

BILL ANALYSIS

Senate Research Center
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By: Shapiro
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Texas Supreme Court ruled in *Neeley, et al. v. West Orange-Cove Consolidated Independent School District, et al.* that the current funding system for public education constitutes a statewide property tax, ordering the legislature to fix the system. The court also warned that the education system is drifting towards constitutional inadequacy. As proposed, S.B. 1 addresses the supreme court's opinion by instituting educational initiatives to prevent this drift. This bill addresses issues that the court specifically noted, such as raising teacher compensation, improving graduation rates, improving the college readiness of students, and increasing the efficient use of tax dollars.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1.01 (Section 1.005, Education Code), SECTION 1.02 (Section 7.008, Education Code), SECTION 2.02 (Section 7.0571, Education Code), SECTION 2.08 (Section 39.071, Education Code), SECTION 2.14 (Section 39.1326, Education Code), SECTION 3.01 (Section 11.003, Education Code), SECTION 4.01 (11.203, Education Code), SECTION 4.05 (Section 21.458, Education Code), SECTION 4.06 (Sections 21.652, 21.658, 21.702, 21.704, and 21.706, Education Code), SECTION 4.08 (Section 42.2513, Education Code), SECTION 5.03 (Section 29.0822, Education Code), SECTION 5.04 (Section 29.124, Education Code), SECTION 5.06 (Section 39.113, Education Code), SECTION 5.07 (Section 39.114, Education Code), SECTION 5.08 (Section 61.0761, Education Code) of this bill.

Rulemaking authority is expressly granted to the commissioner of higher education in SECTION 1.01 (Section 1.005, Education Code) of this bill.

Rulemaking authority is expressly granted to the State Board of Education in SECTION 5.01 (Sections 28.008 and 28.009, Education Code) and SECTION 5.02 (Section 28.025, Education Code) of this bill.

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 5.01 (Section 28.008, Education Code) and SECTION 5.08 (Sections 61.0761 and 61.0762, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. STATE AND REGIONAL GOVERNANCE

SECTION 1.01. Amends Chapter 1, Education Code, by adding Section 1.005, as follows:

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

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

(c) Sets forth the entities within which a center may be established.

(d) Authorizes a center to be operated under a memorandum of understanding between the commissioner of education, the commissioner of higher education, and the governing board of certain higher education institutions. Sets forth the requirements of the memorandum.

(e) Requires a center to conduct research for the benefit of education in this state, including research relating to specific educational programs.

(f) Sets forth specific guidelines and requirements for the commissioners of education and higher education relating to research projects conducted by a center considered of particular importance to the state, as determined by the commissioners.

(g) Sets forth authorizations and requirements for a center conducting research under this section.

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

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

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

(k) Authorizes the commissioner of education, in implementing this section, to use funds appropriated to the Texas Education Agency (TEA) and available for that purpose, including foundation school program funds.

SECTION 1.02. Amends Subchapter A, Chapter 7, Education Code, by adding Sections 7.008 and 7.009, as follows:

Sec. 7.008. PUBLIC ACCESS TO PEIMS DATA. (a) Requires the commissioner of education, with the assistance of an advisory panel, to develop a request for proposal for a qualified third-party contractor to develop and implement procedures to make available, through the TEA website, all financial and academic performance data submitted through the Public Education Information Management System (PEIMS) for school districts and campuses.

(b) Requires the commissioner of education to appoint an advisory panel to assist in developing requirements for a system that is easily accessible by the general public and contains information of primary relevance to the public. Requires the advisory panel to consist of certain public and private persons.

(c) Sets forth the requirements for procedures developed under this section.

(d) Provides that this section does not authorize the disclosure of student information that is prohibited under the Family Educational Rights and Privacy Act of 1974. Requires the commissioner of education to adopt rules to protect the confidentiality of student information.

(e) Requires the procedures developed under this section to make available, through the TEA website, all financial and academic performance information for school districts and campuses to be implemented by August 1, 2007. Provides that this subsection expires August 1, 2009.

Sec. 7.009. ELECTRONIC STUDENT RECORDS SYSTEM. (a) Defines "institution of higher education."

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

(c) Requires the system to permit certain authorized persons to electronically transfer certain information.

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

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

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

(g) Requires the system to be implemented by the beginning of the 2007-2008 school year. Provides that this subsection expires September 1, 2008.

ARTICLE 2. ACCOUNTABILITY

SECTION 2.01. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.010, as follows:

Sec. 7.010. **BEST PRACTICES; CLEARINGHOUSE.** (a) Requires TEA, in coordination with the Legislative Budget Board (LBB), to establish an online clearinghouse of information relating to best practices of campuses and school districts regarding instruction, resource allocation, and business practices. Sets forth requirements for TEA relating to the information provided in the online clearinghouse.

(b) Requires TEA to solicit and collect certain educational information from the LBB, educational centers, and exemplary or recognized school districts and open-enrollment charter schools.

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

(d) Authorizes the commissioner of education to purchase from available funds curriculum and other instructional tools identified under this section to provide for use by school districts.

SECTION 2.02. Amends Subchapter C, Chapter 7, Education Code, by adding Section 7.0571, as follows:

Sec. 7.0571. **INFORMAL REVIEW BY COMMISSIONER.** Requires the commissioner of education to adopt rules relating to an informal review process by the commissioner of education for challenges to TEA decisions under Chapter 39. Authorizes the commissioner to limit a review under this section to a written submission of any issue

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

SECTION 2.03. Amends Section 28.006(j), Education Code, to make a conforming change.

SECTION 2.04. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.034, as follows:

Sec. 39.034. MEASURE OF ANNUAL IMPROVEMENT IN STUDENT ACHIEVEMENT. (a) Requires the commissioner of education to determine a method by which TEA may measure annual improvement in student achievement from one school year to the next on an assessment instrument required under this subchapter.

(b) Requires TEA, for students of limited English proficiency, to use a student's performance data on reading proficiency assessment instruments in English to calculate the student's progress toward proficiency in English.

(c) Sets forth requirements for TEA relating to determining and reporting a student's expected level of annual improvement.

(d) Requires TEA to determine the necessary annual improvement required each year for a student to be prepared to pass the exit-level assessment instrument required under this subchapter for graduation. Requires TEA to report the necessary annual improvement required to the district. Sets forth the required content of the report.

(e) Requires TEA to report to each school district the comparisons made under this section. Requires each school district to provide the comparisons to each teacher for specific students.

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

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

(h) Requires the commissioner of education to implement this section not later than May 1, 2007. Provides that this subsection expires January 1, 2008.

SECTION 2.05. Reenacts and amends Section 39.051(b), Education Code, as amended by Chapters 433 and 805, Acts of the 78th Legislature, Regular Session, 2003, by including additional academic excellence indicators to be used by the State Board of Education (SBOE) to assess the quality of learning on a campus. Makes conforming and nonsubstantive changes.

SECTION 2.06. Amends Section 39.051(d), Education Code, to make conforming changes.

SECTION 2.07. Amends Section 39.052(b), Education Code, to make a conforming change.

SECTION 2.08. Amends Section 39.071, Education Code, as follows:

Sec. 39.071. ACCREDITATION. (a) Requires the commissioner of education, by rule, to define certain accreditation statuses.

(b) Requires the commissioner of education, each year, to determine the accreditation state of each school district. Sets forth certain requirements and guidelines in determining accreditation status.

(c) Requires the commissioner of education, based on a school district's performance under Subsection (b), to assign a district an accreditation status or

revoke the accreditation of the district and order the closure of the district under this subchapter.

(d) Requires the commissioner of education to notify a school district that receives certain negative accreditation statuses that the performance of the district is below a standard required under this section. Requires the commissioner to require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

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

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

SECTION 2.09. Amends Sections 39.072(b) and (c), Education Code, to make conforming changes.

SECTION 2.10. Amends Sections 39.073(a) and (b), Education Code, to make conforming changes.

SECTION 2.11. Amends Section 39.074(e), Education Code, to make a conforming change.

SECTION 2.12. Amends Section 39.131, Education Code, to authorize the commissioner of education to take certain actions against a school district if the district does not satisfy accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standards as determined by commissioner rule. Updates and adds actions for the commissioner to take against a school district.

SECTION 2.13. Amends Section 39.132, Education Code, as follows:

Sec. 39.132. New heading: **SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND CERTAIN OTHER CAMPUSES.** Sets forth the standards for a campus performance to be considered academically unacceptable, rather than low-performing. Requires, rather than authorizes, the commissioner of education to take certain enumerated actions for an academically unacceptable campus, to the extent the commissioner determines necessary. Updates and adds actions for the commissioner to take against a campus. Deletes existing text relating to the closure of a school district or the reconstitution of a campus.

SECTION 2.14. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1321, 39.1322, 39.1323, 39.1325, and 39.1326, as follows:

Sec. 39.1321. **TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION TEAMS.** (a) Requires the commissioner of education to select and assign a technical assistance team to assist the campus in executing a school improvement plan and any other school improvement strategies the commissioner determines appropriate if an academically acceptable campus would be rated as academically unacceptable if the next year's performance standards were used. Authorizes the commissioner to waive the requirement to assign a technical assistance team under this subsection if the improvement in performance standards among all student groups, including special populations, over the preceding three years indicates that the campus is likely to be rated academically acceptable in the following school year.

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

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

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

Sec. 39.1322. CAMPUS INTERVENTION TEAM PROCEDURES. (a) Sets forth specific requirements of a campus intervention team.

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

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

(d) Sets forth certain requirements for a campus intervention team in executing a school improvement plan.

(e) Requires a campus intervention team to continue to work with a campus until certain benchmarks have been achieved for a specified period of time. Authorizes a campus intervention team to continually update the school improvement plan, with approval from the commissioner of education, to meet the needs of the campus.

(f) Authorizes the commissioner, notwithstanding any other provision of this subchapter, to order the reconstitution of the campus, pursue alternative management of the campus as provided by Section 39.1326, or order closure of the campus if the commissioner determines that a campus for which an intervention is ordered under Section 39.1321(b) is not fully implementing the campus intervention team's recommendations or school improvement plan.

Sec. 39.1323. MANDATORY SANCTIONS. (a) Requires the commissioner of education to order the reconstitution of the campus and assign a campus intervention team if a campus has been identified as academically unacceptable for two consecutive school years, including the current school year. Sets forth specific actions required of a campus intervention team in assisting the campus.

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

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

(d) Authorizes the commissioner, notwithstanding any other provision of this subchapter and upon determination that a campus subject to Subsection (a) is not fully implementing the school improvement plan, to pursue alternative

management of the campus as under Section 39.1326 or to order closure of the campus.

(e) Authorizes the commissioner, if a campus is considered an academically unacceptable campus for more than two consecutive school years, to order reconstitution or closure of the campus or pursue alternative management under Section 39.1326.

(f) Requires the commissioner, if a campus is considered an academically unacceptable campus for the subsequent school year after the campus is reconstituted under this section, to review the progress of the campus and authorizes the commissioner to pursue alternative management under Section 39.1326.

(g) Requires the commissioner to order closure of the campus or pursue alternative management under Section 39.1326 if a campus is considered academically unacceptable for two consecutive school years after the campus is reconstituted under this section.

Sec. 39.1325. TRANSITIONAL SANCTIONS PROVISIONS. Requires the commissioner of education, for the 2006-2007 school year, to assign a campus intervention team or a technical assistance team to a campus under Section 39.1321 on the basis of academic performance ratings for the 2005-2006 school year. Authorizes the commissioner to impose a sanction on a campus under Section 39.1322(f) or 39.1323(a) or (e) on the basis of academic performance ratings for the 2005-2006 school year and the 2006-2007 school year. Requires a sanction ordered by the commissioner before July 1, 2006, to remain in effect for the 2006-2007 school year. Authorizes the commissioner to allow a principal subject to Section 39.1323(b) to remain at a campus for the 2006-2007 school year. Provides that this section expires September 1, 2008.

Sec. 39.1326. MANAGEMENT OF CERTAIN ACADEMICALLY UNACCEPTABLE CAMPUSES. (a) Provides that a campus may be subject to this section if the campus has been identified as academically unacceptable under Section 39.132 and the commissioner of education orders alternative management under Section 39.1323(e) or (f).

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

(c) Authorizes the commissioner to take certain actions upon determination that the basis for identifying a campus as academically unacceptable is limited to a specific condition that may be remedied with targeted technical assistance.

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

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

(f) Sets forth requirements for the commissioner in selecting a managing entity under this section.

(g) Sets forth specific guidelines, requirements, and terms of a management contract for the school district and the commissioner in negotiating and executing the contract.

(h) Sets forth requirements for a management contract under this section. Requires the commissioner to evaluate a managing entity's performance on the first and second anniversaries of the date of the management contract. Sets forth certain authorized actions, including contract termination, if the evaluation fails to demonstrate improvement as negotiated under the contract by the first and second anniversaries of the date of the management contract.

(i) Prohibits the funding for a campus operated by a managing entity, notwithstanding any other provision of this code, from being less than the funding of the other campuses in the district on a per student basis so that the managing entity receives at least the same funding the campus would otherwise have received.

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

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

(l) Provides that a managing entity is considered to be a governmental body for purposes of Chapters 551 (Open Meetings) and 552 (Public Information), Government Code, with respect to the management of a campus under this section and any requirement in Chapter 551 or 552, Government Code, that applies to a school district or the board of trustees of a school district applies to a managing entity.

SECTION 2.15. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1331 and 39.1332, as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. Authorizes the commissioner of education, in addition to other sanctions authorized under Sections 39.131 and 39.132, to order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. Authorizes the commissioner's order to require the district or campus to take certain actions.

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

(b) Provides that a final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus, following a review under Section 7.0571 is final and is prohibited from being appealed.

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

SECTION 2.16. Amends Section 39.134, Education Code, to require the costs of providing a technical assistance team, managing entity under Section 39.1326, or service provider under Section 39.1331 to be paid by the district.

SECTION 2.17. (a) Requires TEA to collect certain information by the 2007-2008 school year.

(b) Requires TEA, by the 2008-2009 school year, to include certain information in evaluating the performance of school districts, campuses, and open-enrollment charter schools under Subchapter D, Chapter 39, Education Code.

ARTICLE 3. SCHOOL DISTRICT EFFICIENCY

SECTION 3.01. Amends Subchapter A, Chapter 11, Education Code, by adding Section 11.003, as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Requires the commissioner of education, by December 1, 2006, to evaluate the feasibility of including a uniform indicator under Section 39.202(b) that measures effective administrative management through the use of cooperative shared services arrangements. Requires the commissioner, upon determination of the feasibility of including a uniform indicator to include, by rule, the indicator in the financial accountability rating system under Subchapter I, Chapter 39, for school districts beginning with the 2007-2008 school year. Provides that this subsection expires September 1, 2009.

(b) Requires each regional education service center to take certain actions relating to cooperative shared services arrangements.

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

(d) Authorizes the commissioner to require a district or an open-enrollment charter school to enter into an agreement for a cooperative shared services arrangement if the commissioner determines that the financial management performance of the district or school is unsatisfactory.

SECTION 3.02. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.0041, as follows:

Sec. 44.0041. PUBLICATION OF SUMMARY OF PROPOSED BUDGET. Sets forth certain location requirements for the publication of a school district budget summary. Requires the summary of the budget to include certain information.

SECTION 3.03. Amends Subchapter A, Chapter 44, Education Code, by adding Section 44.0061, as follows:

Sec. 44.0061. REVIEW OF ACCOUNTING SYSTEM. (a) Requires the commissioner of education to contract with a qualified third-party contractor to conduct a comprehensive review of the accounting system used by school districts under Section 44.007.

(b) Sets forth specific requirements for the third-party contractor in conducting the review under this section.

(c) Requires the commissioner to submit a report to the legislature describing the results of the review conducted under this section before January 1, 2007.

(d) Provides that this section expires January 2, 2007.

SECTION 3.04. Amends Section 44.007(b), Education Code, to require the accounting system to meet at least the minimum requirements prescribed by the commissioner of education, rather than the State Board of Education, subject to review and comment by the state auditor.

SECTION 3.05. Requires TEA to study the level of use of shared services arrangements by school districts in this state. Requires TEA, before January 1, 2007, to submit a report to the legislature describing the current status of shared services arrangements and identify any legal impediments restricting school districts from participating in those arrangements.

ARTICLE 4. EDUCATION EMPLOYEES

SECTION 4.01. Amends Subchapter E, Chapter 11, Education Code, by adding Section 11.203, as follows:

Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR PRINCIPALS. (a) Requires TEA to develop and implement a school leadership pilot program for principals in cooperation with a nonprofit corporation that has substantial experience in developing best practices to improve certain education actions.

(b) Requires TEA to consult certain education entities to develop program course work that focuses on management and business training.

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

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

(e) Requires the commissioner, to pay the costs of administering the program, to retain a portion of the total amount of funds allotted under the Foundation School Program that the commissioner considers appropriate to finance activities under this section and to reduce the total amount of state funds allocated to each district from any source in the same manner described for reduction in allotments under Section 42.253 (Distribution of Foundation School Fund).

(e-1) Prohibits the amount set aside under Subsection (e) from exceeding \$3.6 million, for the state fiscal biennium beginning September 1, 2005. Provides that this subsection expires August 31, 2007.

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

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

(h) Requires TEA, during the first semester of the 2008-2009 school year, to evaluate the effectiveness of the program in developing and enhancing the ability of principals participating in the program to provide school leadership and improve student achievement and graduation rates and teacher retention. Requires TEA, not later than January 1, 2009, to submit a report explaining the results of the study to certain state elected officials .

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

SECTION 4.02. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.133, as follows:

Sec. 12.133. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

(a) Provides that this section applies to a charter holder that on January 1, 2006, operated an open-enrollment charter school.

(b) Requires a charter holder that participated in a certain group health insurance program to, for the 2006-2007 school year, using state funds received by the charter holder for that purpose under Subsection(d), provide employees of the charter holder, other than administrators,

compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in a certain average compensation increases for certain school employees.

(c) Requires a certain charter holder, for the 2006-2007 school year, using state funds received by the charter holder for that purpose under Subsection (e), to provide certain charter employees compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for certain education employees in an amount at least equal to \$2,000.

(d) Entitles a certain charter holder, for the 2006-2007 school year, in addition to any amounts to which a charter holder is entitled under this chapter, to state aid in an certain amount, as determined by the commissioner.

(e) Entitles a certain charter holder for the 2006-2007 school year, in addition to any amounts to which a charter holder is entitled under this chapter, to state aid in an amount, as determined by the commissioner, equal to the product of \$2,000 multiplied by the number of certain charter employees at an open-enrollment charter school.

(f) Provides that a payment under this section is in addition to wages the charter holder would otherwise pay the employee during the school year.

(g) Provides that this section expires September 1, 2007.

SECTION. 4.03. Amends Section 21.402, Education Code, by amending Subsections (a), (c), and (d), and adding Subsections (c-1) and (c-2), as follows:

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

(c) Sets forth certain salary factors per step.

(c-1) Entitles certain school employees, for the 2006-2007 school year, to a monthly salary that is at least equal to a certain sum.

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

(d) Provides that certain school employees employed by a school district in the 2006-2007 school year, rather than 2000-2001 school year, as long as they are employed by the same district, are entitled to a salary that is at least equal to the salary the employee received for the 2006-2007 school year, rather than school 2000-2001 school year.

SECTION 4.04. Amends Subchapter I, Chapter 21, Education Code, by adding Section 21.415, as follows:

Sec. 21.415. EMPLOYMENT CONTRACTS. (a) Requires a school district to provide in employment contracts that qualifying employees may receive an incentive payment under an awards program established under Subchapter N or O if the district participates in the program.

(b) Requires the district to indicate that any incentive payment distributed is considered a payment for performance and not an entitlement as part of an employee's salary.

SECTION 4.05. Amends Subchapter J, Chapter 21, Education Code, by adding Section 21.458, as follows:

Sec. 21.458. MENTORS. (a) Authorizes each school district to assign a mentor teacher to each classroom teacher who has less than two years of teaching experience. Requires a teacher assigned as a mentor to meet certain qualifications and requirements.

(b) Requires the commissioner to adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor. Requires the rules concerning qualifications to require that to serve as a mentor a teacher must complete certain programs and possess certain qualifications.

(c) Requires the commissioner, from the funds appropriated to TEA for purposes of this section, to adopt rules and provide funding to school districts that assign mentor teachers under this section. Authorizes funding provided to districts under this section to be used only in a certain manner.

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

SECTION 4.06. Amends Chapter 21, Education Code, by adding Subchapters N and O, as follows:

SUBCHAPTER N. AWARDS FOR STUDENT ACHIEVEMENT PROGRAM

Sec. 21.651. DEFINITION. Defines "program."

Sec. 21.652. ESTABLISHMENT OF PROGRAM. (a) Requires the commissioner by rule to establish an awards for student achievement program under which an eligible campus may receive a grant from TEA in the manner provided by this subchapter.

(b) Requires the commissioner, in establishing the program, to adopt program guidelines in accordance with this subchapter for a campus to follow in developing a campus incentive plan under Section 21.654.

Sec. 21.653. CAMPUS ELIGIBILITY. (a) Provides that a campus is eligible to apply for and is authorized to receive a program grant if the campus meets certain criteria.

(b) Provides that this subsection applies only to a registered alternative education campus that has a student enrollment of at least 30 students and is rated under alternative education accountability procedures. Provides that a campus to which this subsection applies is eligible to apply for and is authorized to receive a program grant if the campus meets certain criteria.

Sec. 21.654. CAMPUS INCENTIVE PLAN. (a) Requires a certain campus-level decision-making body, for each eligible campus that intends to participate in the program, to develop a campus incentive plan for the campus that meets certain guidelines.

(b) Requires a certain district-level committee to approve a certain campus incentive plan before the plan is submitted to TEA; and to approve the plan if the district-level committee determines that the plan meets certain program guidelines.

(c) Requires a school district, on behalf of an eligible campus, to submit a campus incentive plan to TEA for approval. Requires the plan to be submitted together with certain information and requirements.

(d) Authorizes TEA to approve only a campus incentive plan that meets program guidelines adopted by the commissioner under Section 21.652 and satisfies this

section. Authorizes TEA to negotiate with a school district to ensure that activities proposed in the campus incentive plan the district submits meet program guidelines.

Sec. 21.655. AMOUNT OF PROGRAM GRANT AWARD. (a) Entitles each eligible campus whose campus incentive plan is approved by TEA under Section 21.654 to a grant award in an amount determined by the commissioner.

(b) Requires grants from funds appropriated for the program to be awarded beginning with the 2006-2007 school year and prohibits the grants from exceeding \$100 million in the 2006-2007 school year except as expressly authorized by the General Appropriations Act or other law. Provides that this subsection expires September 1, 2007.

Sec. 21.656. INCENTIVE PAYMENTS TO CLASSROOM TEACHERS. (a) Requires an eligible campus, to the extent practicable, to use 75 percent of a grant award received under Section 21.655 to provide incentive payments to classroom teachers assigned to the campus. Requires the campus to pay a classroom teacher an incentive payment in an amount of not less than \$3,000 or more than \$10,000.

(b) Provides that in distributing incentive payments to classroom teachers under this section, an eligible campus is authorized to distribute an incentive payment only to certain classroom teachers and is authorized to consider the classroom teacher's assignment.

Sec. 21.657. DISTRIBUTION OF OTHER PROGRAM FUNDS. (a) Requires an eligible campus to use 25 percent of a grant award received under Section 21.655 to provide for certain incentive payments, programs, signing bonuses, stipends, funding, and activities.

(b) Prohibits a campus from using any of a grant award received under Section 21.655 to provide for a certain incentive payment.

Sec. 21.658. RULES. Requires the commissioner to adopt rules necessary to administer this subchapter.

SUBCHAPTER O. EDUCATOR EXCELLENCE AWARDS PROGRAM

Sec. 21.701. DEFINITION. Defines "program."

Sec. 21.702. EDUCATOR EXCELLENCE AWARDS PROGRAM. (a) Requires the commissioner by rule to establish an educator excellence awards program under which school districts, in accordance with local awards plans approved by the commissioner, receive program grants from the agency for the purpose of providing awards to district employees in the manner provided by Section 21.705.

(b) Requires the commissioner, in establishing the program, to adopt program guidelines in accordance with this subchapter for a school district to follow in developing a local awards plan under Section 21.704.

Sec. 21.703. EDUCATOR EXCELLENCE FUND; AMOUNT OF GRANT AWARD. (a) Requires the commissioner, each state fiscal year, to deposit the sum of \$1,000 multiplied by the number of classroom teachers in this state to the credit of the educator excellence fund in the general revenue fund. Requires TEA, each state fiscal year, to use not more than \$100 million of the funds in the educator excellence fund to provide grant awards under the awards for student achievement program established under Subchapter N, and any remaining funds in the educator excellence fund to provide a qualifying school district a grant in an certain amount

(b) Provides that Subsection (a) applies beginning with the state fiscal year beginning September 1, 2008. Requires the commissioner, in the state fiscal year beginning September 1, 2007, to deposit \$840 multiplied by the number of

classroom teachers in this state to the credit of the educator excellence fund in the general revenue fund. Requires TEA to use not more than \$100 million of the funds in the educator excellence fund to provide grant awards under the awards for student achievement program established under Subchapter N, and any remaining funds in the educator excellence fund to provide a qualifying school district a grant in a certain amount.

(c) Provides that Subsection (b) and this subsection expire September 1, 2008.

Sec. 21.704. LOCAL AWARDS PLANS. (a) Requires a certain district-level committee for a school district that intends to participate in the program, to develop a local awards plan for the district. Authorizes the local awards plan to provide for all campuses in the district to participate in the program or only certain campuses selected by the district-level committee. Requires a majority of classroom teachers assigned to a campus that is selected by the district-level committee to participate in the program to approve participation to be included in the local awards plan.

(b) Authorizes the district-level committee, if appropriate, to use a campus incentive plan developed for a campus in the district under Subchapter N in whole or in part as part of the local awards plan submitted under this section. Requires the commissioner to, by rule, allow a campus that receives funding under Subchapter N and that is included in a district's local awards plan under this section to use grant funds received under this subchapter as additional money to be spent in the manner provided by Subchapter N, notwithstanding Section 21.705.

(c) Requires the school district to submit a local awards plan to TEA for approval. Requires the plan to be submitted together with evidence of significant teacher involvement in the development of the plan.

(d) Authorizes TEA to approve only a local awards plan that meets program guidelines adopted by the commissioner under Section 21.702 and that satisfies this section and Section 21.705.

(e) Requires TEA to make model local awards plans available to school districts that wish to participate in the program.

(f) Authorizes a school district whose local awards plan is approved by TEA to receive a program grant under this subchapter to renew the plan for three consecutive school years without resubmitting the plan to TEA for approval. Authorizes a school district to amend a local awards plan for approval by TEA for each school year the district receives a program grant.

Sec. 21.705. AWARD PAYMENTS. Requires a school district to use at least 60 percent of grant funds awarded to the district under this subchapter to directly award classroom teachers who effectively improve student achievement as determined by meaningful, objective measures. Requires the remaining funds to be used in a certain manner.

Sec. 21.706. RULES. Requires the commissioner to adopt rules necessary to administer this subchapter.

SECTION 4.07. Reenacts and amends Subchapter D, Chapter 22, Education Code, as added by Chapters 899 and 1359, Acts of the 79th Legislature, Regular Session, 2005, as follows:

New heading: SUBCHAPTER D. HEALTH CARE SUPPLEMENTATION

Sec. 22.103. New heading: DESIGNATION OF COMPENSATION AS HEALTH CARE SUPPLEMENTATION. (a) Authorizes an employee of a school district, other educational district that is a member of the Teacher Retirement System of Texas, participating charter school, or regional service center to elect to designate a portion of the employee's compensation to be used as health care supplementation under this

subchapter. Deletes existing text relating to funds eligibility and the distribution of funds by TEA.

(b) Prohibits the amount designated under this section from exceeding the amount permitted under applicable federal law.

(c) Provides that this section does not apply to certain school employees or administrators. Deletes existing text relating to distribution of funds by TEA.

Sec. 22.104. Redesignated from Section 22.105.

Sec. 22.105. **WRITTEN ELECTION REQUIRED.** Requires an active employee, each school year, to elect in writing whether to designate a portion of the employee's compensation to be used as health care supplementation under this subchapter.

Sec. 22.106. New heading: **USE OF DESIGNATED COMPENSATION.** Authorizes an employee to use compensation designated for health care supplementation, rather than a monthly distribution received, under this subchapter for any employee benefit, including depositing the designated amount, rather than the amount of the distribution, into a cafeteria plan in which the employee is enrolled, rather than in a cafeteria plan, or using the designated amount, rather than the amount of the distribution, for health care premiums through a premium conversion plan. Deletes existing text relating to distribution of funds and redesignates 22.106 from existing Section 22.109. Deletes text of existing Sections 22.106, 22.107, and 22.108.

Sec. 22.107. **WAGE INCREASE FOR SUPPORT STAFF.** (a) Requires a school district, for the 2006-2007 school year, to pay certain district employees an amount at least equal to \$500.

(b) Requires a school district, for the 2006-2007 school year, to pay each part-time district employee, other than an administrator, an amount at least equal to \$250.

(c) Authorizes a school district employee entitled to a wage increase under this section to elect to receive a portion of the person's annual wages as health care supplementation as provided by this subchapter.

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

(e) Provides that this section expires September 1, 2007.

SECTION 4.08. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2513, as follows:

Sec. 42.2513. **ADDITIONAL STATE AID FOR PROFESSIONAL STAFF SALARY INCREASES.** (a) Entitles a school district, including a school district that is otherwise ineligible for state aid under this chapter, to state aid in an amount equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and to a minimum salary under Section 21.402.

(a-1) Entitles a school district, for the 2006-2007 school year, including a school district that is otherwise ineligible for state aid under this chapter, to state aid in an amount equal to the sum of certain factors.

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

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

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

SECTION 4.09 Amends Sections 822.201(b) and (c), Government Code, as follows:

(b) Redefines "salary and wages."

(c) Provides that there are certain exclusions from salary and wages, including any compensation designated as health care supplementation, rather than any amount received, by an employee under Subchapter D (Compensation Supplementation) and any amount received by a certain employee.

SECTION 4.10. Requires the commissioner of education, as soon as practicable after the effective date of this Act, to adopt rules for establishing and administering the awards for student achievement program under Subchapter N, Chapter 21, Education Code, as added by this Act, and the educator excellence awards program under Subchapter O, Chapter 21, Education Code, as added by this Act. Requires the commissioner to make the awards for student achievement program available for campus participation not later than the 2006-2007 school year. Requires the commissioner to make the educator excellence awards program available for school district participation beginning with the 2007-2008 school year.

ARTICLE 5. HIGH SCHOOL SUCCESS AND COLLEGE-READINESS

SECTION 5.01. Subchapter A, Chapter 28, Education Code, by adding Sections 28.008 and 28.009, as follows:

Sec. 28.008. ADVANCEMENT OF COLLEGE-READINESS IN HIGH SCHOOL CURRICULUM. (a) Requires the commissioner and the Texas Higher Education Coordinating Board by rule, to align the curriculum for grades nine through 12 with higher education curriculum and expectations, to establish vertical teams composed of high school educators and institution of higher education faculty with appropriate expertise.

(b) Requires the vertical teams to make certain recommendations and evaluations, develop certain strategies, and develop certain courses.

(c) Requires SBOE to incorporate college-readiness standards and expectations approved by the commissioner and the THECB under Subsection (b) into the essential knowledge and skills identified by the board under Section 28.002(c).

(d) Requires SBOE by rule to provide that each course developed under Subsection (b)(4) may be used to fulfill high school graduation requirements for the recommended high school program under Section 28.025(a).

(e) Requires the vertical teams to complete the development of the courses under Subsection(b)(4), not later than September 1, 2011. Requires the vertical teams to develop the English language arts course first, followed by the mathematics course, the science course, and the social studies course, respectively. Requires the English language arts course to be developed by the vertical teams and approved by the State Board of Education not later than June 1, 2009. Requires the course to be available to high school students beginning with the 2009 fall semester, with each subsequent course becoming available each subsequent fall semester. Provides that this subsection expires December 1, 2012.

Sec. 28.009. AVAILABILITY OF CERTAIN CORE POSTSECONDARY COURSES IN DUAL CREDIT PROGRAM. (a) Requires SBOE by rule to provide for the core curriculum courses revised under Section 61.822(a-1) to be offered in high schools through a dual credit program.

(b) Requires TEA to coordinate with THECB as necessary in administering this section.

SECTION 5.02. Amends Section 28.025, Education Code, by adding Subsection (b-1), as follows:

(b-1) Requires SBOE by rule to require that the curriculum requirements for the recommended and advanced high school programs under Subsection (a) include a requirement that students successfully complete four courses in each subject of the foundation curriculum under Section 28.002(a)(1) and that one or more courses offered in the required curriculum for the recommended and advanced high school programs include a research writing component.

SECTION 5.03. Amends Subchapter C, Chapter 29, Education Code, by adding Section 29.0822, as follows:

Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a) Authorizes a school district to provide a flexible school day program for students in grades nine through 12 who have dropped out of school or who are at risk of dropping out of school as defined by Section 29.081 (Optional Flexible Year Program).

(b) Authorizes a school district, to enable the district to provide a program under this section that meets the needs of students described by Subsection (a), to provide flexibility in the number of hours each day a student attends; provide flexibility in the number of days each week a student attends; or allow a student to enroll in less than or more than a full course load.

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

(d) Authorizes the commissioner to adopt rules for the administration of this section. Requires the commissioner to calculate average daily attendance for students served under this section. Requires the commissioner to allow accumulations of hours of instruction for students whose schedule would not otherwise allow full state funding. Requires the funding under this subsection to be determined based on the number of instructional days in the school district calendar and a seven-hour school day, but provides that attendance may be cumulated over a school year, including any summer or vacation session. Requires the attendance of students who accumulate less than the number of attendance hours required under this subsection to be proportionately reduced for funding purposes. Authorizes the commissioner to set maximum funding amounts for an individual course under this section.

SECTION 5.04. Amends Subchapter D, Chapter 29, Education Code, by adding Section 29.124, as follows:

Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) Defines "public senior college or university."

(b) Provides that a Texas governor's school is a summer residential program for high-achieving high school students. Authorizes a governor's school program may include certain educational curricula.

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

(d) Authorizes the commissioner to approve an application under this section only if the applicant meets certain criteria.

(e) Authorizes the commissioner, from funds appropriated to the agency, to make a grant in an amount not to exceed \$750,000 each year to public senior colleges or universities whose applications are approved under this section to pay the costs of administering a Texas governor's school program.

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

SECTION 5.05. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.0232, as follows:

Sec. 39.0232. USE OF END-OF-COURSE ASSESSMENT INSTRUMENT AS PLACEMENT INSTRUMENT. Requires TEA, to the extent practicable, to ensure that any high school end-of-course assessment instrument developed by TEA is developed in such a manner that the assessment instrument may be used to determine the appropriate placement of a student in a course of the same subject matter at an institution of higher education.

SECTION 5.06. Amends Subchapter F, Chapter 39, Education Code, by adding Sections 39.113 and 39.114, as follows:

Sec. 39.113. RECOGNITION OF HIGH SCHOOL COMPLETION AND SUCCESS AND COLLEGE-READINESS PROGRAMS. (a) Requires TEA to develop certain standards, and provide certain guidance.

(b) Authorizes the commissioner to adopt rules for the administration of this section.

Sec. 39.114. HIGH SCHOOL ALLOTMENT. (a) Entitles a school district, for each student in average daily attendance in grades nine through 12, to an annual allotment of \$500.

(b) Requires a school district or campus to use funds allocated under this section in a certain manner, except as provided by Subsection (c).

(c) Authorizes an exceptional school district to use funds allocated under this section on any instructional program in grades six through 12 other than an athletic program.

(d) Authorizes the commissioner to adopt rules for the administration of this section.

SECTION 5.07. Amends Section 42.005(a), Education Code, to define average daily attendance for certain districts operating under a flexible school day program.

SECTION 5.08. Amends Subchapter D, Chapter 61, Education Code, by adding Sections 61.0761 and 61.0762, as follows:

Sec. 61.0761. P-16 COLLEGE-READINESS AND SUCCESS STRATEGIC ACTION PLAN. (a) Requires the P-16 Council established under Section 61.076 to recommend to the commissioner of education and THECB a college-readiness and success strategic action plan to increase student success and decrease the number of students enrolling in developmental coursework in institutions of higher education. Requires the plan to include certain information.

(b) Requires the commissioner of education and THECB to adopt the college-readiness and success strategic action plan recommended by the P-16 Council if the commissioner of education and THECB determine that the plan meets the requirements of this section.

(c) Requires the commissioner of education and THECB to submit a report to the governor, lieutenant governor, the speaker of the house of representatives, each member of the Legislative Budget Board, and the members of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system and higher education system describing progress in implementing the college-readiness and success strategic action plan.

(d) Requires the commissioner of education and THECB to adopt rules necessary to implement this section.

Sec. 61.0762. PROGRAMS TO ENHANCE STUDENT SUCCESS. Requires THECB, to implement the college-readiness and success strategic action plan adopted under Section 61.0761 and to enhance the success of students at institutions of higher education, by rule to develop certain programs.

SECTION 5.09. Amends Section 61.822, Education Code, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Requires THECB, to improve student learning and reduce the cost of course delivery, with the assistance of the advisory committees described by Subsection (a) and nonprofit organizations with expertise in higher education course development, to review and adopt revisions of or additions to the curriculum and any online support materials supplementing the curriculum of not more than 25 courses in which students may enroll to satisfy the recommended core curriculum requirements.

(a-2) Requires THECB, not later than September 1, 2006, to begin reviewing and adopting revisions of or additions to the curriculum and online support materials for courses in which students may enroll to satisfy the recommended English language arts core curriculum requirements, including composition, American literature with a focus on textual analysis, and interdisciplinary literature and American history. Not later than the 2009 fall semester, the board shall make the revised curriculum and online support materials for the English language arts courses described by this subsection available to institutions of higher education. Requires THECB, not later than September 1, 2011, to complete its review and revisions of and additions to courses selected under Subsection (a-1). Provides that this subsection expires December 1, 2011.

SECTION 5.10. Requires SBOE, not later than January 1, 2007, to adopt rules as required by Section 28.025(b-1), Education Code, as added by this Act. Requires the rules to require that the curriculum requirements for the recommended and advanced high school programs under that subsection apply to students entering the ninth grade beginning with the 2007-2008 school year.

ARTICLE 6. PUBLIC EDUCATION FUNDING FOR CERTAIN PURPOSES

SECTION 6.01. Requires the commissioner of education, for the fiscal biennium ending August 31, 2007, to the extent not specifically prohibited by state or federal law, to use federal funds, including consolidated administrative or innovative program funds, for the purposes described by Section 44.007(b) (Accounting System Report), Education Code, as amended by this Act, and Sections 1.005, 7.008, 39.034, and 44.0061, Education Code, as added by this Act. Provides that, to the extent federal funds are not sufficient, funds may be set aside from the Foundation School Program to fund the remaining balance.

ARTICLE 7. APPLICABILITY; EFFECTIVE DATE

SECTION 7.01. Makes application of this Act prospective to the 2006-2007 school year, except as otherwise provided by this Act.

SECTION 7.02. Effective date: upon passage or the 91st day after adjournment.