

By: Hochberg

H.B. No. 31

A BILL TO BE ENTITLED

AN ACT

relating to public education and public school finance matters.

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

ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING

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

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

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

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

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

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

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

1 students served under Section 29.0822.

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

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

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

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

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

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

1 of the foundation school program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (1) the greater of:

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

$$LFA = TR \times DPV$$

10 where:

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

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

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

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

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

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

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

4 where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15           (k) For purposes of this section, for the [~~2003, 2004,~~]  
16 2005, 2006, 2007, or 2008 tax year, for a school district that is  
17 entitled to state funds under Sections 1581.1015(c), (d), (e), and  
18 (f) [~~Section 4(a-1), (a-2), (a-3), (a-4), (a-5), or (a-6), Article~~  
19 ~~3.50-9~~], Insurance Code, the rollback tax rate of the district is  
20 the sum of:

21           (1) the tax rate that, applied to the current total  
22 value for the district, would impose taxes in an amount that, when  
23 added to state funds that would be distributed to the district under  
24 Chapter 42, Education Code, for the school year beginning in the  
25 current tax year using that tax rate, would provide the same amount  
26 of state funds distributed under Chapter 42 and maintenance and  
27 operations taxes of the district per student in weighted average

1 daily attendance for that school year that would have been  
2 available to the district in the preceding year if the funding  
3 elements for Chapters 41 and 42, Education Code, for the current  
4 year had been in effect for the preceding year;

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

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

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

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

16 (n) This subsection applies only to a reinvestment zone  
17 created before January 1, 2005, for which a school district entered  
18 into an agreement before that date to pay a portion of the tax  
19 increment produced by the school district into the tax increment  
20 fund established for the zone. In addition to the amount the school  
21 district is otherwise required to pay into the tax increment fund  
22 each year, the comptroller shall pay into the fund from any  
23 available source an additional amount. The additional amount is  
24 the amount by which the amount the district would have been required  
25 to pay into the fund for the current year under the agreement if the  
26 district levied taxes at the district's 2004 tax rate exceeds the  
27 amount the district is otherwise required to pay into the fund for

1 the current year. This subsection ceases to apply to the  
2 reinvestment zone on the earlier of the dates specified by Sections  
3 311.017(a)(1) and (2) for the reinvestment zone.

4 SECTION 1A.20. (a) The changes in law made by this part  
5 apply to the maintenance and operations tax rate of a school  
6 district beginning with the 2005 tax year.

7 (b) If before the effective date of this part, the governing  
8 body of a school district adopted an ad valorem tax rate for the  
9 district for the 2005 tax year under the law in effect immediately  
10 before the effective date of this part, and the adopted ad valorem  
11 tax rate included a rate for maintenance and operations expenses  
12 that is greater than the maximum maintenance and operations tax  
13 rate for the 2005 tax year permitted under this part:

14 (1) on the effective date of this part, the ad valorem  
15 tax rate adopted for the district is invalidated; and

16 (2) the governing body shall adopt an ad valorem tax  
17 rate for the 2005 tax year in accordance with the changes in law  
18 made by this part.

19 (c) If tax bills for the 2005 tax year were sent by the tax  
20 assessor for a school district pursuant to a tax rate invalidated  
21 under Subsection (b)(1) of this section, the tax assessor for the  
22 school district shall prepare and mail a new tax bill for the 2005  
23 tax year to each taxpayer of the district in the manner required by  
24 Chapter 31, Tax Code. If a taxpayer pays the taxes for the 2005 tax  
25 year pursuant to a tax rate invalidated under Subsection (b)(1) of  
26 this section, the school district shall refund any difference  
27 between the tax paid and the tax due at the rate adopted under

1 Subsection (b)(2) of this section.

2 (d) If this Act is passed by the legislature without  
3 receiving a vote of two-thirds of all the members elected to each  
4 house, any action taken before the effective date of this part in  
5 preparation for the implementation of the changes in law made by  
6 this part, including adoption of a maintenance and operations tax  
7 rate, by an officer or employee or the governing body of a school  
8 district that the officer, employee, or governing body determines  
9 is necessary or appropriate and that the officer, employee, or  
10 governing body would have been authorized to take had this part been  
11 in effect at the time of the action is validated as of the effective  
12 date of this part. Any public notice required by Chapter 26, Tax  
13 Code, or Chapter 44, Education Code, given before the effective  
14 date of this part that includes an additional statement that the tax  
15 rate for the school district will be adopted in accordance with the  
16 changes in law made by this part is validated as of the effective  
17 date of this part.

18 PART B. RESIDENCE HOMESTEAD EXEMPTION

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

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



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

3           (a) The tax officials shall appraise the property to which  
4 this section applies and calculate taxes as on other property, but  
5 if the tax so calculated exceeds the limitation imposed by this  
6 section, the tax imposed is the amount of the tax as limited by this  
7 section, except as otherwise provided by this section. A school  
8 district may not increase the total annual amount of ad valorem tax  
9 it imposes on the residence homestead of an individual 65 years of  
10 age or older or on the residence homestead of an individual who is  
11 disabled, as defined by Section 11.13, above the amount of the tax  
12 it imposed in the first tax year in which the individual qualified  
13 that residence homestead for the applicable exemption provided by  
14 Section 11.13(c) for an individual who is 65 years of age or older  
15 or is disabled. If the individual qualified that residence  
16 homestead for the exemption after the beginning of that first year  
17 and the residence homestead remains eligible for the same exemption  
18 for the next year, and if the school district taxes imposed on the  
19 residence homestead in the next year are less than the amount of  
20 taxes imposed in that first year, a school district may not  
21 subsequently increase the total annual amount of ad valorem taxes  
22 it imposes on the residence homestead above the amount it imposed in  
23 the year immediately following the first year for which the  
24 individual qualified that residence homestead for the same  
25 exemption, except as provided by Subsection (b). If the first tax  
26 year the individual qualified the residence homestead for the  
27 exemption provided by Section 11.13(c) for individuals 65 years of

1 age or older or disabled was a tax year before the 2006 [~~1997~~] tax  
2 year, the amount of the limitation provided by this section is the  
3 amount of tax the school district imposed for the 2005 [~~1996~~] tax  
4 year less an amount equal to the amount determined by multiplying  
5 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the  
6 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to  
7 improvements made in 2005 [~~1996~~], other than improvements made to  
8 comply with governmental regulations or repairs.

9 SECTION 1B.03. Section 42.2511(a), Education Code, is  
10 amended to read as follows:

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

17 (1) the increase in the homestead exemption under  
18 Section 1-b(c), Article VIII, Texas Constitution, as proposed by  
19 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as  
20 proposed by the joint resolution to amend that section adopted by  
21 the 79th Legislature, 2nd Called Session, 2005; and

22 (2) the additional limitation on tax increases under  
23 Section 1-b(d), Article VIII, Texas Constitution, as proposed by  
24 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as  
25 proposed by the joint resolution to amend that section adopted by  
26 the 79th Legislature, 2nd Called Session, 2005.

27 SECTION 1B.04. Section 403.302(j), Government Code, is

1 amended to read as follows:

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

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

7 (2) a final value for each school district computed  
8 on:

9 (A) a residence homestead exemption under  
10 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

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

15 (3) a final value for each school district computed  
16 on:

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

19 (B) the effect of the additional limitation on  
20 tax increases under Section 1-b(d), Article VIII, Texas  
21 Constitution, as proposed by the joint resolution to amend that  
22 section adopted by the 79th Legislature, 2nd Called Session, 2005.

23 SECTION 1B.05. This part takes effect January 1, 2006, but  
24 only if the constitutional amendment proposed by the 79th  
25 Legislature, 2nd Called Session, 2005, increasing the amount of the  
26 school district residence homestead property tax exemption to  
27 \$45,000 and providing for a corresponding adjustment of the

1 limitation on school taxes on residence homesteads of elderly and  
2 disabled persons is approved by the voters. If that amendment is  
3 not approved by the voters, this part has no effect.

4 PART C. SCHOOL DISTRICT EFFICIENCY

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

7 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) The  
8 commissioner shall develop and implement a program assisting school  
9 district boards of trustees in entering into an agreement with  
10 another district or a regional education service center for a  
11 cooperative arrangement regarding administrative services,  
12 including transportation, food service, purchasing, and payroll  
13 functions.

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

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

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

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

25 Sec. 45.233. REVIEW OF TAX COLLECTIONS. The comptroller  
26 shall periodically examine the effectiveness of school districts in  
27 collecting district taxes.

ARTICLE 2. EDUCATION EXCELLENCE

PART A. EDUCATOR QUALITY

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

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

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

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

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student available to a district eligible to receive state assistance under Section 42.302 with an enrichment tax rate, as defined by Section 42.302, equal to the maximum rate authorized under Section 42.303, except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187 [H.B. No. 3343], Acts of the 77th Legislature, Regular Session, 2001, or \_\_\_B. No. \_\_\_, Acts of the 79th Legislature, 2nd Called Session, 2005.

(c-1) Not later than June 1, 2007, the commissioner shall

1 adjust the factors described by Subsection (c) so that the minimum  
2 monthly salary calculated under Subsection (a) is \$400 greater than  
3 the minimum monthly salary that the formula would have otherwise  
4 generated.

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

9 (1) the monthly salary the employee would have  
10 received for the 2005-2006 school year under the district's salary  
11 schedule or other compensation system, including any local  
12 supplement and any money representing a career ladder supplement  
13 the employee would have received in the 2005-2006 school year; and

14 (2) \$200.

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

19 (1) the monthly salary the employee would have  
20 received for the 2006-2007 school year under the district's salary  
21 schedule or other compensation system, including any local  
22 supplement and any money representing a career ladder supplement  
23 the employee would have received in the 2006-2007 school year; and

24 (2) \$400.

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

27 (d) A classroom teacher, full-time librarian, full-time

1 counselor certified under Subchapter B, or full-time school nurse  
2 employed by a school district in the 2006-2007 [~~2000-2001~~] school  
3 year is, as long as the employee is employed by the same district,  
4 entitled to a salary that is at least equal to the salary the  
5 employee received for the 2006-2007 [~~2000-2001~~] school year.

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

8 Sec. 21.4021. ADDITIONAL COMPENSATION. (a) In addition to  
9 the amounts specified under Section 21.402, each school district  
10 shall spend an amount equal to the product of \$800 multiplied by the  
11 number of classroom teachers, full-time librarians, full-time  
12 counselors certified under Subchapter B, and full-time school  
13 nurses employed by the district and entitled to a minimum salary  
14 under Section 21.402 on:

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

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

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

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

26 (C) serve as a mentor or master teacher in a  
27 subject in which the teacher is certified and which is designated by

1 the commissioner as a critical shortage area; or

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

5 (b) Notwithstanding Subsection (a), during the 2005-2006  
6 school year, in addition to the amounts specified under Section  
7 21.402, each school district shall spend an amount equal to the  
8 product of \$400 multiplied by the number of classroom teachers,  
9 full-time librarians, full-time counselors certified under  
10 Subchapter B, and full-time school nurses employed by the district  
11 and entitled to a minimum salary under Section 21.402 in the manner  
12 provided by Subsection (a).

13 (c) Subsection (a) applies beginning with the 2006-2007  
14 school year. Subsection (b) and this subsection expire September  
15 1, 2006.

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

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

- 21 (1) teach in the same school;  
22 (2) to the extent practicable, teach the same subject  
23 or grade level, as applicable; and  
24 (3) meet the qualifications prescribed by  
25 commissioner rules adopted under Subsection (b).

26 (b) The commissioner shall adopt rules necessary to  
27 administer this section, including rules concerning the duties and



1 qualifications of a teacher who serves as a mentor. The rules  
2 concerning qualifications must require that to serve as a mentor a  
3 teacher must:

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

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

8 (3) have at least three complete years of teaching  
9 experience.

10 (c) The commissioner shall develop proposed rules under  
11 Subsection (b) by negotiated rulemaking as provided by Chapter  
12 2008, Government Code.

13 (d) From the funds appropriated to the agency for purposes  
14 of this section, the commissioner shall adopt rules and fund  
15 mentoring support through providers of mentor training. In  
16 adopting rules under this subsection, the commissioner shall rely  
17 on research-based mentoring programs that, through external  
18 evaluation, have demonstrated success.

19 PART B. STATE GOVERNANCE

20 SECTION 2B.01. Subchapter B, Chapter 7, Education Code, is  
21 amended by adding Section 7.0221 to read as follows:

22 Sec. 7.0221. FINANCIAL ACCOUNTING REPORT REQUIRED. (a)  
23 The agency shall:

24 (1) use standard accepted cost accounting practices  
25 for reporting all expenditures; and

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

1        (b) The commissioner shall prepare an annual cost  
2 accounting report of all expenditures described by Subsection (a).

3        (c) The commissioner shall make the annual cost accounting  
4 report for a fiscal year available to the public on the agency's  
5 Internet website not later than January 1 following that fiscal  
6 year. The commissioner shall provide a copy of the annual cost  
7 accounting report to any person who submits a written request to the  
8 commissioner.

9        SECTION 2B.02. Section 8.102, Education Code, is amended to  
10 read as follows:

11        Sec. 8.102. DATA REPORTING. (a) Each regional education  
12 service center shall report audited or budgeted financial  
13 information and any other information requested by the commissioner  
14 for use in assessing the performance of the center. The  
15 commissioner shall develop a uniform system for regional education  
16 service centers to report audited financial data, to report  
17 information on the indicators adopted under Section 8.101, and to  
18 provide information on client satisfaction with services provided  
19 under Subchapter B.

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

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

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

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

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

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

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

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

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

11           (b) In the audit conducted under Subsection (a)(1), the  
12 commissioner shall verify that the regional education service  
13 center has identified each expenditure separately by purpose as  
14 educational, support, or administrative as required by Section  
15 8.102(b).

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

21                   PART C. SCHOOL DISTRICT GOVERNANCE

22                                   AND OTHER OPERATIONS

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

25           (e) A superintendent may not receive any financial benefit  
26 for personal services performed by the superintendent for any  
27 business entity that conducts or solicits business with the school

1 district. Any financial benefit received by the superintendent for  
2 performing personal services for any other entity must be approved  
3 by the board of trustees on a case-by-case basis in an open meeting.

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

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

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

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

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

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

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

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

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

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

24 (1) is willing and able to contract with the district  
25 to operate a prekindergarten program that complies with the  
26 requirements of this code and commissioner rules regarding  
27 prekindergarten programs operated by a school district;



1 development and classroom instruction by each grade level and each  
2 subject in the required curriculum under Section 28.002;

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

7 (4) periodically update information described by this  
8 section as the agency determines necessary to provide timely  
9 information regarding best practices.

10 (c) The agency may include in the clearinghouse any  
11 information that the agency determines to be relevant to the best  
12 practices of school districts.

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

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

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

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

26 (f) A school district or campus that is required to develop  
27 and implement a student achievement improvement plan under Section

1 39.131 or 39.132 or that is subject to Section 39.1321 may receive  
2 an exemption or waiver under this section from any law or rule other  
3 than:

4 (1) a prohibition on conduct that constitutes a  
5 criminal offense;

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

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

9 (A) public school accountability as provided by  
10 Subchapters B, C, D, and G, Chapter 39; or

11 (B) educator rights and benefits under  
12 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter  
13 A, Chapter 22; or

14 (4) textbook selection under Chapter 31.

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

17 (b) A reciprocity agreement must:

18 (1) address procedures for:

19 (A) transferring student records;

20 (B) awarding credit for completed course work;

21 and

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

26 (2) include appropriate criteria developed by the  
27 agency.

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

3 (h) The State Board of Education and each school district  
4 shall foster the continuation of the tradition of teaching United  
5 States and Texas history and the free enterprise system in regular  
6 subject matter, ~~and~~ in social studies, economics, and reading  
7 courses, and in the adoption of textbooks. A primary purpose of the  
8 public school curriculum is to prepare thoughtful, active citizens  
9 who understand the importance of patriotism and can function  
10 productively in a free enterprise society with appreciation for the  
11 basic democratic values of our state and national heritage.

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

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

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

19 Sec. 28.0215. SATISFACTORY PERFORMANCE REQUIRED:  
20 END-OF-COURSE ASSESSMENT INSTRUMENTS. (a) A student may not  
21 receive course credit for a course described by Section 39.023(c)  
22 unless the student performs satisfactorily on the end-of-course  
23 assessment instrument for the course.

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



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

5 (c) A person may receive a diploma if the person is eligible  
6 for a diploma under Section 28.0251. In other cases, a student may  
7 graduate and receive a diploma only if~~+~~

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

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

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

14 (d) Except as provided by Section 39.0241, a person may not  
15 receive a diploma unless the person complies with Section 39.025.  
16 For each year in which a person must comply with Section 39.025 to  
17 receive a diploma, a [A] school district may issue a certificate of  
18 coursework completion to a student who successfully completes the  
19 curriculum requirements identified by the State Board of Education  
20 under Subsection (a) but who fails to comply with Section 39.025. A  
21 school district may allow a student who receives a certificate to  
22 participate in a graduation ceremony with students receiving high  
23 school diplomas. This subsection ceases to apply on the date the  
24 commissioner certifies that the implementation of amendments made  
25 by \_\_.B. No. \_\_, Acts of the 79th Legislature, 2nd Called Session,  
26 2005, to Sections 39.023(a) and (c) and 39.051(b) is complete under  
27 the transition plan adopted under Section 39.0241. This subsection

1 expires September 1, 2011.

2 (e) Each school district shall report the academic  
3 achievement record of students who have completed a minimum,  
4 recommended, or advanced high school program on transcript forms  
5 adopted by the State Board of Education. The transcript forms  
6 adopted by the board must be designed to clearly differentiate  
7 between each of the high school programs.

8 (f) The transcript forms adopted by the State Board of  
9 Education under Subsection (e) must be designed to ~~and~~ identify  
10 whether a student received a diploma or a certificate of coursework  
11 completion. This subsection expires September 1, 2011.

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

14 (b) Each district shall provide accelerated instruction to  
15 a student enrolled in the district who has taken an end-of-course  
16 [~~the secondary exit-level~~] assessment instrument administered  
17 under Section 39.023(c) and has not performed satisfactorily on the  
18 assessment instrument [~~each section~~] or who is at risk of dropping  
19 out of school.

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

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

27 (b) To enable a school district to provide a program under

1 this section that meets the needs of students described by  
2 Subsection (a), a school district may:

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

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

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

9 (c) A course offered in a program under this section must  
10 provide for at least the same number of instructional hours as  
11 required for a course offered in a program that meets the required  
12 minimum number of instructional days under Section 25.081 and the  
13 required length of school day under Section 25.082(a).

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

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

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

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

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

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

13 (2) used to measure various indicators of educational  
14 success to determine the progress of a campus towards academic  
15 achievement.

16 (b) A student is eligible to receive a public education  
17 grant or to attend another public school in the district in which  
18 the student resides under this subchapter if the student is  
19 assigned to attend a public school campus:

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

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

26 (3) that has not met the adequate yearly progress  
27 standard for the same indicator of educational success for the

1 preceding two years.

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

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

8 [~~(2)~~ the student becomes ineligible for the grant if  
9 the student is assigned to attend a school that does not meet the  
10 criteria under Subsection (a)].

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

13 (f) The school district in which a student resides shall  
14 provide each student attending a school in another district under  
15 this subchapter transportation free of charge to and from the  
16 school the student would otherwise attend, except as provided by  
17 Section 1116, No Child Left Behind Act of 2001 (20 U.S.C. Section  
18 6316).

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

21 (e) The school shall cooperate with public and private  
22 agencies and organizations serving students and other persons with  
23 visual impairments in the planning, development, and  
24 implementation of effective educational and rehabilitative service  
25 delivery systems associated with educating students with visual  
26 impairments. To maximize and make efficient use of state  
27 facilities, funding, and resources, the services provided in this

1 area may include conducting a cooperative program with other  
2 agencies to serve students who have graduated from high school by  
3 completing all academic requirements applicable to students in  
4 regular education, excluding satisfactory performance on the  
5 end-of-course ~~[exit-level]~~ assessment instruments required by  
6 commissioner rule under Section 39.023(c) ~~[instrument]~~, who are  
7 younger than 22 years of age on September 1 of the school year and  
8 who have identified needs related to vocational training,  
9 independent living skills, orientation and mobility, social and  
10 leisure skills, compensatory skills, or remedial academic skills.

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

14 (b) A student may graduate and receive a diploma from a  
15 Texas Youth Commission educational program if~~+~~

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

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

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

23 (c) Except as provided by Section 39.0241, a person may not  
24 receive a diploma unless the person complies with Section 39.025.  
25 For each year in which a person must comply with Section 39.025 to  
26 receive a diploma, a ~~[A]~~ Texas Youth Commission educational program  
27 may issue a certificate of course-work completion to a student who

1 successfully completes the curriculum requirements identified by  
2 the State Board of Education under Section 28.025(a) but who fails  
3 to comply with Section 39.025. This subsection ceases to apply on  
4 the date the commissioner certifies that the implementation of the  
5 amendments made by \_\_\_B. No. \_\_\_, Acts of the 79th Legislature, 2nd  
6 Called Session, 2005, to Sections 39.023(a) and (c) and 39.051(b)  
7 is complete under the transition plan adopted under Section  
8 39.0241. This subsection expires September 1, 2011.

9 SECTION 2D.15. Section 39.023, Education Code, is amended  
10 by amending Subsections (a) and (c) and adding Subsection (a-1) to  
11 read as follows:

12 (a) The agency shall adopt or develop appropriate  
13 criterion-referenced assessment instruments designed to assess  
14 essential knowledge and skills in reading, writing, mathematics,  
15 social studies, and science. All students, except students  
16 assessed under Subsection (b) or (l) or exempted under Section  
17 39.027, shall be assessed in:

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

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

24 (3) writing, including spelling and grammar, in grades  
25 four and seven;

26 (4) [~~English language arts, in grade 10,~~  
27 [~~5~~] social studies, in grade [~~grades~~] eight [~~and~~

1 10];

2 (5) [~~(6)~~] science, in grades five and[~~7~~] eight[~~7~~, and  
3 10]; and

4 (6) [~~(7)~~] any other subject and grade required by  
5 federal law.

6 (a-1) An assessment instrument under this section may  
7 include questions that test a broader range of knowledge and skills  
8 or that are at a higher difficulty level for the purpose of  
9 differentiating student achievement. A student may not be required  
10 to answer a question described by this subsection correctly to  
11 perform satisfactorily on the assessment instrument or to be  
12 promoted to the next grade level. To ensure a valid bank of  
13 questions for use each year, the agency is not required to release a  
14 question that is being field-tested until after the fifth school  
15 year the question is used on an assessment instrument administered  
16 under this section.

17 (c) The agency shall also adopt end-of-course [~~secondary~~  
18 ~~exit-level~~] assessment instruments for secondary-level courses in  
19 Algebra I, Algebra II, Geometry, Biology, Chemistry, Physics,  
20 Integrated Physics and Chemistry, English I, English II, English  
21 III, World Geography, World History, United States History, and any  
22 other course as determined by rule by the commissioner [~~designed to~~  
23 ~~be administered to students in grade 11 to assess essential~~  
24 ~~knowledge and skills in mathematics, English language arts, social~~  
25 ~~studies, and science. The mathematics section must include at~~  
26 ~~least Algebra I and geometry with the aid of technology. The~~  
27 ~~English language arts section must include at least English III and~~



1 ~~must include the assessment of essential knowledge and skills in~~  
2 ~~writing. The social studies section must include early American and~~  
3 ~~United States history. The science section must include at least~~  
4 ~~biology and integrated chemistry and physics. The assessment~~  
5 ~~instruments must be designed to assess a student's mastery of~~  
6 ~~minimum skills necessary for high school graduation and readiness~~  
7 ~~to enroll in an institution of higher education].~~ If a student is  
8 in a special education program under Subchapter A, Chapter 29, the  
9 student's admission, review, and dismissal committee shall  
10 determine whether any allowable modification is necessary in  
11 administering to the student an assessment instrument required  
12 under this subsection or whether the student should be exempted  
13 under Section 39.027(a)(2). The State Board of Education shall  
14 administer the assessment instruments. The State Board of  
15 Education shall adopt a schedule for the administration of  
16 end-of-course [~~secondary exit-level~~] assessment instruments.  
17 [~~Each student who did not perform satisfactorily on any secondary~~  
18 ~~exit-level assessment instrument when initially tested shall be~~  
19 ~~given multiple opportunities to retake that assessment~~  
20 ~~instrument.~~] A student who performs at or above a level established  
21 by the Texas Higher Education Coordinating Board on the  
22 end-of-course [~~secondary exit-level~~] assessment instruments is  
23 exempt from the requirements of Section 51.3062 [~~51.306~~]. The  
24 performance level established by the Texas Higher Education  
25 Coordinating Board under this subsection represents the level of  
26 academic achievement indicating a student is prepared for college  
27 course work. The performance level may be used as an indicator to

1 measure progress toward college preparedness of public school  
2 students in this state.

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

6 (a) Except as otherwise provided by this subsection, the  
7 State Board of Education shall determine the level of performance  
8 considered to be satisfactory on the assessment instruments. The  
9 board may require a level of performance on assessment instruments  
10 for determining district or campus performance under Subchapter D  
11 that is higher than the level of performance considered to be  
12 satisfactory for a student to be promoted from one grade level to  
13 the next. The admission, review, and dismissal committee of a  
14 student being assessed under Section 39.023(b) shall determine the  
15 level of performance considered to be satisfactory on the  
16 assessment instruments administered to that student in accordance  
17 with criteria established by agency rule.

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

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

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

26 Sec. 39.0241. TRANSITION PLAN FOR USE OF ASSESSMENT  
27 INSTRUMENTS. (a) The commissioner shall by rule adopt a transition

1 plan to implement the amendments made by \_\_.B. No. \_\_, Acts of the  
2 79th Legislature, 2nd Called Session, 2005, to Sections 39.023(a)  
3 and (c) and 39.051(b)(5). The rules must provide for the  
4 administration of end-of-course assessment instruments adopted  
5 under Section 39.023(c) to begin as soon as practicable but not  
6 later than the 2008-2009 school year. During the period under which  
7 the transition to end-of-course assessment instruments is made:

8 (1) the commissioner may retain, administer, and use  
9 for campus and district ratings under Subchapter D any assessment  
10 instrument required by Section 39.023(a) or (c), as that section  
11 existed before amendment by \_\_.B. No. \_\_, Acts of the 79th  
12 Legislature, 2nd Called Session, 2005; and

13 (2) the agency may defer releasing assessment  
14 instrument questions and answer keys as required by Section  
15 39.023(e) to the extent necessary to develop additional assessment  
16 instruments.

17 (b) Rules adopted under Subsection (a) must require that  
18 each student who will be subject to the requirements implemented  
19 under the amendments made by \_\_.B. No. \_\_, Acts of the 79th  
20 Legislature, 2nd Called Session, 2005, to Section 39.023(c) is  
21 entitled to notice of the specific requirements applicable to the  
22 student. Notice under this subsection must be provided not later  
23 than the date the student enters the ninth grade.

24 (c) A reference in this code to an end-of-course assessment  
25 instrument administered under Section 39.023(c) includes a  
26 secondary exit-level assessment instrument administered as  
27 provided by Subsection (a).

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

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

4       (f) This section ceases to apply on the date the  
5 commissioner certifies that the implementation of the amendments  
6 made by \_\_.B. No. \_\_, Acts of the 79th Legislature, 2nd Called  
7 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is  
8 complete under the transition plan adopted under Section 39.0241.  
9 This section expires September 1, 2011.

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

12       Sec. 39.0261. COLLEGE PREPARATION ASSESSMENTS. (a) In  
13 addition to the assessment instruments otherwise authorized or  
14 required by this subchapter, a school district shall provide to  
15 high school students at grade levels determined by the commissioner  
16 the opportunity to take a valid, reliable, and nationally  
17 norm-referenced assessment instrument that:

18               (1) assesses skills measured by generally recognized  
19 tests or assessments used in college and university undergraduate  
20 admissions, including the Scholastic Assessment Test (SAT) and the  
21 American College Test (ACT); and

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

24       (b) The agency shall:

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

27               (2) pay all costs associated with administration of

1 the assessment instruments using funds set aside under Subsection  
2 (d).

3 (c) The agency shall compile the results of any assessment  
4 instrument administered under this section and make the results  
5 available through the Public Education Information Management  
6 System (PEIMS).

7 (d) The commissioner shall set aside an appropriate amount  
8 from the Foundation School Program to pay the costs associated with  
9 administering assessment instruments under this section. After  
10 setting aside the appropriate amount, the commissioner shall reduce  
11 each district's tier one allotments proportionately. A reduction  
12 in tier one allotments under this subsection does not affect the  
13 computation of the guaranteed amount of revenue per student per  
14 cent of tax effort under Section 42.252. Any amount set aside under  
15 this subsection must be approved by the Legislative Budget Board  
16 and the governor's office of budget, planning, and policy.

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

19 Sec. 39.031. COST. (a) The commissioner shall set aside an  
20 appropriate amount from the Foundation School Program to pay the  
21 cost of preparing, administering, or grading the assessment  
22 instruments and the ~~[shall be paid from the funds allotted under~~  
23 ~~Section 42.152, and each district shall bear the cost in the same~~  
24 ~~manner described for a reduction in allotments under Section~~  
25 ~~42.253. If a district does not receive an allotment under Section~~  
26 ~~42.152, the commissioner shall subtract the cost from the~~  
27 ~~district's other foundation school fund allotments.~~

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

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

9           (c) Any amount set aside under this section must be approved  
10 by the Legislative Budget Board and the governor's office of  
11 budget, planning, and policy.

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

15           (b) Performance on the indicators adopted under this  
16 section shall be compared to state-established standards. The  
17 degree of change from one school year to the next in performance on  
18 each indicator adopted under this section shall also be considered.  
19 The indicators must be based on information that is disaggregated  
20 by race, ethnicity, gender, and socioeconomic status and must  
21 include:

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

25           (2) dropout rates, including dropout rates and  
26 district completion rates for grade levels seven [9] through 12,  
27 computed:

1                    (A) as a longitudinal rate and an annual  
2 completion rate by grade; and

3                    (B) in accordance with standards and definitions  
4 adopted by the National Center for Education Statistics of the  
5 United States Department of Education;

6                    (3) high school graduation rates, computed in  
7 accordance with standards and definitions adopted in compliance  
8 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.  
9 107-110);

10                    (4) student attendance rates;

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

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

19                    (7) the measure of progress toward English language  
20 proficiency under Section 29.065, for students of limited English  
21 proficiency, as defined by Section 29.052;

22                    (8) the results of the Scholastic Assessment Test  
23 (SAT), the American College Test (ACT), articulated postsecondary  
24 degree programs described by Section 61.852, and certified  
25 workforce training programs described by Chapter 311, Labor Code;

26                    (9) [~~(8)~~] the percentage of students, aggregated by  
27 grade level, provided accelerated instruction under Section

1 28.0211(c), the results of assessments administered under that  
2 section, the percentage of students promoted through the grade  
3 placement committee process under Section 28.0211, the subject of  
4 the assessment instrument on which each student failed to perform  
5 satisfactorily, and the performance of those students in the school  
6 year following that promotion on the assessment instruments  
7 required under Section 39.023;

8 (10) [~~(9)~~] for students who have failed to perform  
9 satisfactorily on an assessment instrument required under Section  
10 39.023(a) or (c), the numerical progress of those students on  
11 subsequent assessment instruments required under those sections,  
12 aggregated by grade level and subject area;

13 (11) [~~(10)~~] the percentage of students exempted, by  
14 exemption category, from the assessment program generally  
15 applicable under this chapter; ~~and~~

16 (12) [~~(11)~~] the percentage of students of limited  
17 English proficiency exempted from the administration of an  
18 assessment instrument under Sections 39.027(a)(3) and (4);

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

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

25 (A) performance on assessment instruments  
26 administered under Subchapter B; and

27 (B) high school graduation rates computed as



1 described by Subdivision (3).

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

4 (d) Annually, the commissioner shall define exemplary,  
5 recognized, and unacceptable performance for each academic  
6 excellence indicator included under Subsections (b)(1) through (8)  
7 [~~(6)~~] and shall project the standards for each of those levels of  
8 performance for succeeding years. For the indicator under  
9 Subsection (b)(9) [~~(b)(7)~~], the commissioner shall define  
10 exemplary, recognized, and unacceptable performance based on  
11 student performance for the period covering both the current and  
12 preceding academic years. In defining exemplary, recognized, and  
13 unacceptable performance for the indicators under Subsections  
14 (b)(2) and (4) [~~(3)~~], the commissioner may not consider as a dropout  
15 or as a student who has failed to attend school a student whose  
16 failure to attend school results from:

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

18 (2) as applicable:

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

22 (B) conviction of and sentencing for an offense  
23 under the Penal Code.

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

27 (b) The report card shall include the following

1 information:

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

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

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

7 (4) a summary of the district's significant  
8 noninstructional expenditures, as determined under Section  
9 44.0072; and

10 (5) [~~(4)~~] the district's instructional expenditures  
11 ratio and instructional employees ratio computed under Section  
12 44.0071, and the statewide average of those ratios, as determined  
13 by the commissioner.

14 (d) The commissioner shall develop a methodology for  
15 categorizing campuses that have similar demographic  
16 characteristics into peer groups for comparison purposes. In  
17 establishing criteria to categorize campuses under this section,  
18 the commissioner shall consider:

19 (1) the percentage of low income or educationally  
20 disadvantaged students;

21 (2) the percentage of underrepresented minority  
22 populations; and

23 (3) any other factor the commissioner determines  
24 appropriate.

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

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

4 (1) exemplary (meets or exceeds state exemplary  
5 standards);

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

8 (3) academically acceptable (below the exemplary and  
9 recognized standards but exceeds the academically unacceptable  
10 standards); or

11 (4) academically unacceptable (below the state  
12 clearly unacceptable performance standard and does not meet  
13 required improvement).

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

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

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

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

25 (a) If a district does not satisfy the accreditation  
26 criteria, the commissioner shall take any of the following actions,  
27 listed in order of severity, to the extent the commissioner

1 determines necessary:

2 (1) issue public notice of the deficiency to the board  
3 of trustees;

4 (2) order a hearing conducted by the board of trustees  
5 of the district for the purpose of notifying the public of the  
6 unacceptable performance, the improvements in performance expected  
7 by the agency, and the sanctions that may be imposed under this  
8 section if the performance does not improve;

9 (3) order the preparation of a student achievement  
10 improvement plan that addresses each academic excellence indicator  
11 for which the district's performance is unacceptable, the  
12 submission of the plan to the commissioner for approval, and  
13 implementation of the plan;

14 (4) order a hearing to be held before the commissioner  
15 or the commissioner's designee at which the president of the board  
16 of trustees of the district and the superintendent shall appear and  
17 explain the district's low performance, lack of improvement, and  
18 plans for improvement;

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

20 (6) appoint an agency monitor to participate in and  
21 report to the agency on the activities of the board of trustees or  
22 the superintendent;

23 (7) appoint a conservator to oversee the operations of  
24 the district;

25 (8) appoint a management team to direct the operations  
26 of the district in areas of unacceptable performance or require the  
27 district to obtain certain services under a contract with another

1 person;

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

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

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

9 (B) in the case of a home-rule school district  
10 [~~or open-enrollment charter school~~], order closure of all programs  
11 operated under the district's [~~or school's~~] charter; or

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

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

18 (B) restructuring the district or appropriate  
19 school campuses to improve identification of and service to  
20 students who are at risk of dropping out of school, as defined by  
21 Section 29.081;

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

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

27 (c) The commissioner shall order the closure of all programs

1 operated under the charter of an open-enrollment charter school if  
2 a majority of the campuses operated by the charter holder have  
3 received an unsatisfactory rating as determined by the commissioner  
4 for a period of two years or more.

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

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

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

9 (1) is rated in the bottom 10 percent in the agency's  
10 evaluation under Section 39.072(c); and

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

15 (b) Notwithstanding Sections 39.131 and 39.132, the  
16 commissioner:

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

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

23 (c) The commissioner shall identify campuses subject to  
24 this section under Subsection (b) not later than August 1 following  
25 the school year in which the campus was rated. If a campus is rated  
26 as described by Subsection (a) for one school year, the  
27 commissioner, not later than October 1 after identifying the

1 campus, shall select and assign a technical assistance team to  
2 assist the campus in executing a school improvement plan and any  
3 other school improvement strategies the commissioner determines  
4 appropriate, including providing supplemental services to students  
5 as described by the No Child Left Behind Act of 2001 (Pub. L. No.  
6 107-110).

7 SECTION 2D.27. Section 39.182(a), Education Code, as  
8 amended by S.B. No. 42, Acts of the 79th Legislature, Regular  
9 Session, 2005, is amended to read as follows:

10 (a) Not later than December 1 of each year, the agency shall  
11 prepare and deliver to the governor, the lieutenant governor, the  
12 speaker of the house of representatives, each member of the  
13 legislature, the Legislative Budget Board, and the clerks of the  
14 standing committees of the senate and house of representatives with  
15 primary jurisdiction over the public school system a comprehensive  
16 report covering the preceding school year and containing:

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

20 (2) an evaluation of the status of education in the  
21 state as reflected by the academic excellence indicators adopted  
22 under Section 39.051;

23 (3) a summary compilation of the percentage of  
24 graduating students who attain scores on the end-of-course  
25 assessment instruments required under Section 39.023(c) that are  
26 equivalent to a passing score on the assessment instrument required  
27 under Section 51.3062;

1           (4) a summary compilation of overall student  
2 performance on academic skills assessment instruments required by  
3 Section 39.023 with the number and percentage of students exempted  
4 from the administration of those instruments and the basis of the  
5 exemptions, aggregated by grade level, subject area, campus, and  
6 district, with appropriate interpretations and analysis, and  
7 disaggregated by race, ethnicity, gender, and socioeconomic  
8 status;

9           (5) [~~(4)~~] a summary compilation of overall  
10 performance of students placed in a disciplinary alternative  
11 education program established under Section 37.008 on academic  
12 skills assessment instruments required by Section 39.023 with the  
13 number of those students exempted from the administration of those  
14 instruments and the basis of the exemptions, aggregated by  
15 district, grade level, and subject area, with appropriate  
16 interpretations and analysis, and disaggregated by race,  
17 ethnicity, gender, and socioeconomic status;

18           (6) [~~(5)~~] a summary compilation of overall performance  
19 of students at risk of dropping out of school, as defined by Section  
20 29.081(d), on academic skills assessment instruments required by  
21 Section 39.023 with the number of those students exempted from the  
22 administration of those instruments and the basis of the  
23 exemptions, aggregated by district, grade level, and subject area,  
24 with appropriate interpretations and analysis, and disaggregated  
25 by race, ethnicity, gender, and socioeconomic status;

26           (7) [~~(6)~~] an evaluation of the correlation between  
27 student grades and student performance on academic skills



1 assessment instruments required by Section 39.023;

2 (8) [~~(7)~~] a statement of the dropout rate of students  
3 in grade levels 7 through 12, expressed in the aggregate and by  
4 grade level, and a statement of the completion rates of students for  
5 grade levels 9 through 12;

6 (9) [~~(8)~~] a statement of:

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

9 (B) the completion rate of students who enter  
10 grade level 9 and graduate, including students who require more  
11 than four years to graduate;

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

15 (D) the completion rate of students who enter  
16 grade level 9 and receive a high school equivalency certificate,  
17 including students who require more than four years to receive a  
18 certificate; and

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

21 (10) [~~(9)~~] a statement of the projected  
22 cross-sectional and longitudinal dropout rates for grade levels 9  
23 through 12 for the next five years, assuming no state action is  
24 taken to reduce the dropout rate;

25 (11) [~~(10)~~] a description of a systematic, measurable  
26 plan for reducing the projected cross-sectional and longitudinal  
27 dropout rates to five percent or less for the 1997-1998 school year;

1           (12) [~~(11)~~] a summary of the information required by  
2 Section 29.083 regarding grade level retention of students and  
3 information concerning:

4                   (A) the number and percentage of students  
5 retained; and

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

8           (13) [~~(12)~~] information, aggregated by district type  
9 and disaggregated by race, ethnicity, gender, and socioeconomic  
10 status, on:

11                   (A) the number of students placed in a  
12 disciplinary alternative education program established under  
13 Section 37.008;

14                   (B) the average length of a student's placement  
15 in a disciplinary alternative education program established under  
16 Section 37.008;

17                   (C) the academic performance of students on  
18 assessment instruments required under Section 39.023(a) during the  
19 year preceding and during the year following placement in a  
20 disciplinary alternative education program; and

21                   (D) the dropout rates of students who have been  
22 placed in a disciplinary alternative education program established  
23 under Section 37.008;

24           (14) [~~(13)~~] a list of each school district or campus  
25 that does not satisfy performance standards, with an explanation of  
26 the actions taken by the commissioner to improve student  
27 performance in the district or campus and an evaluation of the

1 results of those actions;

2 (15) [~~(14)~~] an evaluation of the status of the  
3 curriculum taught in public schools, with recommendations for  
4 legislative changes necessary to improve or modify the curriculum  
5 required by Section 28.002;

6 (16) [~~(15)~~] a description of all funds received by and  
7 each activity and expenditure of the agency;

8 (17) [~~(16)~~] a summary and analysis of the  
9 instructional expenditures ratios and instructional employees  
10 ratios of school districts computed under Section 44.0071;

11 (18) [~~(17)~~] a summary of the effect of deregulation,  
12 including exemptions and waivers granted under Section 7.056 [~~ex~~  
13 ~~39.112~~];

14 (19) [~~(18)~~] a statement of the total number and length  
15 of reports that school districts and school district employees must  
16 submit to the agency, identifying which reports are required by  
17 federal statute or rule, state statute, or agency rule, and a  
18 summary of the agency's efforts to reduce overall reporting  
19 requirements;

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

23 (A) the period for which the district has not  
24 been in compliance;

25 (B) the manner in which the agency considered the  
26 district's failure to comply in determining the district's  
27 accreditation status; and

1 (C) an explanation of the actions taken by the  
2 commissioner to ensure compliance and an evaluation of the results  
3 of those actions;

4 (21) [~~(20)~~] a comparison of the performance of  
5 open-enrollment charter schools and school districts on the  
6 academic excellence indicators specified in Section 39.051(b) and  
7 accountability measures adopted under Section 39.051(g), with a  
8 separately aggregated comparison of the performance of  
9 open-enrollment charter schools predominantly serving students at  
10 risk of dropping out of school, as defined by Section 29.081(d),  
11 with the performance of school districts;

12 (22) [~~(21)~~] a summary of the information required by  
13 Section 38.0141 regarding student health and physical activity from  
14 each school district;

15 (23) a statement of the percentage of students scoring  
16 at the proficient and advanced levels on the National Assessment of  
17 Educational Progress; and

18 (24) [~~(22)~~] any additional information considered  
19 important by the commissioner or the State Board of Education.

20 SECTION 2D.28. Section 39.182(b), Education Code, is  
21 amended to read as follows:

22 (b) In reporting the information required by Subsection  
23 (a)(4) or (5) [~~(a)(3) or (4)~~], the agency may separately aggregate  
24 the performance data of students enrolled in a special education  
25 program under Subchapter A, Chapter 29, or a bilingual education or  
26 special language program under Subchapter B, Chapter 29.

27 SECTION 2D.29. Section 39.202, Education Code, is amended

1 to read as follows:

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

6           (1) provide additional transparency to public  
7 education finance;

8           (2) establish financial accountability standards  
9 commensurate with academic standards reaching to the campus level;  
10 and

11           (3) enable the commissioner and district  
12 administrators to provide meaningful financial oversight and  
13 improvement.

14           (b) The system must include standards [~~uniform indicators~~]  
15 adopted by the commissioner by which to measure a district's  
16 financial management performance. The commissioner shall develop a  
17 uniform system for reporting district and campus financial  
18 information. The commissioner by rule shall require each district  
19 to use standard accepted cost accounting practices for reporting  
20 district and campus level expenditures.

21           (c) The uniform system adopted under Subsection (b) must  
22 include standards to determine a district's actual financial  
23 expenditures for each campus. A district must identify and report  
24 each expenditure separately and may not report district-wide  
25 averages or use other allocation formulas other than district level  
26 expenditures for overhead or administrative costs, which may be  
27 allocated to campuses. Required reporting standards include:

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

4           (2) reporting actual operations and maintenance  
5 expenses incurred on the campus;

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

8           (4) identifying expenditures by administrative,  
9 instructional, or support services; and

10           (5) any additional information required by the  
11 commissioner to ensure reporting of actual educational costs for  
12 specific campuses.

13           (d) The commissioner shall develop and implement:

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

16           (2) a format for campus financial statements.

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

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

21           (1) collect, store, and maintain appropriate data that  
22 is timely and accurate for administering the public education  
23 system;

24           (2) use a software application that provides a  
25 comprehensive measurement and control system capable of providing  
26 relevant and timely financial performance information as described  
27 by Subsection (g);

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

4           (4) provide access to financial analysis and reporting  
5 to a broad range of interested parties, including agency staff,  
6 district administrators and staff, the board of trustees of school  
7 districts, state officials, parents, and other public interest  
8 groups;

9           (5) allocate appropriate resources to implement and  
10 maintain the financial accountability system; and

11           (6) provide longitudinal trend and comparison data at  
12 the district and campus levels.

13           (g) The software application used for the financial  
14 accountability system under this section must be designed to  
15 systematically evaluate school districts, component campuses, and  
16 open-enrollment charter schools. The system must:

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

21           (2) provide a timely summary and detailed financial  
22 analysis of information for school districts and open-enrollment  
23 charter schools;

24           (3) provide information and analysis on student  
25 demographics, teacher demographics, and academic performance to  
26 correlate with resource allocation;

27           (4) report financial analysis information for all

1 state, regional, district, and campus levels;

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

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

8 (7) use individual districts, campuses, and peer  
9 groups to compare and rank financial performance results, identify  
10 performance gaps, and measure annual progress in closing  
11 performance gaps; and

12 (8) provide performance indices and performance  
13 levels compatible with the agency's Performance-Based Monitoring  
14 Analysis System.

15 SECTION 2D.30. Section 39.203(b), Education Code, is  
16 amended to read as follows:

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

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

22 (A) state-established standards; and

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

25 (2) a description of the district's actual  
26 expenditures for each campus for the standards described by Section  
27 39.202(c) and any difference between those campus expenditures and



1 the foundation school program allotments received for the campus;

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

4 (4) any descriptive information required by the  
5 commissioner.

6 SECTION 2D.31. Subchapter A, Chapter 44, Education Code, is  
7 amended by adding Section 44.0072 to read as follows:

8 Sec. 44.0072. NONINSTRUCTIONAL EXPENDITURES. (a) Each  
9 fiscal year, a school district shall compute and report through the  
10 Public Education Information Management System (PEIMS) to the  
11 commissioner:

12 (1) the district's significant noninstructional  
13 expenditures for the preceding fiscal year, as determined by the  
14 commissioner; and

15 (2) any money spent by the district during the  
16 preceding fiscal year:

17 (A) on dues or contributions to a  
18 noninstructional group, club, committee, organization, or  
19 association, including dues or contributions used for the purpose  
20 of lobbying; and

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

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

25 SECTION 2D.32. Section 51.3062(q), Education Code, is  
26 amended to read as follows:

27 (q) A student who has achieved scores [~~a score~~] set by the

1 board on end-of-course assessment instruments [~~an exit-level~~  
 2 ~~assessment instrument~~] required under Section 39.023 is exempt from  
 3 the requirements of this section. The exemption is effective for  
 4 the three-year period following the date a student takes the last  
 5 assessment instrument required for purposes of this section and  
 6 achieves the standard set by the board. This subsection does not  
 7 apply during any period for which the board designates the  
 8 end-of-course assessment instrument [~~exit-level assessment~~  
 9 ~~instrument~~] required under Section 39.023 as the primary assessment  
 10 instrument under this section, except that the three-year period  
 11 described by this subsection remains in effect for students who  
 12 qualify for an exemption under this subsection [~~section~~] before  
 13 that period.

14 SECTION 2D.33. (a) Not later than the 2006-2007 school  
 15 year, the Texas Education Agency shall collect information  
 16 concerning the measure of progress toward English language  
 17 proficiency for purposes of Section 39.051(b)(7), Education Code,  
 18 as amended by this Act.

19 (b) Not later than the 2007-2008 school year, the Texas  
 20 Education Agency shall include, in evaluating the performance of  
 21 school districts, campuses, and open-enrollment charter schools  
 22 under Subchapter D, Chapter 39, Education Code, the measure of  
 23 progress toward English language proficiency under Section  
 24 39.051(b)(7), Education Code, as amended by this Act.

25 SECTION 2D.34. The commissioner of education shall:

26 (1) develop a methodology for categorizing campuses  
 27 for comparison purposes under Section 39.052(d), Education Code, as

1 added by this Act, not later than January 1, 2006; and

2 (2) develop and implement the reporting procedures  
3 for:

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

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

11 PART E. BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAMS

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

14 (j) No more than 15 percent of the funds certified by the  
15 commissioner under Subsection (i) may be spent on indirect costs.  
16 The commissioner shall evaluate the programs that fail to meet the  
17 standard of performance under Section 39.051(b)(9) [~~39.051(b)(7)~~]  
18 and may implement sanctions under Subchapter G, Chapter 39. The  
19 commissioner may audit the expenditures of funds appropriated for  
20 purposes of this section. The use of the funds appropriated for  
21 purposes of this section shall be verified as part of the district  
22 audit under Section 44.008.

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

25 (g) A district may transfer a student of limited English  
26 proficiency out of a bilingual education or special language  
27 program for the first time or a subsequent time if the student is

1 able to participate equally in a regular all-English instructional  
2 program as determined by:

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

7 (2) satisfactory performance on the reading  
8 assessment instrument under Section 39.023(a) or the English I or  
9 II assessment instrument under Section 39.023(c), as applicable,  
10 with the assessment instrument administered in English, or, if the  
11 student is enrolled in the first or second grade, an achievement  
12 score at or above the 40th percentile in the reading and language  
13 arts sections of an English standardized test approved by the  
14 agency; and

15 (3) other indications of a student's overall progress,  
16 including criterion-referenced test scores, subjective teacher  
17 evaluation, and parental evaluation.

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

20 Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE  
21 PROFICIENCY. The commissioner by rule shall develop a longitudinal  
22 measure of progress toward English language proficiency under which  
23 a student of limited English proficiency is evaluated from the time  
24 the student enters public school until, for two consecutive school  
25 years, the student scores at a specific level determined by the  
26 commissioner on the reading assessment instrument under Section  
27 39.023(a) or the English I or II assessment instrument under

1 Section 39.023(c), as applicable. The commissioner shall:

2 (1) as part of the measure of progress, include  
3 student advancement from one proficiency level to a higher level  
4 under the reading proficiency in English assessment system  
5 developed under Section 39.027(e) and from the highest level under  
6 that assessment system to the level determined by the commissioner  
7 under this section on the reading assessment instrument under  
8 Section 39.023(a) or the English I or II assessment instrument  
9 under Section 39.023(c), as applicable; and

10 (2) to the extent practicable in developing the  
11 measure of progress, use applicable research and analysis done in  
12 developing an annual measurable achievement objective as required  
13 by Section 3122, No Child Left Behind Act of 2001 (20 U.S.C. Section  
14 6842).

15 SECTION 2E.04. Sections 39.072(b) and (c), Education Code,  
16 are amended to read as follows:

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

23 (1) compliance with statutory requirements and  
24 requirements imposed by rule of the State Board of Education under  
25 specific statutory authority that relate to:

26 (A) reporting data through the Public Education  
27 Information Management System (PEIMS);

1 (B) the high school graduation requirements  
2 under Section 28.025; or

3 (C) an item listed in Sections  
4 7.056(e)(3)(C)-(I) that applies to the district;

5 (2) the effectiveness of the district's programs for  
6 special populations; and

7 (3) the effectiveness of the district's career and  
8 technology programs.

9 (c) The agency shall evaluate against state standards and  
10 shall, not later than August 1 of each year, report the performance  
11 of each campus in a district and each open-enrollment charter  
12 school on the basis of the campus's performance on the indicators  
13 adopted under Sections 39.051(b)(1) through (9) [~~(7)~~].  
14 Consideration of the effectiveness of district programs under  
15 Subsection (b)(2) or (3) must be based on data collected through the  
16 Public Education Information Management System for purposes of  
17 accountability under this chapter and include the results of  
18 assessments required under Section 39.023.

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

21 (a) The agency shall annually review the performance of each  
22 district and campus on the indicators adopted under Sections  
23 39.051(b)(1) through (9) [~~(7)~~] and determine if a change in the  
24 accreditation status of the district is warranted. The  
25 commissioner may determine how all indicators adopted under Section  
26 39.051(b) may be used to determine accountability ratings and to  
27 select districts and campuses for acknowledgment.

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

4 (1) standards established for each indicator;

5 (2) required improvement as defined under Section  
6 39.051(c); and

7 (3) comparable improvement as defined by Section  
8 39.051(c).

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

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

15 PART F. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

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

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

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

26 (1) mathematics and science;

27 (2) humanities; or

1           (3) leadership and public policy.

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

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

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

15                   (2) submits a program proposal that includes:

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

17                           (B) criteria for selecting students to  
18 participate in the program;

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

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

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

24                   (4) satisfies any other requirements established by  
25 rule adopted by the commissioner.

26           (e) From funds appropriated for the purpose, the  
27 commissioner may make a grant to pay the costs of administering a



1 Texas governor's school program to a public senior college or  
2 university or private or independent institution of higher  
3 education whose application is approved under this section.

4 (f) The commissioner may adopt other rules necessary to  
5 implement this section.

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

8 (b-1) In addition to the indicators adopted under  
9 Subsection (b), the State Board of Education shall adopt the  
10 following indicators relating to high academic achievement to be  
11 considered in assigning a district an exemplary performance rating  
12 under Section 39.072:

13 (1) the percentage of students, disaggregated by race,  
14 ethnicity, gender, and socioeconomic status, who are enrolled in an  
15 educational program for gifted and talented students;

16 (2) student results on advanced placement and  
17 international baccalaureate examinations, including the percentage  
18 of students scoring three or higher on the advanced placement  
19 examinations and the percentage of students scoring four or higher  
20 on the international baccalaureate examinations;

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

23 (4) the percentage of students scoring in the top five  
24 percent on nationally recognized norm-referenced assessment  
25 instruments;

26 (5) the percentage of high school students enrolled in  
27 an advanced course;

1           (6) the percentage of students achieving commended  
2 performance, as determined by the State Board of Education, on an  
3 assessment instrument required under Section 39.023(a), (c), or  
4 (1);

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

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

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

13           (a) Each board of trustees shall publish an annual report  
14 describing the educational performance of the district and of each  
15 campus in the district that includes uniform student performance  
16 and descriptive information as determined under rules adopted by  
17 the commissioner. The annual report must also include:

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

21           (2) the performance rating for the district as  
22 provided under Section 39.072(a) and the performance rating of each  
23 campus in the district as provided under Section 39.072(c);

24           (3) the district's current special education  
25 compliance status with the agency;

26           (4) a statement of the number, rate, and type of  
27 violent or criminal incidents that occurred on each district

1 campus, to the extent permitted under the Family Educational Rights  
2 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

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

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

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

13 (8) information relating to high academic achievement  
14 in the district, as determined by the district's performance on the  
15 indicators under Section 39.051(b-1).

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

18 (c-2) For purposes of assigning a district, campus, or  
19 open-enrollment charter school a performance rating of exemplary  
20 under this section, the agency shall consider the district's,  
21 campus's, or school's performance on the indicators relating to  
22 high academic achievement under Section 39.051(b-1). This  
23 information is in addition to any other indicators or factors  
24 considered by the agency in assigning a performance rating.

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

27 (c) The performance standards on which a gold performance

1 rating is based should include:

2 (1) student proficiency on:

3 (A) assessment instruments administered under  
4 Sections 39.023(a), (c), and (1); and

5 (B) other measures of proficiency determined by  
6 the commissioner;

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

9 (3) improvement in student performance;

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

12 (5) [~~4~~] in the case of middle or junior high school  
13 campuses, student proficiency in mathematics, including algebra;  
14 and

15 (6) [~~5~~] in the case of high school campuses:

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

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

20 (C) the percentage of students who take and  
21 successfully complete advanced academic courses or college-level  
22 course work offered through dual credit programs provided under  
23 agreements between high schools and institutions of higher  
24 education.

25 SECTION 2F.06. (a) Not later than the 2006-2007 school  
26 year, the Texas Education Agency shall collect information  
27 concerning high academic achievement for purposes of Section

1 39.051(b-1), Education Code, as added by this Act.

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

8 (c) Not later than the 2007-2008 school year, the Texas  
9 Education Agency shall include the information required by Section  
10 39.182(a)(23), Education Code, as amended by this Act, in the  
11 agency's comprehensive annual report under Section 39.182,  
12 Education Code.

13 ARTICLE 3. CONFORMING AMENDMENTS

14 SECTION 3.01. Effective September 1, 2006, Section  
15 31.025(a), Education Code, is amended to read as follows:

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

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

25 Sec. 31.1031. SHORTAGE OF REQUISITIONED TEXTBOOKS. If a  
26 school district or open-enrollment charter school does not have a  
27 sufficient number of copies of a textbook used by the district or

1 school for use during the following school year, and a sufficient  
2 number of additional copies will not be available from the  
3 depository or the publisher within the time specified by Section  
4 31.151(a)(8), the district or school is entitled to:

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

9 (2) return currently used textbooks to the  
10 commissioner in exchange for sufficient copies, if available, of  
11 other textbooks on the conforming or nonconforming list to be used  
12 during the following school year.

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

15 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a  
16 school district or governing body of an open-enrollment charter  
17 school may sell textbooks, other than electronic textbooks, to a  
18 student or another school at the state contract price. Money [~~The~~  
19 ~~district shall send money~~] from the sale of textbooks may be used  
20 only to purchase items that may be purchased lawfully using the  
21 allotment provided by Section 42.159 [~~to the commissioner as~~  
22 ~~required by the commissioner. The commissioner shall deposit the~~  
23 ~~money in the state textbook fund~~].

24 SECTION 3.04. Effective September 1, 2006, Section  
25 31.151(d), Education Code, is amended to read as follows:

26 (d) A penalty collected under this section shall be  
27 deposited to the credit of the foundation school [~~state textbook~~]

1 fund.

2 SECTION 3.05. Effective September 1, 2006, Section  
3 31.152(b), Education Code, is amended to read as follows:

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

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

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

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

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

14 (a) Each school district is entitled to an allotment of \$70  
15 [~~\$30~~] for each student in average daily attendance or a different  
16 amount for any year provided by appropriation.

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

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

20 (b) To the extent possible considering other statutory  
21 requirements, the commissioner and agency shall encourage the use  
22 of textbook funds and any other funds provided to school districts  
23 for technology [~~and technology allotment funds under Section~~  
24 ~~31.021(b)(2)~~] in a manner that facilitates the development and use  
25 of the portal.

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

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

3           (1) executes an agreement to purchase all attendance  
4 credits necessary to reduce the district's wealth per student to  
5 the equalized wealth level;

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

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

12           (A) to an extent that does not provide more than  
13 10 percent of the reduction in wealth per student required for the  
14 district to achieve a wealth per student that is equal to or less  
15 than the equalized wealth level; and

16           (B) under which all revenue paid by the district  
17 to other districts, in excess of the reduction in state aid that  
18 results from counting the weighted average daily attendance of the  
19 students served in the contracting district, is required to be used  
20 for funding a consortium of at least three districts in a county  
21 with a population of less than 40,000 that is formed to support a  
22 technology initiative.

23          SECTION 3.09. Effective September 1, 2006, Section  
24 41.124(c), Education Code, is amended to read as follows:

25          (c) A school district that receives tuition for a student  
26 from a school district with a wealth per student that exceeds the  
27 equalized wealth level may not claim attendance for that student



1 for purposes of Chapters 42 and 46 and the instructional materials  
2 and technology allotment under Section 42.159 [~~31.021(b)(2)~~].

3 ARTICLE 4. REPEALER; APPLICABILITY; EFFECTIVE DATE

4 SECTION 4.01. (a) Sections 1-3, Chapter 201, Acts of the  
5 78th Legislature, Regular Session, 2003, are repealed.

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

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

10 (d) Effective September 1, 2006, Section 31.021, Education  
11 Code, is repealed.

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

14 SECTION 4.03. (a) Except as otherwise provided by this Act,  
15 this Act takes effect September 1, 2005, if it receives a vote of  
16 two-thirds of all the members elected to each house, as provided by  
17 Section 39, Article III, Texas Constitution. If this Act does not  
18 receive the vote necessary for effect on that date:

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

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

24 (b) This Act takes effect only if \_\_.B. No. \_\_, Acts of the  
25 79th Legislature, 2nd Called Session, 2005, becomes law. If that  
26 bill does not become law, this Act has no effect.