency, are day-care programs. The funds
 196-11 expended in those programs on behalf of children meeting
 196-12 eligibility requirements in accordance with interagency contracts
 196-13 with the Texas Education Agency under the day care program of the
 196-14 Social Security Act shall be considered as expenditures for day
 196-15 care.

196-16 **10. Loss Due to Property Value Decline.**

196-17 a. The Commissioner of Education is authorized to
 196-18 distribute no more than \$26,000,000 in each fiscal year under §
 196-19 42.307 of the Texas Education Code, to the extent that excess funds
 196-20 are available under the Foundation School Program.

196-21 It is the intent of the Legislature that, in expending these
 196-22 funds by making adjustments in the local share under § 42.307, that
 196-23 the Commissioner shall consider only the amount of property value
 196-24 decline in each school district that is in excess of 4 percent in
 196-25 taxable values.

196-26 b. Except as expressly provided by this rider, and
 196-27 notwithstanding the limitations in Rider 33, Limitation: Transfer
 196-28 Authority, none of the funds in this rider may be expended for any
 196-29 other purpose.

196-30 c. It is the intent of the Legislature that any excess funds
 196-31 available under the Foundation School Program be applied first to
 196-32 fund adjustments under § 42.307 of the Texas Education Code, second
 196-33 to fund adjustments under § 42.308, and third to fund adjustments
 196-34 under § 42.3081.

196-35 **11. Training Programs for School Personnel and Parents of Students
 196-36 with Autism.** It is the intent of the Legislature that the Texas
 196-37 Education Agency continue to implement a program of professional
 196-38 development for school personnel and parents of students with
 196-39 autism. A sum not to exceed \$50,000 in each fiscal year shall be
 196-40 expended for this purpose.

196-41 **12. Student Testing Program.** The Commissioner shall use the
 196-42 Federal Funds appropriated above in Strategy B.1.1, Assessment and
 196-43 Accountability System, to cover the cost of preparing,
 196-44 administering and grading assessment instruments in the student
 196-45 testing program. In accordance with the provisions of § 42.152 and
 196-46 Chapter 39, Subchapter B of the Texas Education Code, the funds
 196-47 appropriated from the Foundation School Fund for the compensatory
 196-48 education allotment may be used for any remaining assessment costs.
 196-49 The expenditure of such funds shall not be subject to the limitation
 196-50 in Rider 33, Limitation: Transfer Authority.

196-51 **13. Reimbursement of Advisory Committee Members.** Pursuant to
 196-52 Government Code § 2110.004 reimbursement of expenses for advisory
 196-53 committee members, out of the funds appropriated above, is limited
 196-54 to the following advisory committees:

- 196-55 a. Title 1, Committee of Practitioners/Ed Flex State Panel
- 196-56 b. Continuing Advisory Committee for Special Education
- 196-57 c. Communities in Schools State Advisory Committee
- 196-58 d. State Textbook Advisory Committee

196-59 It is the intent of the Legislature that advisory committees
 196-60 of the Texas Education Agency use videoconferencing technology to
 196-61 conduct meetings in lieu of physical assembly whenever possible.

196-62 **14. Vacation Leave for Commissioner of Education.** Notwithstanding
 196-63 any provision of the General Appropriations Act to the contrary,
 196-64 the Commissioner of Education is entitled to accrue and carry
 196-65 forward vacation leave at the highest rate authorized for employees
 196-66 by the General Provisions of this Act.

196-67 **15. Limits on Allocations and Expenditures.** Except as explicitly
 196-68 allowed elsewhere in this Act, the Commissioner shall not contract
 196-69 with Regional Education Service Centers to administer all or part

197-1 of general revenue-funded programs or services without prior
 197-2 approval from the Governor and the Legislative Budget Board. The
 197-3 Commissioner shall submit to the Governor and Legislative Budget
 197-4 Board for review a summary of the programs and services to be
 197-5 transferred and the funding level associated with the proposed
 197-6 transfer. No funds transferred to Regional Education Service
 197-7 Centers or to school districts may be used to hire a registered
 197-8 lobbyist.

197-9 **16. Regional Day Schools for the Deaf.** Funds appropriated above for
 197-10 Regional Day Schools for the Deaf shall be allocated on a weighted
 197-11 full time equivalent basis. Notwithstanding other provisions of
 197-12 this Act, if the allocations total more than \$33,133,200 in each
 197-13 fiscal year, the Commissioner shall transfer sufficient amounts
 197-14 from other available funds to provide the full allocation.

197-15 **17. Summer School for Children with Limited English Proficiency.**
 197-16 Out of Federal Funds appropriated for Strategy A.2.2, Achievement
 197-17 of Students at Risk, \$3,800,000 in each fiscal year is allocated for
 197-18 summer school programs for children with limited English
 197-19 proficiency as authorized under § 29.060 of the Texas Education
 197-20 Code.

197-21 **18. Engineering and Science Recruitment Fund.** Out of funds
 197-22 appropriated for Strategy A.2.1, Student Success, \$394,920 in each
 197-23 fiscal year is allocated to the Engineering and Science Recruitment
 197-24 Fund for programs outlined in Subchapter M of Chapter 51 of the
 197-25 Texas Education Code.

197-26 **19. Statewide Services for Students With Visual Impairments.** Out of
 197-27 funds appropriated for Strategy A.2.3, Students with Disabilities,
 197-28 \$5,655,268 in each fiscal year is allocated for statewide services
 197-29 for students with visual impairments as authorized under § 30.002
 197-30 of the Texas Education Code.

197-31 **20. Non-educational Community-based Support Services.** Out of funds
 197-32 appropriated for Strategy A.2.3, Students with Disabilities,
 197-33 \$987,300 in each fiscal year is allocated for non-educational
 197-34 community-based support services for certain students with
 197-35 disabilities as authorized under § 29.013 of the Texas Education
 197-36 Code.

197-37 **21. Professional Development for Serving Students with Disabilities
 197-38 in Integrated Settings.** Out of the federal discretionary funds
 197-39 awarded to the Texas Education Agency through the Individuals with
 197-40 Disabilities Education Act (IDEA), Part B and appropriated above,
 197-41 the Commissioner shall set aside 10.5 percent during the biennium
 197-42 to fund capacity building projects, including follow-up
 197-43 professional development and support, for school districts to serve
 197-44 students with disabilities in integrated settings.

197-45 **22. Appropriation for State Schools.** Out of General Revenue
 197-46 related funds appropriated above in Strategy A.2.3, Students with
 197-47 Disabilities, an amount not to exceed \$110,000 in each fiscal year
 197-48 is allocated for payments to state operated schools under §§ 30.025
 197-49 and 30.056 of the Texas Education Code.

197-50 **23. Estimated Appropriation for Incentive Aid.** Out of Foundation
 197-51 School Program funds appropriated above, the Commissioner may
 197-52 allocate an estimated amount of \$1,500,000 in each fiscal year for
 197-53 incentive aid payments under Subchapter G of Chapter 13 of the Texas
 197-54 Education Code.

197-55 **24. Payments to Texas School for the Blind and Visually Impaired and
 197-56 Texas School for the Deaf.** Pursuant to § 30.003(g) of the Texas
 197-57 Education Code, the State Board of Education shall adopt rules that
 197-58 ensure that all local school districts whose students are placed at
 197-59 the Texas School for the Blind and Visually Impaired and the Texas
 197-60 School for the Deaf shall share in the cost of each student's
 197-61 education as required by § 30.003(a). It is the intent of the
 197-62 Legislature that school districts subject to Chapter 41, Texas
 197-63 Education Code, reimburse the Texas School for the Blind and
 197-64 Visually Impaired and the Texas School for the Deaf from the General
 197-65 Operating Fund of those districts within 60 days of receipt of a
 197-66 voucher from the receiving school.

197-67 For all discretionary grants of state or federal funds by the
 197-68 Texas Education Agency, the Texas School for the Blind and Visually
 197-69 Impaired and the Texas School for the Deaf shall be considered

198-1 independent school districts for purposes of eligibility
 198-2 determination, unless the Commissioner of Education and the school
 198-3 Superintendents mutually agree to an alternate consideration.

198-4 The Commissioner shall, for each year of the 2006-07
 198-5 biennium, calculate the amount of local revenue that would have
 198-6 been received by the Texas School for the Blind and Visually
 198-7 Impaired and the Texas School for the Deaf under § 30.003, Texas
 198-8 Education Code, had the reductions in school district local
 198-9 revenues caused by this Act not occurred. At the beginning of each
 198-10 fiscal year of the 2006-07 biennium, out of the funds appropriated
 198-11 above in Strategy A.1.1., FSP - Equalized Operations, the
 198-12 Commissioner shall allocate to each school an amount equal to the
 198-13 difference between the calculated revenue and the amount of local
 198-14 revenue to be received by the school during that year.

198-15 **25. Notification of Changed Accreditation Status or Internal**
 198-16 **Investigation Findings.** At the time a school district is notified
 198-17 of a change in its accreditation status, the Texas Education Agency
 198-18 shall also notify the State Senators and Representatives that
 198-19 represent the affected school district. The agency also shall
 198-20 notify the State Senators and Representatives that represent
 198-21 districts directed by the Texas Education Agency to perform
 198-22 internal investigations of the findings of such investigations
 198-23 prior to the agency release of the findings.

198-24 **26. Permanent School Fund.** In its annual report on the Permanent
 198-25 School Fund, completed by February 28 of each year, the Texas
 198-26 Education Agency shall report on the actual and projected costs of
 198-27 administering the Permanent School Fund for the year covered by the
 198-28 report and the following three years.

198-29 **27. Texas Advanced Placement Incentive Program.** Out of the funds
 198-30 appropriated above in Strategy A.2.1, Student Success, \$13,500,000
 198-31 in fiscal year 2006 and \$13,500,000 in fiscal year 2007 is allocated
 198-32 for both the pre-Advanced Placement/International Baccalaureate
 198-33 activities and for the Advanced Placement Incentive Program. Any
 198-34 balances on August 31, 2006 are appropriated for the 2007 fiscal
 198-35 year.

198-36 In using funds allocated by this rider, the Texas Education
 198-37 Agency shall prioritize the examination fee subsidies for students.
 198-38 For funds allocated by this rider that are used for teacher
 198-39 training, the Texas Education Agency shall give funding priority to
 198-40 teachers at public school campuses that do not offer Advanced
 198-41 Placement/International Baccalaureate courses.

198-42 It shall be the goal of the Texas Education Agency that
 198-43 Advanced Placement/International Baccalaureate courses are
 198-44 available at as many public school campuses as possible, without
 198-45 regard to the rural/urban status of the campus and the
 198-46 socioeconomic characteristics of its students. For campus
 198-47 incentive awards given under this program, consideration may be
 198-48 given to school districts and charter schools in their 1st or 2nd
 198-49 year of operating an Advanced Placement/International
 198-50 Baccalaureate program.

198-51 **28. MATHCOUNTS and Academic Competitions.** Out of Foundation School
 198-52 Program Gifted and Talented funds appropriated in B.3.1, Improving
 198-53 Teacher Quality, the Commissioner shall set aside \$200,000 in each
 198-54 year of the biennium for the MATHCOUNTS Program. In addition, out
 198-55 of funds appropriated in A.2.1, Student Success, not less than
 198-56 \$500,000 in each fiscal year of 2006-07 biennium shall be allocated
 198-57 to programs that foster academic competition for predominantly high
 198-58 school students.

198-59 **29. Communities in Schools.** Out of funds appropriated above for
 198-60 Strategy A.2.4, School Improvement and Support Programs, \$12,788,865 in State Compensatory Education Funds and \$4,842,342 in
 198-61 TANF funds in fiscal year 2006, and \$12,788,865 in State
 198-62 Compensatory Education Funds and \$4,842,341 in TANF funds in fiscal
 198-63 year 2007 are allocated for the Communities in Schools Program.

198-64 In addition to the amounts above, out of State Compensatory
 198-65 Education Funds appropriated above for Strategy A.2.4, School
 198-66 Improvement and Support Programs, \$3,000,000 in fiscal year 2006
 198-67 and \$3,000,000 in fiscal year 2007 are allocated for the
 198-68 Communities in Schools Program. It is the intent of Legislature
 198-69

199-1 that the commissioner and representatives of the Communities in
 199-2 Schools program mutually agree upon and implement performance
 199-3 measures related to the effectiveness of new Communities in Schools
 199-4 programs provided by these funds.

199-5 **30. Extended Year Programs.** Out of Foundation School Program
 199-6 Compensatory Education Funds appropriated in Strategy A.2.4,
 199-7 School Improvement and Support Programs, the Commissioner shall
 199-8 distribute an amount not to exceed \$16,500,000 in fiscal year 2006
 199-9 and \$16,500,000 in fiscal year 2007 to finance extended year
 199-10 programs under § 42.152(e)(5), Texas Education Code.

199-11 **31. Allocation of Funds to South Texas Independent School District.**
 199-12 Out of funds appropriated above for Strategy A.1.1, FSP - Equalized
 199-13 Operations, the Commissioner of Education shall provide the South
 199-14 Texas Independent School District with adequate access to funding
 199-15 under Tier 2 of the Foundation School Program. The Commissioner
 199-16 shall adjust payments to the South Texas Independent School
 199-17 District to equal an amount to which the district would be entitled
 199-18 at the average effective tax rate in other school districts in
 199-19 Cameron County less the tax rate set by the district itself.

199-20 **32. Appropriations Limited to Revenue Collections.** It is the intent
 199-21 of the Legislature that, for the following fee-supported programs
 199-22 in Goals A, Program Leadership, and B, Operational Excellence,
 199-23 fees, fines, and other miscellaneous revenues as authorized and
 199-24 generated by the Texas Education Agency cover, at a minimum, the
 199-25 cost of the appropriations made to support the programs, as well as
 199-26 the "other direct and indirect costs" associated with those
 199-27 functions appropriated elsewhere in this Act. "Other direct and
 199-28 indirect costs" for these programs are estimated to be \$486,481 in
 199-29 fiscal year 2006 and \$477,029 in fiscal year 2007 including
 199-30 employee matching costs and other indirect operating costs:

199-31 Guaranteed Program for School District Bonds

199-32 General Education Development (GED)

199-33 Driver Training

199-34 Electronic Course Pilot Program

199-35 For each individual fee program listed above, all fees
 199-36 collected in excess of the Comptroller of Public Accounts Biennial
 199-37 Revenue Estimate are hereby appropriated to the Texas Education
 199-38 Agency.

199-39 In the event that actual and/or projected fee revenue
 199-40 collections are insufficient to offset program costs, the
 199-41 Legislative Budget Board may direct that the Comptroller of Public
 199-42 Accounts reduce the appropriation authority provided herein to be
 199-43 within the amount of fee revenue expected to be available.

199-44 In Strategy C.1.1, Educator Quality and Credentialing,
 199-45 Strategy C.1.2, Certification Exam Administration, Strategy C.1.3,
 199-46 Retention, Recruitment, and Strategy C.1.4, Educator Professional
 199-47 Conduct above, it is the intent of the Legislature that fees, fines,
 199-48 and other miscellaneous revenues as authorized and generated by
 199-49 this agency cover, at a minimum, the cost of the appropriations made
 199-50 in Goal C, as well as the "other direct and indirect costs"
 199-51 associated with these functions, appropriated elsewhere in this
 199-52 Act. "Other direct and indirect costs" for these functions are
 199-53 estimated to be \$853,638 in fiscal year 2006 and \$842,664 in fiscal
 199-54 year 2007. In the event that actual and/or projected revenue
 199-55 collections are insufficient to offset the cost identified by this
 199-56 provision, the Legislative Budget Board may direct that the
 199-57 Comptroller of Public Accounts reduce the appropriation authority
 199-58 above to be within the amount of revenue expected to be available.

199-59 **33. Limitation: Transfer Authority.** Notwithstanding the General
 199-60 Provisions of this Act, none of the funds appropriated above or in
 199-61 any other legislation passed by the Seventy-ninth Legislature in
 199-62 Goal A, Program Leadership, Strategies A.1.1, FSP-Equalized
 199-63 Operations, and A.1.2, FSP-Equalized Facilities, with the
 199-64 exception of appropriations from the State Textbook Fund, and not
 199-65 more than one percent of the General Revenue Funds appropriated
 199-66 above or in any other legislation passed by the Seventy-ninth
 199-67 Legislature in Goal A, Strategies A.2.1. - A.2.5, and Goal B,
 199-68 Operational Excellence, Strategies B.1.1.-B.3.1., and State
 199-69 Textbook Funds appropriated in Strategy A.1.1, may be transferred

200-1 to Goal B, Strategies B.3.2.-B.3.4. This transfer may not exceed
 200-2 \$8.1 million for each year of the 2006-07 biennium.

200-3 The Commissioner shall notify the Governor and the
 200-4 Legislative Budget Board of any planned transfer between program
 200-5 and administrative strategies allowed by the provisions of this
 200-6 rider at least 45 days prior to the execution of the transfer.

200-7 None of the funds appropriated to the Texas Education Agency
 200-8 for the purpose of funding the Foundation School Program under
 200-9 Chapter 42 and 46, Texas Education Code, may be transferred to any
 200-10 other item of appropriation or expended for any other purpose
 200-11 unless the Commissioner of Education provides written notice to the
 200-12 Legislative Budget Board and to the Governor of intent to transfer
 200-13 such funds at least 45 days prior to the execution of the transfer.
 200-14 Such transfers from the Foundation School Program to other items of
 200-15 appropriation shall not exceed \$10 million in each fiscal year of
 200-16 the 2006-07 biennium. Any unexpended and unencumbered balances
 200-17 remaining after the last day of a fiscal year in any of the
 200-18 appropriations made for a purpose described by this provision shall
 200-19 lapse and accrue to the benefit of the unappropriated balance of the
 200-20 General Revenue Fund after taking into account the "settle-up"
 200-21 provision found in § 42.313(g), Texas Education Code.

200-22 To the extent necessary to avoid reductions in state aid as
 200-23 authorized by § 42.313(f), Texas Education Code, the Commissioner
 200-24 of Education is authorized to transfer Foundation School Program
 200-25 funds from fiscal year 2007 to fiscal year 2006. Such transfers are
 200-26 subject to prior approval by the Governor and the Legislative
 200-27 Budget Board. The Comptroller of Public Accounts shall cooperate
 200-28 as necessary to assist the completion of a transfer and spending
 200-29 made under this section.

200-30 **34. Additional Funding Sources.** If the appropriations provided by
 200-31 this Act for the Foundation School Program are not sufficient to
 200-32 provide for expenditures for enrollment growth, district tax rate
 200-33 or taxable value of property, after accounting for any other
 200-34 appropriations made to the TEA and available for transfer for this
 200-35 purpose, the Legislative Budget Board and the Governor may provide
 200-36 for, and are hereby authorized to direct, the transfer of
 200-37 sufficient amounts of funds to the TEA from appropriations made
 200-38 elsewhere in this Act.

200-39 **35. Reduction in Districts Tier One Allotment.** To fund
 200-40 appropriations for programs from compensatory education
 200-41 allotments, the Commissioner of Education shall reduce each
 200-42 district's tier one allotment. The reductions shall be made in the
 200-43 same manner as described for a reduction in allotments under §
 200-44 42.313, Texas Education Code, and the Commissioner shall allocate
 200-45 funds to each district accordingly.

200-46 **36. Disciplinary Alternative Education Programs.** Out of the funds
 200-47 appropriated above in Strategy B.2.2, Safe Schools, there is hereby
 200-48 allocated the amount of \$4,750,000 for each fiscal year of the
 200-49 biennium for safe schools programs under Texas Education Code §
 200-50 37.008.

200-51 **37. Funding for Juvenile Justice Alternative Education Programs.**
 200-52 Out of the funds appropriated above in Strategy B.2.2, Safe
 200-53 Schools, \$8,187,641 in fiscal year 2006 and \$8,951,455 in fiscal
 200-54 year 2007 shall be set aside from the Compensatory Education
 200-55 Allotment in each year and transferred to the Juvenile Probation
 200-56 Commission for the support of Juvenile Justice Alternative
 200-57 Education Programs. This set-aside shall not effect the
 200-58 calculation of the application factor under Texas Education Code §
 200-59 42.252.

200-60 **38. FSP Funding for the Texas Youth Commission.** Out of the funds
 200-61 appropriated above in Strategy B.2.2, Safe Schools, the Texas
 200-62 Education Agency shall allocate to the Texas Youth Commission the
 200-63 basic allotment of the Foundation School Program minus the amounts
 200-64 allocated to the commission pursuant to Texas Education Code §
 200-65 30.102 (a) for each student in average daily attendance. These
 200-66 amounts are estimated to be \$9,811,899 in fiscal year 2006 and
 200-67 \$9,811,899 in fiscal year 2007. This transfer shall not be subject
 200-68 to the limitation in Rider 33, Limitation: Transfer Authority.

200-69 **39. Early Childhood Education and Care Coordination.** It is the

201-1 intent of the Legislature that the Texas Education Agency
 201-2 participate to the extent practicable in interagency early
 201-3 childhood education and care coordination initiatives. This
 201-4 includes but is not limited to participation in the Head Start
 201-5 collaboration project or any other interagency entity formed to
 201-6 address the coordination of early childhood care and education
 201-7 service delivery and funding.

201-8 **40. Regional Education Service Center Dyslexia and Related Disorders**
 201-9 **Coordinators.** It is the intent of the Legislature that the Regional
 201-10 Education Service Centers establish a joint program of coordinators
 201-11 for dyslexia and related disorders services pursuant to § 38.003 of
 201-12 the Texas Education Code. The joint program shall not include
 201-13 regulatory oversight functions. The Regional Education Service
 201-14 Centers shall ensure that the program uses resources efficiently to
 201-15 provide a coordinator to any school district or charter school that
 201-16 needs one. Out of the funds appropriated above in Strategy B.3.1,
 201-17 Improving Teacher Quality, the Commissioner of Education may direct
 201-18 \$150,000 in each year of the biennium to assist in the funding of
 201-19 such coordinators.

201-20 **41. School Improvement and Parental Involvement Initiative.** Out of
 201-21 the funds appropriated above in Strategy A.2.4, School Improvement
 201-22 and Support Programs, the Commissioner shall allocate \$850,000 in
 201-23 each fiscal year of the 2006-07 biennium to the AVANCE family
 201-24 support and education program.

201-25 **42. Special Foundation School Program Payments.** The Texas Academy
 201-26 of Leadership in Humanities is entitled to Foundation School
 201-27 Program (FSP) allotments for each student enrolled in the academy
 201-28 as if it were a school district, except that the local share applied
 201-29 is equal to the Beaumont ISD's local share. The same methodology
 201-30 shall apply to the Texas Academy of Mathematics and Science with a
 201-31 local share equal to Denton ISD's and to the Seaborne Conservation
 201-32 Corps, with a local share equal to Galveston ISD's.

201-33 **43. Texas Reading, Math and Science Initiatives.** Out of the funds
 201-34 appropriated above in Strategy A.2.1, Student Success, \$9,000,000
 201-35 in General Revenue Funds in fiscal year 2006 and \$9,000,000 in
 201-36 General Revenue Funds in fiscal year 2007, with \$14,650,000 in
 201-37 Federal Funds in fiscal year 2006 and \$14,650,000 in Federal Funds
 201-38 in fiscal year 2007, shall be allocated to the Texas Reading, Math
 201-39 and Science Initiatives. These funds shall be allocated in the
 201-40 following manner:

201-41 a. The Commissioner shall fund reading, math, and science
 201-42 diagnostic instruments to be made available to independent school
 201-43 districts and charter schools. The Commissioner may fund the
 201-44 distribution of non-consumable materials, to include electronic
 201-45 formats, in reading, math, and science.

201-46 b. Out of the Federal Funds identified above, the
 201-47 Commissioner shall allocate funds for the development and
 201-48 implementation of research-based educator training programs and
 201-49 materials in reading, math, and science. Out of the funds
 201-50 appropriated for this part, the Commissioner may allocate an amount
 201-51 not to exceed \$5,000,000 in each fiscal year of the biennium for the
 201-52 development of educator training programs at regional education
 201-53 service centers, in a manner that ensures access to training for
 201-54 small and mid-sized school districts and charter schools.

201-55 Funds shall be distributed by the Commissioner on a
 201-56 competitive grant basis to be used by schools for the
 201-57 implementation of scientific, research-based science programs
 201-58 designed to improve the academic science performance of students,
 201-59 including programs designed to address the gender gap in
 201-60 performance. To be eligible for funding, schools must demonstrate a
 201-61 high need for additional intervention as evidenced by student
 201-62 performance, and must partner with a science department of an
 201-63 institution of higher education.

201-64 c. The Commissioner may transfer up to 10 percent of the
 201-65 appropriation among strategies in Goals A and B, Strategies B.1.1,
 201-66 Assessment and Accountability System, to B.3.1, Improving Teacher
 201-67 Quality.

201-68 d. Out of funds identified above, an amount not to exceed
 201-69 \$1,000,000 each year of the biennium may be distributed to schools

202-1 by the Commissioner on a noncompetitive grant basis for the
 202-2 purchase of non-consumable materials to be used in teaching
 202-3 Integrated Physics and Chemistry in high school. The materials must
 202-4 be appropriate for use in class time dedicated to lab
 202-5 investigations. The Commissioner shall develop criteria for
 202-6 distribution of grant funds and for materials eligible for
 202-7 purchase. The criteria must give priority to districts with high
 202-8 percentages of economically disadvantaged students.

202-9 e. Out of the amounts identified above, the Commissioner may
 202-10 use funds to support the State Marine Science Center in Palacios.

202-11 f. The Texas Education Agency shall collect data on the
 202-12 implementation of educator professional development programs at
 202-13 the local and regional level and report to the Legislature on the
 202-14 best practices of these programs by December 1, 2006.

202-15 g. Out of the amounts identified above, the Commissioner may
 202-16 use funds to evaluate the effectiveness of the Master Teacher
 202-17 programs and National Board Certification in improving student
 202-18 performance.

202-19 h. Any balances as of August 31, 2006, are appropriated for
 202-20 the 2007 fiscal year.

202-21 **44. Funding for Tuition Credit Program.** Out of the funds
 202-22 appropriated above there is hereby transferred via interagency
 202-23 contract to the Texas Higher Education Coordinating Board an amount
 202-24 of funds, estimated to be \$7,525,000 in each fiscal year of the
 202-25 biennium, from the Foundation School Fund sufficient to pay for the
 202-26 Early High School Graduation Scholarship Program, and tuition and
 202-27 fee exemptions in accordance with Texas Education Code, §§ 54.212
 202-28 and 54.214.

202-29 **45. Certification of Pre-kindergarten Expenditures.** Out of the
 202-30 funds appropriated above in Strategy A.1.1, FSP - Equalized
 202-31 Operations, and Strategy A.2.1, Student Success, the Texas
 202-32 Education Agency shall certify each year of the biennium the
 202-33 maximum pre-kindergarten expenditures allowable under federal law
 202-34 as maintenance of effort for Temporary Assistance for Needy
 202-35 Families (TANF) and state match for the Child Care Development
 202-36 Fund.

202-37 **46. Early Childhood School Readiness Program.** Out of the funds
 202-38 appropriated in Strategy A.2.1, Student Success, \$7,500,000 in
 202-39 fiscal year 2006 and \$7,500,000 in fiscal year 2007 shall be used
 202-40 for the Early Childhood School Readiness Program, for programs
 202-41 providing an educational component to public pre-kindergarten,
 202-42 Head Start, university early childhood programs, or private
 202-43 non-profit early childhood care programs that have entered into an
 202-44 integrated program with a public school. The Texas Education
 202-45 Agency shall expend these funds in accordance with the following
 202-46 provisions and the provisions of Texas Education Code § 29.156,
 202-47 Grants for Educational Components of Head Start, and with the
 202-48 following provisions:

202-49 a. Funds shall be distributed on a competitive grant basis
 202-50 to preschool programs to provide scientific, research-based,
 202-51 pre-reading instruction, with the goal of directly improving the
 202-52 pre-reading skills of three- and four-year-old children and
 202-53 identifying cost-effective models for pre-reading interventions.
 202-54 To be eligible for the grants, applicants must serve at least 75
 202-55 percent low-income students, as determined by the Commissioner.
 202-56 Grants may be awarded in two or more consecutive grant periods to an
 202-57 applicant provided the monies are used to expand the grant programs
 202-58 to additional facilities previously not receiving Early Childhood
 202-59 School Readiness grant funds in the immediate past grant cycle.

202-60 b. The Commissioner shall set aside up to \$225,000 in each
 202-61 fiscal year of the biennium for research and evaluation of the
 202-62 program. A report describing the findings shall be delivered to the
 202-63 Legislature no later than January 1, 2007.

202-64 c. Any balances as of August 31, 2006, are appropriated for
 202-65 the 2007 fiscal year.

202-66 **47. Master Reading, Mathematics, and Science Teachers.** Out of the
 202-67 funds appropriated above in Strategy B.3.1, Improving Teacher
 202-68 Quality, \$4,000,000 in General Revenue in each fiscal year of the
 202-69 2006-07 biennium is allocated for Master Reading, Master

203-1 Mathematics, and Master Science Teacher stipends for school
 203-2 districts with certified Master Reading, Master Mathematics,
 203-3 and/or Master Science Teachers. Any balances as of August 31, 2006
 203-4 are appropriated for the 2007 fiscal year.

203-5 **48. Student Success Initiative.** Out of the funds appropriated
 203-6 above in Strategy A.2.1, Student Success, \$158,005,369 in General
 203-7 Revenue in fiscal year 2006 and \$158,005,369 in General Revenue in
 203-8 fiscal year 2007 are allocated for the Student Success Initiative.
 203-9 The Commissioner shall expend these funds for allocations to
 203-10 schools for the purpose of implementation of scientific,
 203-11 research-based programs for students who have been identified as
 203-12 unlikely to achieve the third grade TAKS reading standard by the end
 203-13 of the third grade, including those students with dyslexia and
 203-14 related disorders, students unlikely to achieve the TAKS reading or
 203-15 math standards by the end of the fifth grade, and/or students
 203-16 unlikely to achieve TAKS reading or math standards in the eighth
 203-17 grade assessments administered in 2008.

203-18 a. From funds appropriated for the Student Success
 203-19 Initiative, the Commissioner may set aside \$15 million for
 203-20 intensive reading or math instruction programs for schools that
 203-21 have failed to improve student performance in reading or math. The
 203-22 Commissioner shall determine which schools have achieved the least
 203-23 gains in reading or math performance, and shall require those
 203-24 schools to submit a reading or math improvement plan detailing
 203-25 proposed efforts to improve reading or math performance as a
 203-26 condition of receiving funding. The reading or math improvement
 203-27 plan must establish the performance outcome of literacy or numeracy
 203-28 among its student population and outline specific steps that will
 203-29 be taken to achieve that goal. The plan may include the use of
 203-30 technology to achieve reading or math goals. A school identified as
 203-31 in need of improvement in reading or math instruction shall
 203-32 implement only those assessments, progress monitoring instruments,
 203-33 reading or math strategies and programs approved by the
 203-34 Commissioner. Programs must demonstrate a record of proven success
 203-35 in improving student reading or math achievement.

203-36 b. Adolescent Literacy Initiative. Out of any funds
 203-37 appropriated to the agency, the Commissioner shall set aside \$2
 203-38 million for each year of the 2006-2007 biennium for the development
 203-39 of a supplemental diagnostic screening instrument and intensive
 203-40 reading instruction programs for students determined at risk to not
 203-41 perform at proficient levels on the 8th grade TAKS reading
 203-42 assessment. It is the intent of the legislature that the Texas
 203-43 Education Agency pursue federal funds to provide training in the
 203-44 use of the diagnostic instrument and distribution of the instrument
 203-45 to school districts and charter schools. Any balances as of August
 203-46 31, 2006 are appropriated for fiscal year 2007 for the same purpose.

203-47 c. Any balances as of August 31, 2006, are appropriated for
 203-48 fiscal year 2007 for the same purposes.

203-49 **49. Coordination of Assistance to School Districts.** The Texas
 203-50 Education Agency shall work in cooperation with the Texas
 203-51 Comptroller of Public Accounts to assist school districts in the
 203-52 investment of funds and with the Bond Review Board to assist school
 203-53 districts entering into bonded indebtedness or lease purchase
 203-54 agreements.

203-55 **50. Arts Education.** Out of the Foundation School Program funds
 203-56 appropriated to the Texas Education Agency in this Act, \$300,000 in
 203-57 fiscal year 2006, and \$300,000 in fiscal year 2007 shall be directed
 203-58 to and expended by the Commission on the Arts under the commission's
 203-59 Strategy A.1.2, Arts Education Grants, for the purpose of awarding
 203-60 grants for arts education. It is the intent of the Legislature that
 203-61 grantees receiving funds under this program fulfill a 1:1 match
 203-62 requirement. These amounts shall be directed and expended in
 203-63 addition to funds separately appropriated under this Act to the
 203-64 Commission on the Arts under Strategy A.1.2, Arts Education Grants.

203-65 **51. Learning Through Listening.** Out of the funds appropriated
 203-66 above in Strategy A.2.3, Students with Disabilities, the
 203-67 Commissioner shall expend \$200,000 in fiscal year 2006 and \$200,000
 203-68 in fiscal year 2007 to continue a program of providing
 203-69 state-adopted textbooks using recorded material technology for

204-1 students with visual impairment, reading disabilities and other
 204-2 disabilities as appropriate in kindergarten through 12th grade.

204-3 **52. Pre-kindergarten Early Start Grant Programs.** Out of the funds
 204-4 appropriated above in Strategy A.2.1, Student Success, the
 204-5 Commissioner of Education shall allocate \$92,500,000 in fiscal year
 204-6 2006 and \$92,500,000 in fiscal year 2007 for the purpose of
 204-7 providing grants for pre-kindergarten programs consistent with the
 204-8 provisions of Texas Education Code § 29.155. Any unexpended
 204-9 balances as of August 31, 2006, are appropriated for any early
 204-10 childhood programs authorized by this Act for the 2007 fiscal year,
 204-11 subject to the approval of the Commissioner of Education.

204-12 a. Out of any state or federal funds available to the agency
 204-13 for this purpose, the Commissioner may set aside an amount not to
 204-14 exceed \$3 million to implement a competitive procurement system to
 204-15 award two-year contracts to government organizations, public
 204-16 nonprofit agencies, or community-based organizations to implement
 204-17 multi-age programs serving 3-, 4-, and 5-year olds that assure that
 204-18 English language learning children receive appropriate activities
 204-19 to enter school prepared to succeed. The pilot programs must
 204-20 provide many opportunities for the acquisition of English, while
 204-21 supporting the child's first language including social services,
 204-22 appropriate training and modeling, and research-based curricula
 204-23 and supplies to enhance the development of both languages.
 204-24 Instruction must be in both languages so children can learn
 204-25 concepts in the language they understand while developing their
 204-26 English skills. Programs must include bilingual education
 204-27 specialists and continued professional education to support the
 204-28 teachers. Priority shall be given to entities that serve a high
 204-29 percentage of limited English proficient children.

204-30 b. A portion of the funds received by entities participating
 204-31 in this pilot shall be used to perform an evaluation and review of
 204-32 student performance and improvement. These results shall be
 204-33 reported to the Legislature by the agency no later than January 1,
 204-34 2007.

204-35 **53. Windham School District Priorities.** It is the intent of the
 204-36 Legislature that the Windham School District target its programs to
 204-37 serve those students whose participation will help achieve the
 204-38 goals of reduced recidivism and the increased success of former
 204-39 inmates in obtaining and maintaining employment. To achieve these
 204-40 goals, younger offenders with the lowest educational levels should
 204-41 receive high priority. This policy shall not preclude the Windham
 204-42 School District from serving other populations according to needs
 204-43 and resources. The Windham School District will report to the
 204-44 Eightieth Legislature regarding their effort and success in
 204-45 implementing this prioritization.

204-46 **54. Adult Education.** Priority shall be given to adult literacy
 204-47 programs in the expenditure of adult education funds appropriated
 204-48 above. It is the intent of the Legislature that, in providing
 204-49 educational programs, the administering agency or agencies shall
 204-50 provide appropriate training to recipients of Temporary Assistance
 204-51 for Needy Families (TANF) in accordance with the Personal
 204-52 Responsibility and Work Opportunity Reconciliation Act of 1996.
 204-53 Out of the \$8,885,700 in General Revenue Funds appropriated each
 204-54 year above in Strategy A.2.5, Adult Education and Family Literacy,
 204-55 an amount not less than \$2,000,000 each fiscal year shall be
 204-56 allocated to TEA's adult education cooperatives to provide
 204-57 education and training services to TANF recipients. In addition,
 204-58 out of the Federal TANF funds appropriated above in Strategy A.2.5,
 204-59 \$3,800,000 in fiscal year 2006 and \$3,800,000 in fiscal year 2007
 204-60 shall be directed for services for adults who are eligible for TANF.
 204-61 Families that include a child living at home are deemed eligible for
 204-62 TANF-funded adult education services if a family member receives
 204-63 any of the following forms of assistance: Food Stamps, Medicaid,
 204-64 Children's Health Insurance Program, Child Care and Development
 204-65 Fund, or Free or Reduced Priced Child Nutrition Program meals. To
 204-66 implement these provisions, TEA shall enter into contracts or
 204-67 arrangements with the agency or agencies administering welfare
 204-68 reform and may work with other community-based organizations to
 204-69 offer services directly to adult TANF recipients. All providers of

205-1 adult education shall meet the requirements defined in the Texas
 205-2 Education Code. Federal funds appropriated for this purpose shall
 205-3 be used for administrative expenditures only to the extent
 205-4 allowable under Federal regulations.

205-5 **55. Local Educational Agency Risk Pool.** Out of the funds
 205-6 appropriated in above Strategy A.2.3, Students with Disabilities,
 205-7 the Commissioner shall implement the provisions of the Individuals
 205-8 with Disabilities Education Improvement Act (IDEIA) of 2004,
 205-9 pertaining to a local educational agency risk pool. The
 205-10 Commissioner shall allocate allowable amounts under the Act for the
 205-11 2006 fiscal year and the 2007 fiscal year to establish the high cost
 205-12 fund to assist districts with high need students with disabilities.
 205-13 It is the intent of the Legislature that the use of these funds by
 205-14 school districts and charter schools does not violate the least
 205-15 restrictive environment requirements of IDEIA of 2004, relating to
 205-16 placement and state funding systems that distribute funds based on
 205-17 type of setting.

205-18 **56. Early Childhood Intervention.** Out of the funds appropriated
 205-19 above in Strategy A.2.3, Students with Disabilities, \$16,498,102 in
 205-20 2006 and \$16,498,102 in 2007 shall be set aside from the Special
 205-21 Education Allotment and transferred to the Department of Assistive
 205-22 and Rehabilitative Services to support Early Childhood
 205-23 Intervention eligibility determination, and comprehensive and
 205-24 transition services. This set-aside shall not affect the
 205-25 calculation of the application factor under Texas Education Code §
 205-26 42.252.

205-27 **57. Average Daily Attendance Decline.** Out of the funds
 205-28 appropriated above in Strategy A.1.1, FSP-Equalized Operations,
 205-29 \$11 million in each year of the 2006-07 biennium shall be used to
 205-30 implement § 42.005, Texas Education Code. Expenditures pursuant to
 205-31 this provision shall not exceed \$22 million for the 2006-07
 205-32 biennium.

205-33 **58. Academic Enrichment.** Out of funds appropriated in Strategy
 205-34 A.2.4, School Improvement and Support Programs, the Commissioner
 205-35 shall distribute the amount appropriated in Federal 21st Century
 205-36 Community Learning Centers (CCLC) funds, estimated to be
 205-37 \$166,074,792, for the 2006-07 biennium to be distributed through
 205-38 competitive grants to support the establishment and implementation
 205-39 of supplemental services, programs, and activities designed to
 205-40 enrich or extend student learning experiences outside of the
 205-41 regular school day. In awarding grants pursuant to this rider, the
 205-42 Commissioner shall give emphasis to schools with high
 205-43 concentrations of economically disadvantaged students.

205-44 Entities eligible to receive Federal 21st CCLC Funds are
 205-45 those entities identified in the 21st CCLC statute, including, but
 205-46 not limited to, districts that qualify for the Optional Extended
 205-47 Year Program, districts that contain zip codes with high juvenile
 205-48 crime rates, the Alliance Organizations, AVANCE, Do Something,
 205-49 Communities in Schools, Area Interfaith, and One Community/One
 205-50 Child, as well as other organizations identified as eligible by
 205-51 statute, provided all entities comply with the 21st CCLC statutory
 205-52 requirements. It is the intent of the Legislature that the
 205-53 Commissioner give funding priority to existing collaborations
 205-54 between school districts and community organizations.

205-55 In addition to the amount identified above, the Commissioner
 205-56 shall allocate an amount not to exceed \$4,650,000 in each year of
 205-57 the biennium to the Investment Capital Fund. Of that total, an
 205-58 amount not to exceed \$2,500,000 in each year shall be set aside from
 205-59 the Compensatory Education allotment, and an amount not to exceed
 205-60 \$2,150,000 in each year shall be allocated directly from the
 205-61 Foundation School Program. Grants made from the Investment Capital
 205-62 Fund pursuant to this rider are subject to the provisions contained
 205-63 in § 7.024 of the Texas Education Code, and grants may only be made
 205-64 to entities that meet the criteria set forth in that section.

205-65 **59. Texas High School Initiative.** Out of the funds appropriated
 205-66 above in Strategy A.2.1, Student Success, the Commissioner shall
 205-67 allocate \$29,000,000 in General Revenue in each fiscal year to
 205-68 support the establishment and implementation of sustainable
 205-69 comprehensive high school completion and success initiatives.

206-1 Funds shall be expended in accordance with the following
 206-2 provisions:

206-3 a. Schools that receive funds under this program must ensure
 206-4 that all students have an individualized graduation plan.
 206-5 Available sources of student-level performance data should be
 206-6 utilized in the development of individualized graduation plans.
 206-7 Graduation plans must also ensure that students at risk of not
 206-8 graduating from high school are afforded instruction from highly
 206-9 qualified teachers, have access to online diagnostic and assessment
 206-10 instruments, and are provided accelerated instruction in areas of
 206-11 academic weakness identified in the plan.

206-12 b. Funds must be expended on programs that show the most
 206-13 potential to improve high school completion and success and that
 206-14 encourage students toward post-secondary education and training,
 206-15 including programs for high school students who have not earned
 206-16 sufficient credit to advance to the next grade, after-school
 206-17 programs designed to promote high school completion, literacy
 206-18 programs for struggling high school readers, ninth-grade
 206-19 acceleration or enrichment programs, programs to improve the
 206-20 academic achievement of limited English-proficient high school
 206-21 students, and middle-college or early-college programs that
 206-22 encourage at-risk students and students who wish to accelerate
 206-23 their education undertake courses of study that allow both high
 206-24 school and college level work.

206-25 c. Funds may also be expended on programs for high school
 206-26 students that create flexible scheduling; personalized learning
 206-27 environments; and, multiple pathways to post-secondary education
 206-28 and training, including partnerships with institutions of higher
 206-29 education, businesses, and community organizations. Funds may also
 206-30 be expended on the implementation of sustainable innovative models
 206-31 for school restructuring and reform in academically unacceptable
 206-32 high schools participating in an innovative redesign of the campus
 206-33 to improve campus performance.

206-34 d. The Commissioner may set aside no more than five percent
 206-35 of total program funds for the purpose of research and evaluation of
 206-36 innovative programs that support high school completion and
 206-37 success. The agency shall deliver a report to the Legislature
 206-38 summarizing expenditures made with program funds as well as
 206-39 research and evaluation findings no later than December 1, 2006.

206-40 e. The Commissioner is authorized to receive grants from
 206-41 private sources and foundations for the provision of jointly funded
 206-42 high school completion and restructuring programs and may use a
 206-43 portion of appropriate state and federal funds as matching funds
 206-44 for such programs. School districts receiving funds may contract
 206-45 with private sector organizations for all or part of the program.
 206-46 The Commissioner is authorized to use a portion of appropriated
 206-47 state and federal funds to support technical assistance services
 206-48 for school restructuring and reform programs. The agency may
 206-49 contract with private sector organizations for all or part of such
 206-50 services.

206-51 **60. Reimbursement for Classroom Supplies.** The Commissioner shall
 206-52 establish a program to reimburse classroom teachers and campus
 206-53 library media specialists for personal funds spent on classroom
 206-54 supplies. It is the intent of the legislature that funds shall be
 206-55 provided to school districts that match local funds expended for
 206-56 this purpose. Funds allocated are intended for the direct benefit
 206-57 of students and use of the funds is solely the discretion of the
 206-58 classroom teacher or campus library media specialist. The Texas
 206-59 Education Agency shall establish rules by which matching funds are
 206-60 allocated to individual teachers within the school district. These
 206-61 funds may not be used to supplant local funds being provided for
 206-62 classroom supplies.

206-63 Funds for this purpose may be allocated out of available
 206-64 federal consolidated administrative funds and from funds subject to
 206-65 the federal "Ed-Flex" statute. The agency and local school
 206-66 districts may also use any allowable unexpended balances in federal
 206-67 funds at the end of each fiscal year of the biennium to provide
 206-68 these reimbursements.

206-69 **61. Life Skills Program for Student Parents.** Out of Foundation

207-1 School Program funds appropriated above in Strategy A.2.4, School
 207-2 Improvement and Support Programs, \$10,000,000 in each fiscal year
 207-3 of the biennium is allocated for the Life Skills Program for Student
 207-4 Parents, Texas Education Code § 29.085. The Texas Education Agency
 207-5 shall distribute funds for this program directly to eligible school
 207-6 districts. Any balances as of August 31, 2006 are appropriated to
 207-7 the 2007 fiscal year for the same purpose.

207-8 **62. Funding for Regional Education Service Centers.** Out of the
 207-9 funds appropriated above in Strategy B.3.1, Improving Teacher
 207-10 Quality, the Commissioner shall distribute \$21,375,000 in fiscal
 207-11 year 2006 and \$21,375,000 in fiscal year 2007 to Regional Education
 207-12 Service Centers to provide professional development and other
 207-13 technical assistance services to school districts. The formula for
 207-14 distribution shall be determined by the Commissioner but shall
 207-15 provide enhanced funding to Regional Education Service Centers that
 207-16 primarily serve small and rural school districts. The Commissioner
 207-17 shall obtain approval for the distribution formula from the
 207-18 Legislative Budget Board and the Governor.

207-19 **63. Computation of Aid for Certain Educational Entities.**
 207-20 Notwithstanding the provisions of Texas Education Code § 42.254,
 207-21 the Commissioner of Education shall compute state aid under the
 207-22 Foundation School Program for the following districts using the
 207-23 average tax rate and property value per student of school districts
 207-24 in the county in which the district is located:

207-25 (1) a school district located on a federal military
 207-26 installation; and

207-27 (2) the Masonic Home Independent School District.

207-28 The state aid distributed to Masonic Home Independent School
 207-29 District pursuant to Texas Education Code, Chapter 42, Subchapter G
 207-30 (Enrichment Program) shall not exceed \$90,000 for each fiscal year
 207-31 of the 2006-07 biennium.

207-32 **64. Career and Technology Education Allotment Programs Eligibility.**
 207-33 Funds appropriated above in Strategy A.1.1, FSP-Equalized
 207-34 Operations, for the Career and Technology Education allotment shall
 207-35 not be used to provide weighted funding for programs identified by
 207-36 the Commissioner as least in need of the additional funding
 207-37 provided by the allotment. Courses to be excluded from weighted
 207-38 funding include, but are not limited to, Business Law, Crime in
 207-39 America, Career Studies, Principles of Marketing, Business
 207-40 Communication, Entrepreneurship, Family & Career Management,
 207-41 Retailing, Family Health Needs, Banking & Financial Systems, Courts
 207-42 & Criminal Procedure, and Introduction to Criminal Justice Careers.

207-43 Additionally, it is the intent of the Legislature that no
 207-44 more than 10 percent of each school district's Foundation School
 207-45 Program Career and Technology Education allotment under the Texas
 207-46 Education Code § 42.154 may be expended for indirect costs related
 207-47 to the career and technology education programs.

207-48 **65. Textbook Purchases.** Of the Federal Funds appropriated above in
 207-49 A.2.3, Students with Disabilities, \$8,500,000 in the 2006-07
 207-50 biennium shall be used for the purchase of Braille, large-type and
 207-51 related materials for students with special needs.

207-52 In accordance with Texas Education Code § 31.103(b), the
 207-53 Commissioner shall use a school district's enrollment growth or
 207-54 decline for the prior three years as the basis for determining the
 207-55 additional percentage of attendance for which a school district may
 207-56 requisition textbooks.

207-57 **66. Title II, Improving Teacher Quality Federal Funds.** The Texas
 207-58 Education Agency and the Higher Education Coordinating Board shall
 207-59 coordinate the distribution of Title II federal funds for improving
 207-60 teacher quality to ensure compatibility between these two agencies'
 207-61 activities. Prior to the implementation of or the awarding of
 207-62 federal funds for improving teacher quality activities, the two
 207-63 agencies shall submit a joint plan to the Legislative Budget Board
 207-64 and the Governor.

207-65 **67. Windham School District Cost Savings.** It is the intent of the
 207-66 Legislature that, in implementing any reductions to programs or
 207-67 staff, the Windham School District achieve cost savings through
 207-68 reductions in administrative costs, attrition, early retirement
 207-69 options, voluntary benefit reductions or other strategies that

208-1 preserve direct services in programs such as literacy and
 208-2 vocational education. The Windham School District shall provide
 208-3 written notification to the Governor and the Legislative Budget
 208-4 Board on proposed savings at least 45 days prior to implementation.

208-5 **68. Receipt and Use of Grants, Federal Funds, and Royalties.** The
 208-6 Commissioner of Education is authorized to apply for, receive and
 208-7 disburse funds in accordance with plans or applications acceptable
 208-8 to the responsible federal agency or other public or private entity
 208-9 that are made available to the State of Texas for the benefit of
 208-10 education and such funds are appropriated to the specific purpose
 208-11 for which they are granted. It is the intent of the Legislature
 208-12 that when entering into any contract or plan with the federal
 208-13 government or other entity, prime consideration shall be given to
 208-14 preserving maximum local control for school districts. It is also
 208-15 the intent of the Legislature that any contract or plan entered into
 208-16 with any entity, excluding the federal government, shall be
 208-17 non-exclusive. For the 2006-07 biennium, the Texas Education
 208-18 Agency is appropriated any royalties and license fees from the sale
 208-19 or use of education products developed through federal and state
 208-20 funded contracts managed by the agency. The Texas Education Agency
 208-21 shall report on a quarterly basis to the Legislative Budget Board
 208-22 and to the Governor on grants or earnings received pursuant to the
 208-23 provisions of this rider, and on the planned use of those funds.

208-24 Any grant or royalty balances as of August 31, 2006 are
 208-25 appropriated for the 2007 fiscal year for the same purpose.

208-26 **69. Guaranteed Yield and Per Pupil Allotment.** Funds allocated above
 208-27 in Strategy A.1.1, FSP - Equalized Operations, include funds
 208-28 sufficient to ensure an increase to the Guaranteed Yield Program
 208-29 and maintenance, for districts not eligible for the Guaranteed
 208-30 Yield Program, of the \$110 per weighted student allocation
 208-31 authorized in Rider 82, page III-23, 2003 General Appropriations
 208-32 Act.

208-33 a. Pursuant to Texas Education Code § 42.252, the Guaranteed
 208-34 Yield per student per penny of tax effort is hereby set at \$_____ in
 208-35 fiscal year 2006 and at \$_____ in fiscal year 2007.

208-36 b. School districts not receiving state aid as provided in
 208-37 subsection (a) are hereby entitled to receive an allocation of
 208-38 General Revenue to maintain per pupil funding levels pursuant to
 208-39 the \$110 per WADA allocation authorized in Rider 82, page III-23,
 208-40 General Appropriations Act, 2003, as they received in the 2004-05
 208-41 biennium.

208-42 c. The total amount of payment under this section is subject
 208-43 to reduction to the extent that districts not otherwise entitled to
 208-44 state aid from the Foundation School Fund receive a benefit from the
 208-45 change in the distributions from the Available School Fund caused
 208-46 by the adoption of amendments to the Texas Constitution, Article
 208-47 VII, § 5, at the election held September 13, 2003.

208-48 The Texas Education Agency shall develop and promulgate rules
 208-49 as necessary to carry out this provision. Such rules are subject to
 208-50 prior approval by the Legislative Budget Board and the Governor.

208-51 **70. Foundation School Program Set-Asides.** The programs and their
 208-52 funding levels identified in this rider represent all programs at
 208-53 the Texas Education Agency and other state agencies that are funded
 208-54 with amounts set aside from the Foundation School Program. The
 208-55 amounts listed in this rider are for informational purposes only,
 208-56 and do not constitute an appropriation:

	<u>2006</u>	<u>2007</u>
208-57 Gifted and Talented Performance	\$437,500	\$437,500
208-58 Standards		
208-59 Residential Placement	\$1,000,000	\$1,000,000
208-60 Juvenile Justice Alternative	\$8,187,641	\$8,951,455
208-61 Education Program		
208-62 Early Childhood Intervention	\$16,498,102	\$16,498,102
208-63 Extended Year Programs	\$16,500,000	\$16,500,000
208-64 Investment Capital Fund	\$4,650,000	\$4,650,000
208-65 LEP Student Success Initiative	\$10,000,000	\$10,000,000
208-66 Communities in Schools	\$15,788,865	\$15,788,865
208-67 Teen Parenting Education Programs	\$10,000,000	\$10,000,000
208-68 TAKS Assessments and Study Guides	\$42,326,350	\$42,326,350

209-1	MATHCOUNTS Program	\$200,000	\$200,000
209-2	TOTAL, FSP Set-Asides	\$125,588,458	\$126,352,272
209-3	71. Motor Vehicle Fees for Specially Designed License Plates.		
209-4	Pursuant to the Texas Transportation Code, Chapter 504, Subchapter		
209-5	G, revenues generated from the sale of specialty license plates		
209-6	identified below are hereby appropriated to the agency for the		
209-7	purpose of distribution as required by that statute:		
209-8	Read to Succeed -- § 504.607		
209-9	Texas YMCA -- § 504.623		
209-10	100th Football Season of Stephen F Austin High School -- §		
209-11	504.624		
209-12	Share the Road -- § 504.633		
209-13	Knights of Columbus -- § 504.638		
209-14	Texas Music -- § 504.639		
209-15	Star Day School Library Readers Are Leaders -- § 504.643		
209-16	Keeping Texas Strong -- § 504.650		
209-17	Any remaining balances as of August 31, 2005 are appropriated		
209-18	for the 2006-07 biennium. Any remaining balances as of August 31,		
209-19	2006 are appropriated for fiscal year 2007.		
209-20	72. Audio Webcast of State Board of Education Meetings. Out of funds		
209-21	appropriated above in Strategy B.3.4, Information Systems -		
209-22	Technology, the agency shall allocate funds as necessary to provide		
209-23	a live audio broadcast, freely available on the internet, of all		
209-24	public meetings of the State Board of Education held in the William		
209-25	B. Travis Building in Austin, Texas.		
209-26	73. Notification of Use of Federal Discretionary and Consolidated		
209-27	Administrative Funds. The Commissioner shall notify the		
209-28	Legislative Budget Board and the Governor at least 45 days prior to		
209-29	allocations of federal state-level discretionary and consolidated		
209-30	administrative funds for particular programs or purposes that are		
209-31	not explicitly identified in this Act.		
209-32	74. LEP Student Success Initiative. Out of the funds appropriated		
209-33	above in Strategy A.2.1, Student Success, \$10,000,000 in each		
209-34	fiscal year of the 2006-07 biennium shall be set aside from the		
209-35	Compensatory Education allotment and allocated for the purpose of		
209-36	funding intensive programs of instruction for limited		
209-37	English-proficient (LEP) students and teacher training resources		
209-38	specific to instruction of LEP students.		
209-39	75. FTE Designation: Texas Council for Developmental Disabilities.		
209-40	It is the intent of the Legislature that, out of the full-time		
209-41	equivalent positions authorized above, in each fiscal year 17 are		
209-42	designated for the Texas Council for Developmental Disabilities.		
209-43	76. [Reserved]		
209-44	77. Internet-based System for School District Waiver Submissions.		
209-45	Out of funds appropriated to Strategy B.3.4, Information Systems -		
209-46	Technology, the agency shall allocate funds as necessary to provide		
209-47	an Internet-based system to allow school districts to submit waiver		
209-48	requests and related information electronically to the agency. The		
209-49	agency shall collect class-size waiver data at the district, campus		
209-50	and classroom level. The data collected by this system shall be		
209-51	linked with the Public Education Information Management System		
209-52	(PEIMS) to facilitate data accuracy, waiver monitoring, and		
209-53	analysis.		
209-54	78. [Reserved]		
209-55	79. Study of the Windham School District. The Texas Education		
209-56	Agency shall update its limited purpose review of the Windham		
209-57	School District to include an evaluation of the structure,		
209-58	management, and operations of the district, and the impact of its		
209-59	programs. The agency shall report the results of the review to the		
209-60	Eightieth Legislature no later than December 1, 2006.		
209-61	80. Instructional Materials for Juvenile Justice Alternative		
209-62	Education Programs. The Commissioner shall provide juvenile		
209-63	justice alternative education programs with instructional		
209-64	materials necessary to support classroom instruction in those		
209-65	programs. The cost of the instructional materials shall be covered		
209-66	by State Textbook Funds appropriated to the agency for the 2006-07		
209-67	biennium.		
209-68	81. Child Nutrition Program. It is the intent of the Seventy-ninth		
209-69	Legislature that the Child Nutrition Program payments to		

210-1 independent school districts be budgeted at the Texas Education
 210-2 Agency. Included in the amounts appropriated above to the Texas
 210-3 Education Agency for the 2006-07 biennium is \$2,162,000,000 out of
 210-4 Federal Funds and \$28,800,000 out of the General Revenue Fund to
 210-5 provide reimbursements for the School Lunch, Breakfast, and After
 210-6 School Snack programs.

210-7 It is also the intent of the Legislature that the Texas
 210-8 Department of Agriculture administer the Child Nutrition Program.
 210-9 Included in the amounts appropriated elsewhere in this Act to the
 210-10 Texas Department of Agriculture for the 2006-07 biennium is
 210-11 \$20,600,000 out of Federal Funds and \$398,248 out of the General
 210-12 Revenue Fund in Strategy D.1.1, Support Nutrition Programs, to
 210-13 administer the Child Nutrition Program.

210-14 **82. Development of Workplace and Workforce Literacy Curriculum.** Out
 210-15 of Federal Funds appropriated above in Strategy A.2.5, Adult
 210-16 Education and Family Literacy, the Commissioner shall allocate an
 210-17 amount not to exceed \$850,000 in fiscal year 2006 for the
 210-18 development of a demand-driven workplace literacy and basic skills
 210-19 curriculum. The Texas Workforce Commission shall provide
 210-20 resources, industry-specific information and expertise identified
 210-21 as necessary by the Texas Education Agency to support the
 210-22 development and implementation of the curriculum.

210-23 **83. Assessment of Contract Controls.** The State Auditor's Office
 210-24 (SAO) shall assess controls over contract management and procedures
 210-25 on payments for purchasing contracts at the Texas Education Agency
 210-26 (TEA). In the assessment, the SAO shall answer the following
 210-27 questions:

210-28 a. Does the TEA effectively monitor and control contract
 210-29 payments?

210-30 b. Does the TEA have the information necessary to support
 210-31 contract decision-making?

210-32 c. Has the TEA established and maintained a database that
 210-33 documents specific information about vendor contracts at all
 210-34 independent school districts throughout the State of Texas?

210-35 The SAO shall report its findings to the Legislature no later
 210-36 than December 1, 2006.

210-37 **84. Programs to Encourage Certification to Teach Bilingual**
 210-38 **Education, English as a Second Language, or Spanish.** From funds
 210-39 appropriated above that may be used for educator training or
 210-40 support in bilingual education, English as a second language, or
 210-41 Spanish, the Texas Education Agency, in consultation with the
 210-42 affected institutions of higher education and the Texas Higher
 210-43 Education Coordinating Board, shall develop and operate a program
 210-44 to assist students enrolled at institutions of higher education in
 210-45 educator preparation programs in bilingual education, English as a
 210-46 second language, or Spanish by providing financial incentives, such
 210-47 as tuition assistance, to encourage those students to become
 210-48 certified to teach bilingual education, English as a second
 210-49 language, or Spanish.

210-50 **85. Intensive Reading Instruction and English Language Proficiency**
 210-51 **Pilot Program.** From the funds appropriated for the Student Success
 210-52 Initiative and from state and Federal ESL/LEP funds, the
 210-53 Commissioner may set aside an amount not to exceed \$1 million for
 210-54 establishing an intensive reading instruction and English language
 210-55 proficiency pilot program for schools that have failed to improve
 210-56 student performance in reading and English language proficiency.
 210-57 The pilot program shall require the use of neuroscience based,
 210-58 scientifically validated programs, interventions of instructional
 210-59 tools that are proven to accelerate learning, cognitive ability and
 210-60 English language proficiency. The pilot program shall provide for
 210-61 participating schools to perform assessments on participating
 210-62 students prior to entering the program, and upon completion of the
 210-63 program to measure improvements in both their reading and English
 210-64 language proficiency. A school identified as eligible to
 210-65 participate in the pilot program shall implement only those
 210-66 interventions, programs or instructional tools approved by the
 210-67 Commissioner.

210-68 **86. Exam Locations.** The Commissioner of Education shall continue
 210-69 to ensure that sites in the state of Texas that provide the main

211-1 certification examination for educators (a.k.a. ExCET or TExES) are
 211-2 located such that there is a site within 50 miles of every
 211-3 Board-approved educator preparation program.

211-4 **87. Integrated Reporting System.** The Texas Education Agency and
 211-5 the Higher Education Coordinating Board shall coordinate regarding
 211-6 sharing, integrating, and housing pre-kindergarten through grade
 211-7 16 (P-16) public education data. The three agencies shall work
 211-8 together to ensure that common and related data held by each agency
 211-9 is maintained in standardized, compatible formats to enable the
 211-10 efficient exchange of information between agencies and for matching
 211-11 of individual student records for longitudinally-based studies and
 211-12 analysis. It is the intent of the Legislature that individual
 211-13 initiatives interact seamlessly across agency systems to
 211-14 facilitate efforts to integrate the relevant data from each agency
 211-15 into a longitudinal public education data resource to provide a
 211-16 widely accessible P-16 public education data warehouse.

211-17 **88. Test Development.** The Commissioner of Education shall
 211-18 continue to consider the use of standard exams that are not specific
 211-19 to Texas curricula to complement a core of Texas-specific exams
 211-20 and/or replace certain Texas-specific exams planned or under
 211-21 development. The Commissioner shall consider the following factors
 211-22 when determining whether a Texas-specific exam is necessary - the
 211-23 number of Texas educators likely to take the exam; the extent to
 211-24 which educators from states that use a standard exam pass similar
 211-25 Texas-specific exams; the similarity of content covered in a
 211-26 standard exam versus the planned Texas-specific exam,
 211-27 understanding that 100 percent of alignment is not necessary; and
 211-28 the relative cost to the state and to examinees of a standard exam
 211-29 versus a Texas-specific exam.

211-30 The Commissioner is hereby authorized to expend funds appropriated
 211-31 in Strategy C.1.2, Certification Exam Administration, for test
 211-32 development or for the evaluation and purchase of standard exams,
 211-33 if the Board finds that a standard exam is appropriate.

211-34 **89. Federal Funds for Test Development.** The Texas Education Agency
 211-35 shall seek federal funds to provide for the development of new
 211-36 certification examinations. Any federal funds received by the
 211-37 agency for this purpose are hereby appropriated to the agency.

211-38 90. [Reserved]

211-39 **91. Reporting of Teacher Misconduct.** From funds appropriated, the
 211-40 Texas Education Agency and the University of Texas System shall
 211-41 coordinate to work with school districts to ensure timely and
 211-42 accurate reporting of teacher misconduct as required by statute or
 211-43 rule.

211-44 **92. Sunset Contingency.** Appropriations made by this Act for the
 211-45 State Board for Educator Certification are considered
 211-46 appropriations for the Texas Education Agency for purposes of this
 211-47 Act.

211-48 **93. Review of Bilingual Education Certification Standards.** The
 211-49 Commissioner of Education shall review the Bilingual Education
 211-50 certification examinations to determine whether the content and
 211-51 passing standard is appropriate. If the content or the passing
 211-52 standard is determined to be inappropriate, the Commissioner shall
 211-53 take immediate steps to realign the examinations to the appropriate
 211-54 standard either through test redevelopment or other appropriate and
 211-55 cost-effective means. The Commissioner is directed to make a
 211-56 report to the legislature on the findings of its review not later
 211-57 than January 31, 2006.

211-58 **94. Recording for the Blind & Dyslexic Learning Through Listening**
 211-59 **Educational Outreach Program.** Out of the Federal Funds appropriated
 211-60 above in Strategy A.2.3, Students with Disabilities, the
 211-61 Commissioner shall expend \$1,000,000 in fiscal year 2006 and
 211-62 \$1,000,000 in fiscal year 2007 for the purpose of implementing the
 211-63 Recording for the Blind & Dyslexic's program affording reading
 211-64 accommodation by providing instruction and training using
 211-65 digitally recorded audiobooks, playback equipment, and other
 211-66 resources for students with print disabilities. The program shall
 211-67 target economically disadvantaged students in kindergarten through
 211-68 12th grade with learning disabilities, dyslexia, vision
 211-69 impairment, and physical disabilities.

212-1 SECTION 9.02. (a) If this Act takes effect immediately,
 212-2 the amount of the appropriation made by Section 13.18, Article IX,
 212-3 S.B. No. 1, Acts of the 79th Legislature, Regular Session, 2005, is
 212-4 reduced by the lesser of:

212-5 (1) the amount of the general revenue fund and general
 212-6 revenue - dedicated account appropriations made by this article; or

212-7 (2) the amount of the general revenue fund and general
 212-8 revenue - dedicated account appropriations made to the Texas
 212-9 Education Agency by Article III, S.B. No. 1, Acts of the 79th
 212-10 Legislature, Regular Session, 2005, that were vetoed by the
 212-11 governor.

212-12 (b) If this Act does not take effect immediately:

212-13 (1) the amount of the appropriations made by this
 212-14 article for purposes of the Foundation School Program are reduced
 212-15 by the amount, if any, transferred to the Texas Education Agency
 212-16 under the budget execution process for purposes of the Foundation
 212-17 School Program before the effective date of this Act; and

212-18 (2) the amount of the appropriation made by Section
 212-19 13.18, Article IX, S.B. No. 1, Acts of the 79th Legislature, Regular
 212-20 Session, 2005, is reduced by the lesser of:

212-21 (A) the amount of the general revenue fund and
 212-22 general revenue - dedicated account appropriations made by this
 212-23 article, as reduced under Subdivision (1) of this subsection, if
 212-24 applicable; or

212-25 (B) the amount of the general revenue fund and
 212-26 general revenue - dedicated account appropriations made to the
 212-27 Texas Education Agency by Article III, S.B. No. 1, Acts of the 79th
 212-28 Legislature, Regular Session, 2005, that were vetoed by the
 212-29 governor, minus the amount, if any, from the general revenue fund
 212-30 and general revenue - dedicated accounts transferred to the Texas
 212-31 Education Agency under the budget execution process for purposes of
 212-32 the Foundation School Program before the effective date of this
 212-33 Act.

212-34 ARTICLE 10. REPEALER; APPLICABILITY; EFFECTIVE DATE

212-35 SECTION 10.01. (a) Sections 1, 2, and 3, Chapter 201, Acts
 212-36 of the 78th Legislature, Regular Session, 2003, are repealed.

212-37 (b) Sections 2 and 4, S.B. No. 151, Acts of the 79th
 212-38 Legislature, Regular Session, 2005, are repealed.

212-39 (c) Sections 2 and 10(b), H.B. No. 2753, Acts of the 79th
 212-40 Legislature, Regular Session, 2005, are repealed.

212-41 (d) Section 23.001(17), H.B. No. 2018, Acts of the 79th
 212-42 Legislature, Regular Session, 2005, is repealed.

212-43 (e) Section 4, S.B. No. 23, Acts of the 79th Legislature,
 212-44 Regular Session, 2005, is repealed.

212-45 (f) The following provisions of the Education Code are
 212-46 repealed:

212-47 (1) Subchapter D, Chapter 22;

212-48 (2) Subchapters B, C, E, F, and G, Chapter 41;

212-49 (3) Chapter 42, as it existed on January 1, 2005; and

212-50 (4) Sections 7.006, 21.357, 21.402(b), 25.0811(b) and
 212-51 (c), 29.056(h), 29.203(c) and (g), 31.025, 31.1031, 37.004(g),
 212-52 39.023(d) and (j), 39.024(e), 39.027(b), (c), and (f), 39.051(d),
 212-53 39.073, 39.074, 39.112, 41.001, 41.002, 41.003, 41.0031, 41.007,
 212-54 41.009(b), 41.011, 41.092, 41.099, 41.252(b), 44.004(c) and (d),
 212-55 and 105.301(f).

212-56 (g) Section 403.302(j), Government Code, is repealed.

212-57 (h) The following provisions of the Insurance Code are
 212-58 repealed:

212-59 (1) Section 1579.253(b);

212-60 (2) Section 1581.053(b); and

212-61 (3) Subchapter C, Chapter 1581.

212-62 (i) Sections 6.02(g), 6.03(m), 21.02(b), and 26.08(k), (l),
 212-63 and (m), Tax Code, are repealed.

212-64 SECTION 10.02. Except as otherwise provided by this Act,
 212-65 this Act applies beginning with the 2005-2006 school year.

212-66 SECTION 10.03. (a) Except as otherwise provided by this
 212-67 Act, this Act takes effect September 1, 2005, if it receives a vote
 212-68 of two-thirds of all the members elected to each house, as provided
 212-69 by Section 39, Article III, Texas Constitution. If this Act does

213-1 not receive the vote necessary for effect on that date:
213-2 (1) this Act takes effect on the 91st day after the
213-3 last day of the legislative session; and
213-4 (2) a provision of this Act that states that the
213-5 provision takes effect September 1, 2005, takes effect on the
213-6 effective date as provided by Subdivision (1) of this subsection.
213-7 (b) This Act takes effect only if H.B. No. 3, Acts of the
213-8 79th Legislature, 1st Called Session, 2005, becomes law. If that
213-9 bill does not become law, this Act has no effect.

213-10 * * * * *