

By: Eissler

H.B. No. 55

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the academic and fiscal accountability of public
3 schools and the improvement of public schools.

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

5 ARTICLE 1. STATE AND REGIONAL GOVERNANCE

6 SECTION 1.01. Chapter 1, Education Code, is amended by
7 adding Section 1.005 to read as follows:

8 Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT
9 INFORMATION. (a) In this section, "center" means a center for
10 education research authorized by this section.

11 (b) The commissioner of education and the commissioner of
12 higher education may establish not more than three centers for
13 education research for conducting research described by
14 Subsections (e) and (f).

15 (c) A center may be established as part of:

16 (1) the Texas Education Agency;

17 (2) the Texas Higher Education Coordinating Board; or

18 (3) a public junior college, public senior college or
19 university, or public state college, as those terms are defined by
20 Section 61.003.

21 (d) A center may be operated under a memorandum of
22 understanding between the commissioner of education, the
23 commissioner of higher education, and the governing board of an
24 educational institution described by Subsection (c)(3). The

1 memorandum of understanding must require the commissioner of
2 education, or a person designated by the commissioner, and the
3 commissioner of higher education, or a person designated by the
4 commissioner, to provide direct, joint supervision of the center
5 under this section.

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

13 (f) The commissioner of education and the commissioner of
14 higher education:

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

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

25 (g) In conducting research under this section, a center:

26 (1) may use data on student performance, including
27 data that is confidential under the Family Educational Rights and

1 Privacy Act of 1974 (20 U.S.C. Section 1232g), the center has
2 collected from the Texas Education Agency, the Texas Higher
3 Education Coordinating Board, the Educators' Professional
4 Practices Board, any public or private institution of higher
5 education, and any school district; and

6 (2) shall comply with rules adopted by the
7 commissioner of education and the commissioner of higher education
8 to protect the confidentiality of student information, including
9 rules establishing procedures to ensure that confidential student
10 information is not duplicated or removed from a center in an
11 unauthorized manner.

12 (h) The commissioner of education and the commissioner of
13 higher education may:

14 (1) accept gifts and grants to be used in operating one
15 or more centers; and

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

18 (i) This section does not authorize the disclosure of
19 student information that may not be disclosed under the Family
20 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
21 1232g).

22 (j) The commissioner of education and the commissioner of
23 higher education shall adopt rules as necessary to implement this
24 section.

25 (k) In implementing this section, the commissioner of
26 education may use funds appropriated to the agency and available
27 for that purpose, including foundation school program funds.

1 SECTION 1.02. Subchapter A, Chapter 7, Education Code, is
2 amended by adding Sections 7.008 and 7.009 to read as follows:

3 Sec. 7.008. PUBLIC ACCESS TO PEIMS DATA. (a) The
4 commissioner with the assistance of an advisory panel described by
5 Subsection (b) shall develop a request for proposal for a qualified
6 third-party contractor to develop and implement procedures to make
7 available, through the agency Internet website, all financial and
8 academic performance data submitted through the Public Education
9 Information Management System (PEIMS) for school districts and
10 campuses.

11 (b) The commissioner shall appoint an advisory panel to
12 assist the commissioner in developing requirements for a system
13 that is easily accessible by the general public and contains
14 information of primary relevance to the public. The advisory panel
15 shall consist of:

- 16 (1) educators;
17 (2) interested stakeholders;
18 (3) business leaders; and
19 (4) other interested members of the public.

20 (c) The procedures developed under this section must
21 provide:

22 (1) a summarized format easily understood by the
23 public for reporting financial and academic performance
24 information on the agency Internet website; and

25 (2) the ability for those who access the Internet
26 website to view and download state, district, and campus level
27 information.

1 (d) This section does not authorize the disclosure of
2 student information that may not be disclosed under the Family
3 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
4 1232g). The commissioner shall adopt rules to protect the
5 confidentiality of student information.

6 (e) The procedures to make available, through the agency
7 Internet website, all financial and academic performance
8 information for school districts and campuses as described by this
9 section shall be implemented not later than August 1, 2007. This
10 subsection expires August 1, 2009.

11 Sec. 7.009. ELECTRONIC STUDENT RECORDS SYSTEM. (a) In this
12 section, "institution of higher education" has the meaning assigned
13 by Section 61.003.

14 (b) Each school district, open-enrollment charter school,
15 and institution of higher education shall participate in an
16 electronic student records system that satisfies standards
17 approved by the commissioner of education and the commissioner of
18 higher education.

19 (c) The electronic student records system must permit an
20 authorized state or district official or an authorized
21 representative of an institution of higher education to
22 electronically transfer to and from an educational institution in
23 which the student is enrolled and retrieve student transcripts,
24 including information concerning a student's:

- 25 (1) course or grade completion;
- 26 (2) teachers of record;
- 27 (3) assessment instrument results;

1 (4) receipt of special education services, including
2 placement in a special education program and the individualized
3 education program developed; and

4 (5) personal graduation plan as described by Section
5 28.0212.

6 (d) The commissioner of education or the commissioner of
7 higher education may solicit and accept grant funds to maintain the
8 electronic student records system and to make the system available
9 to school districts, open-enrollment charter schools, and
10 institutions of higher education.

11 (e) A private or independent institution of higher
12 education, as defined by Section 61.003, may participate in the
13 electronic student records system under this section. If a private
14 or independent institution of higher education elects to
15 participate, the institution must provide the funding to
16 participate in the system.

17 (f) Any person involved in the transfer and retrieval of
18 student information under this section is subject to any state or
19 federal law governing the release of or providing access to any
20 confidential information to the same extent as the educational
21 institution from which the data is collected. A person may not
22 release or distribute the data to any other person in a form that
23 contains confidential information.

24 (g) The electronic student records system shall be
25 implemented not later than the beginning of the 2007-2008 school
26 year. This subsection expires September 1, 2008.

ARTICLE 2. ACCOUNTABILITY

SECTION 2.01. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES; CLEARINGHOUSE. (a) In coordination with the Legislative Budget Board, the agency shall establish an online clearinghouse of information relating to best practices of campuses and school districts regarding instruction, resource allocation, and business practices. To the extent practicable, the agency shall ensure that information provided through the online clearinghouse is specific, actionable information relating to the best practices of high-performing and highly efficient campuses and school districts rather than general guidelines relating to campus and school district operation. The information must be accessible by campuses, school districts, and interested members of the public.

(b) The agency shall solicit and collect from the Legislative Budget Board, centers for education research established under Section 1.005, and exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, examples of best practices relating to instruction, resource allocation, and business practices, including best practices relating to curriculum, scope and sequence, compensation and incentive systems, bilingual education and special language programs, compensatory education programs, and the effective use of instructional technology, including online courses.

(c) The agency shall contract for the services of one or more third-party contractors to develop, implement, and maintain a

1 system of collecting and evaluating the best practices of campuses
2 and school districts as provided by this section. In addition to
3 any other considerations required by law, the agency must consider
4 an applicant's demonstrated competence and qualifications in
5 analyzing campus and school district practices in awarding a
6 contract under this subsection.

7 (d) The commissioner may purchase from available funds
8 curriculum and other instructional tools identified under this
9 section to provide for use by school districts.

10 SECTION 2.02. Subchapter C, Chapter 7, Education Code, is
11 amended by adding Section 7.0571 to read as follows:

12 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The
13 commissioner shall adopt rules under which a school district,
14 open-enrollment charter school, or other person that wishes to
15 challenge an agency decision made under Chapter 39 must petition
16 the commissioner for an informal review by the commissioner of the
17 decision.

18 (b) The commissioner may limit a review under this section
19 to a written submission of any issue identified by the
20 commissioner.

21 (c) A final decision under this section is final and may not
22 be appealed under Section 7.057 or any other law.

23 SECTION 2.03. Subchapter E, Chapter 11, Education Code, is
24 amended by adding Section 11.203 to read as follows:

25 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR
26 PRINCIPALS. (a) The agency shall develop and implement a school
27 leadership pilot program for principals in cooperation with a

1 nonprofit corporation that has substantial experience in
2 developing best practices to improve leadership skills, student
3 achievement, student graduation rates, and teacher retention.

4 (b) The agency shall consult business schools, departments,
5 or programs at institutions of higher education to develop program
6 course work that focuses on management and business training.

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

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

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

22 (e-1) For the state fiscal biennium beginning September 1,
23 2005, the amount set aside under Subsection (e) may not exceed \$3.6
24 million. This subsection expires August 31, 2007.

25 (f) To implement and administer the program, the
26 commissioner may accept grants, gifts, and donations from public
27 and private entities.

1 (g) The commissioner may adopt rules necessary to
2 administer this section.

3 (h) During the first semester of the 2008-2009 school year,
4 the agency shall evaluate the effectiveness of the program in
5 developing and enhancing the ability of principals participating in
6 the program to provide school leadership and improve student
7 achievement and graduation rates and teacher retention. Not later
8 than January 1, 2009, the agency shall submit a report explaining
9 the results of the study to the governor, lieutenant governor,
10 speaker of the house of representatives, and the presiding officers
11 of the standing committees of each house of the legislature with
12 primary jurisdiction over public education.

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

14 SECTION 2.04. Section 28.006(j), Education Code, is amended
15 to read as follows:

16 (j) No more than 15 percent of the funds certified by the
17 commissioner under Subsection (i) may be spent on indirect costs.
18 The commissioner shall evaluate the programs that fail to meet the
19 standard of performance under Section 39.051(b)(8) [~~39.051(b)(7)~~]
20 and may implement sanctions under Subchapter G, Chapter 39. The
21 commissioner may audit the expenditures of funds appropriated for
22 purposes of this section. The use of the funds appropriated for
23 purposes of this section shall be verified as part of the district
24 audit under Section 44.008.

25 SECTION 2.05. Subchapter B, Chapter 39, Education Code, is
26 amended by adding Section 39.034 to read as follows:

27 Sec. 39.034. MEASURE OF ANNUAL IMPROVEMENT IN STUDENT

1 ACHIEVEMENT. (a) The commissioner shall determine a method by
2 which the agency may measure annual improvement in student
3 achievement from one school year to the next on an assessment
4 instrument required under this subchapter.

5 (b) For students of limited English proficiency, as defined
6 by Section 29.052, the agency shall use a student's performance
7 data on reading proficiency assessment instruments in English to
8 calculate the student's progress toward proficiency in English.

9 (c) The agency shall use a student's previous years'
10 performance data on an assessment instrument required under this
11 subchapter to determine the student's expected annual improvement.
12 The agency shall report that expected level of annual improvement
13 and the actual level of annual improvement achieved to the
14 district. The report must state whether the student fell below,
15 met, or exceeded the agency's expectation for improvement.

16 (d) The agency shall determine the necessary annual
17 improvement required each year for a student to be prepared to pass
18 the exit-level assessment instrument required under this
19 subchapter for graduation. The agency shall report the necessary
20 annual improvement required to the district. Each year, the report
21 must state whether the student fell below, met, or exceeded the
22 necessary target for improvement.

23 (e) The agency shall report to each school district the
24 comparisons made under this section. Each school district shall
25 provide the comparisons to each teacher for all students who were:

26 (1) assessed on an assessment instrument; and

27 (2) taught by that teacher in the subject for which the

1 assessment instrument was administered.

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

5 (g) To the extent practicable, the agency shall combine the
6 report of the comparisons required under this section with the
7 report of the student's performance on assessment instruments
8 administered under Section 39.023.

9 (h) The commissioner shall implement this section not later
10 than May 1, 2007. This subsection expires January 1, 2008.

11 SECTION 2.06. Section 39.051(b), Education Code, as amended
12 by Chapters 433 and 805, Acts of the 78th Legislature, Regular
13 Session, 2003, is reenacted and amended to read as follows:

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

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

24 (2) dropout rates, including dropout rates and
25 district completion rates for grade levels 9 through 12, computed
26 in accordance with standards and definitions adopted by the
27 National Center for Education Statistics of the United States

1 Department of Education;

2 (3) high school graduation rates, computed in
3 accordance with standards and definitions adopted in compliance
4 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
5 107-110);

6 (4) student attendance rates;

7 (5) the percentage of graduating students who attain
8 scores on the secondary exit-level assessment instruments required
9 under Subchapter B that are equivalent to a passing score on the
10 assessment [~~test~~] instrument required under Section 51.3062
11 [~~51.306~~];

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

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

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

1 (9) for students who have failed to perform
2 satisfactorily on an assessment instrument required under Section
3 39.023(a) or (c), the numerical progress of those students grouped
4 by number and percentage on subsequent assessment instruments
5 required under those sections, aggregated by grade level and
6 subject area;

7 (10) the percentage of students exempted, by exemption
8 category, from the assessment program generally applicable under
9 this chapter; ~~and~~

10 (11) the percentage of students of limited English
11 proficiency exempted from the administration of an assessment
12 instrument under Sections 39.027(a)(3) and (4);

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

16 (13) the measure of progress toward preparation for
17 postsecondary success; and

18 (14) the measure of progress toward English language
19 proficiency under Section 39.034(b), for students of limited
20 English proficiency, as defined by Section 29.052.

21 SECTION 2.07. Section 39.051(d), Education Code, is amended
22 to read as follows:

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

1 Subsection (b)(8) [~~(b)(7)~~], the commissioner shall define
2 exemplary, recognized, and unacceptable performance based on
3 student performance for the period covering both the current and
4 preceding academic years. In defining exemplary, recognized, and
5 unacceptable performance for the indicators under Subsections
6 (b)(2) and (4) [~~(3)~~], the commissioner may not consider as a dropout
7 or as a student who has failed to attend school a student whose
8 failure to attend school results from:

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

10 (2) as applicable:

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

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

16 SECTION 2.08. Section 39.052(b), Education Code, is amended
17 to read as follows:

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

20 (1) where applicable, the academic excellence
21 indicators adopted under Sections 39.051(b)(1) through (10) [~~(9)~~];

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

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

25 (4) the district's instructional expenditures ratio
26 and instructional employees ratio computed under Section 44.0071,
27 and the statewide average of those ratios, as determined by the

1 commissioner.

2 SECTION 2.09. Section 39.071, Education Code, is amended to
3 read as follows:

4 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
5 district is determined in accordance with this section
6 [subchapter]. The commissioner by rule shall define the following
7 accreditation statuses:

- 8 (1) accredited;
- 9 (2) accredited-warned; and
- 10 (3) accredited-probation.

11 (b) Each year, the commissioner shall determine the
12 accreditation status of each school district. In determining
13 accreditation status, the commissioner:

14 (1) shall evaluate and consider the performance of the
15 district under:

16 (A) the academic accountability system under
17 Section 39.072; and

18 (B) the financial accountability system under
19 Subchapter I; and

20 (2) may consider:

21 (A) the district's compliance with statutory
22 requirements and requirements imposed by rule of the commissioner
23 or State Board of Education under specific statutory authority that
24 relate to:

25 (i) reporting data through the Public
26 Education Information Management System (PEIMS) or other reports
27 required by state or federal law or court order;

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

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

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

7 (C) the effectiveness of the district's career
8 and technology program.

9 (c) Based on a school district's performance under
10 Subsection (b), the commissioner shall:

11 (1) assign a district an accreditation status; or

12 (2) revoke the accreditation of the district and order
13 closure of the district under this subchapter.

14 (d) The commissioner shall notify a school district that
15 receives an accreditation status of accredited-warned or
16 accredited-probation that the performance of the district is below
17 a standard required under this section. The commissioner shall
18 require the district to notify the parents of students enrolled in
19 the district and property owners in the district of the district's
20 accreditation status and the implications of that accreditation
21 status.

22 (e) A school district that is not accredited may not
23 receive funds from the agency or hold itself out as operating a
24 public school of this state.

25 (f) This chapter may not be construed to invalidate a
26 diploma awarded, course credit earned, or grade promotion granted
27 by a school district before the commissioner revoked the district's

1 accreditation.

2 SECTION 2.10. Sections 39.072(b) and (c), Education Code,
3 are amended to read as follows:

4 (b) The academic excellence indicators adopted under
5 Sections 39.051(b)(1) through (8) [~~(7)~~] and the district's current
6 special education compliance status with the agency shall be the
7 main considerations of the agency in the rating of the district
8 under this section. Additional criteria in the rules may include
9 consideration of:

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

13 (A) reporting data through the Public Education
14 Information Management System (PEIMS);

15 (B) the high school graduation requirements
16 under Section 28.025; or

17 (C) an item listed in Sections
18 7.056(e)(3)(C)-(I) that applies to the district;

19 (2) the effectiveness of the district's programs for
20 special populations; and

21 (3) the effectiveness of the district's career and
22 technology programs.

23 (c) The agency shall evaluate against state standards and
24 shall, not later than August 1 of each year, report the performance
25 of each campus in a district and each open-enrollment charter
26 school on the basis of the campus's performance on the indicators
27 adopted under Sections 39.051(b)(1) through (8) [~~(7)~~].

1 Consideration of the effectiveness of district programs under
2 Subsection (b)(2) or (3) must be based on data collected through the
3 Public Education Information Management System for purposes of
4 accountability under this chapter and include the results of
5 assessments required under Section 39.023.

6 SECTION 2.11. Sections 39.073(a) and (b), Education Code,
7 are amended to read as follows:

8 (a) The agency shall annually review the performance of each
9 district and campus on the indicators adopted under Sections
10 39.051(b)(1) through (8) [~~(7)~~] and determine if a change in the
11 accreditation status of the district is warranted. The
12 commissioner may determine how all indicators adopted under Section
13 39.051(b) may be used to determine accountability ratings and to
14 select districts and campuses for acknowledgment.

15 (b) Each annual review shall include an analysis of the
16 indicators under Sections 39.051(b)(1) through (8) [~~(6)~~] to
17 determine district and campus performance in relation to:

- 18 (1) standards established for each indicator;
19 (2) required improvement as defined under Section
20 39.051(c); and
21 (3) comparable improvement as defined by Section
22 39.051(c).

23 SECTION 2.12. Section 39.074(e), Education Code, is amended
24 to read as follows:

25 (e) If an annual review indicates low performance on one or
26 more of the indicators under Sections 39.051(b)(1) through (8)
27 [~~(7)~~] of one or more campuses in a district, the agency may conduct

1 an on-site evaluation of those campuses only.

2 SECTION 2.13. Section 39.131, Education Code, is amended to
3 read as follows:

4 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
5 district does not satisfy the accreditation criteria under Section
6 39.071, the academic performance standards under Section 39.072, or
7 any financial accountability standard as determined by
8 commissioner rule, the commissioner shall take any of the following
9 actions[~~, listed in order of severity,~~] to the extent the
10 commissioner determines necessary:

11 (1) issue public notice of the deficiency to the board
12 of trustees;

13 (2) order a hearing conducted by the board of trustees
14 of the district for the purpose of notifying the public of the
15 unacceptable performance, the improvements in performance expected
16 by the agency, and the sanctions that may be imposed under this
17 section if the performance does not improve;

18 (3) order the preparation of a student achievement
19 improvement plan that addresses each academic excellence indicator
20 for which the district's performance is unacceptable, the
21 submission of the plan to the commissioner for approval, and
22 implementation of the plan;

23 (4) order a hearing to be held before the commissioner
24 or the commissioner's designee at which the president of the board
25 of trustees of the district and the superintendent shall appear and
26 explain the district's low performance, lack of improvement, and
27 plans for improvement;

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

2 (6) appoint an agency monitor to participate in and
3 report to the agency on the activities of the board of trustees or
4 the superintendent;

5 (7) appoint a conservator to oversee the operations of
6 the district;

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

11 (9) if a district has a current accreditation status
12 of accredited-warned or accredited-probation, is [been] rated [as]
13 academically unacceptable, or fails to satisfy financial
14 accountability standards as determined by commissioner rule [for a
15 period of one year or more], appoint a board of managers to exercise
16 the powers and duties of the board of trustees;

17 (10) if for two consecutive school years, including
18 the current school year, a district has received an accreditation
19 status of accredited-warned or accredited-probation, has been
20 rated academically unacceptable, or has failed to satisfy financial
21 accountability standards as determined by commissioner rule,
22 revoke the district's accreditation and [been rated as academically
23 unacceptable for a period of two years or more]:

24 (A) order closure of the district and annex the
25 district to one or more adjoining districts under Section 13.054;
26 or

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

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

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

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

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

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

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

19 (b) This subsection applies regardless of whether a
20 district has satisfied the accreditation criteria. If for two
21 consecutive school years, including the current school year, [~~a~~
22 ~~period of one year or more~~] a district has had a conservator or
23 management team assigned, the commissioner may appoint a board of
24 managers, a majority of whom must be residents of the district, to
25 exercise the powers and duties of the board of trustees.

26 SECTION 2.14. Section 39.132, Education Code, is amended to
27 read as follows:

1 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND
2 CERTAIN OTHER CAMPUSES. [~~(a)~~] If a campus performance is below any
3 standard under Section 39.073(b), the campus is considered an
4 academically unacceptable [~~a low-performing~~] campus. The
5 commissioner may permit the campus to participate in an innovative
6 redesign of the campus to improve campus performance or shall [~~may~~]
7 take any of the other following actions[~~, listed in order of~~
8 ~~severity~~], to the extent the commissioner determines necessary:

9 (1) issue public notice of the deficiency to the board
10 of trustees;

11 (2) order a hearing conducted by the board of trustees
12 at the campus for the purpose of:

13 (A) notifying the public of the unacceptable
14 performance, the improvements in performance expected by the
15 agency, and the sanctions that may be imposed under this section if
16 the performance does not improve within a designated period of
17 time; and

18 (B) soliciting public comment on the initial
19 steps being taken to improve performance;

20 (3) [~~order the preparation of a report regarding the~~
21 ~~parental involvement program at the campus and a plan describing~~
22 ~~strategies for improving parental involvement at the campus,~~

23 [~~(4) order the preparation of a report regarding the~~
24 ~~effectiveness of the district- and campus-level planning and~~
25 ~~decision-making committees established under Subchapter F, Chapter~~
26 ~~11, and a plan describing strategies for improving the~~
27 ~~effectiveness of those committees,~~

1 ~~[(5)]~~ order the preparation of a student [~~achievement~~]
2 improvement plan that addresses each academic excellence indicator
3 for which the campus's performance is unacceptable, the submission
4 of the plan to the commissioner for approval, and implementation of
5 the plan;

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

11 (5) appoint a technical assistance team under Section
12 39.1321; or

13 (6) appoint a campus intervention team under Section
14 39.1321.

15 ~~[(7) appoint a special campus intervention team to:~~

16 ~~[(A) conduct a comprehensive on-site evaluation~~
17 ~~of the campus to determine the cause for the campus's low~~
18 ~~performance and lack of progress;~~

19 ~~[(B) recommend actions, including reallocation~~
20 ~~of resources and technical assistance, changes in school procedures~~
21 ~~or operations, staff development for instructional and~~
22 ~~administrative staff, intervention for individual administrators~~
23 ~~or teachers, waivers from state statute or rule, or other actions~~
24 ~~the team considers appropriate;~~

25 ~~[(C) assist in the development of a campus plan~~
26 ~~for student achievement; and~~

27 ~~[(D) assist the commissioner in monitoring the~~

1 ~~progress of the campus in implementing the campus plan for~~
2 ~~improvement of student achievement, or~~

3 ~~[(8) if a campus has been a low-performing campus for a~~
4 ~~period of one year or more, appoint a board of managers composed of~~
5 ~~residents of the district to exercise the powers and duties of the~~
6 ~~board of trustees of the district in relation to the campus.]~~

7 ~~[(b) If a campus has been a low-performing campus for a~~
8 ~~period of two consecutive years or more, the commissioner shall~~
9 ~~order the closure of the district or charter program on the campus~~
10 ~~or reconstitute the campus. In reconstituting the campus, a~~
11 ~~special campus intervention team shall be assembled for the purpose~~
12 ~~of deciding which educators may be retained at that campus. If an~~
13 ~~educator is not retained, the educator may be assigned to another~~
14 ~~position in the district.]~~

15 SECTION 2.15. Subchapter G, Chapter 39, Education Code, is
16 amended by adding Sections 39.1321, 39.1322, 39.1323, 39.1325, and
17 39.1326 to read as follows:

18 Sec. 39.1321. TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION
19 TEAMS. (a) If a campus is rated academically acceptable for the
20 current school year but would be rated as academically unacceptable
21 if performance standards to be used for the following school year
22 were applied to the current school year, the commissioner shall
23 select and assign a technical assistance team to assist the campus
24 in executing a school improvement plan and any other school
25 improvement strategies the commissioner determines appropriate.
26 The commissioner may waive the requirement to assign a technical
27 assistance team under this subsection if the improvement in

1 performance standards among all student groups, including special
2 populations, over the preceding three years indicates that the
3 campus is likely to be rated academically acceptable in the
4 following school year.

5 (b) If a campus has been identified as academically
6 unacceptable under Section 39.132, the commissioner shall appoint a
7 campus intervention team.

8 (c) To the extent practicable, the commissioner shall
9 select and assign the technical assistance team under Subsection
10 (a) or the campus intervention team under Subsection (b) before the
11 first day of instruction for the school year.

12 (d) The commissioner may determine when the services of a
13 technical assistance team or campus intervention team are no longer
14 needed at a campus under this section.

15 Sec. 39.1322. CAMPUS INTERVENTION TEAM PROCEDURES. (a) A
16 campus intervention team shall:

17 (1) conduct a comprehensive on-site evaluation of the
18 campus to determine the cause for the campus's low performance and
19 lack of progress;

20 (2) recommend actions, including reallocation of
21 resources and technical assistance, changes in school procedures or
22 operations, staff development for instructional and administrative
23 staff, intervention for individual administrators or teachers,
24 waivers from state statute or rule, or other actions the team
25 considers appropriate;

26 (3) assist in the development of a school improvement
27 plan for student achievement; and

1 (4) assist the commissioner in monitoring the progress
2 of the campus in implementing the school improvement plan for
3 improvement of student achievement.

4 (b) A campus intervention team assigned under Section
5 39.1321 to a campus shall conduct a comprehensive on-site
6 evaluation of the campus to determine the cause for the campus's low
7 performance and lack of progress. The team shall have wide latitude
8 to determine what factors to assess and how to conduct the
9 assessment.

10 (c) On completing the evaluation under this section, the
11 campus intervention team shall recommend actions, including:

12 (1) reallocation of resources;

13 (2) distribution of additional funds to the campus
14 from funds set aside by the agency for purposes of assisting
15 campuses in meeting standards specified in the intervention plan;

16 (3) technical assistance;

17 (4) changes in school procedures or operations;

18 (5) staff development for instructional and
19 administrative staff;

20 (6) intervention for individual administrators or
21 teachers;

22 (7) waivers from state statutes or rules; or

23 (8) other actions the campus intervention team
24 considers appropriate.

25 (d) In executing a school improvement plan developed under
26 Subsection (a)(3), the campus intervention team shall:

27 (1) assist the campus in implementing research-based

1 practices for curriculum development and classroom instruction,
2 including bilingual education and special education programs, if
3 appropriate, and financial management;

4 (2) provide research-based technical assistance,
5 including data analysis, academic deficiency identification,
6 intervention implementation, and budget analysis, to strengthen
7 and improve the instructional programs at the campus; and

8 (3) submit the school improvement plan to the
9 commissioner for approval.

10 (e) A campus intervention team appointed under Section
11 39.1321(b):

12 (1) shall continue to work with a campus until:

13 (A) the campus is rated academically acceptable
14 for a two-year period; or

15 (B) the campus is rated academically acceptable
16 for a one-year period and the commissioner determines that the
17 campus is operating and will continue to operate in a manner that
18 improves student achievement; and

19 (2) may continually update the school improvement
20 plan, with approval from the commissioner, to meet the needs of the
21 campus.

22 (f) Notwithstanding any other provision of this subchapter,
23 if the commissioner determines that a campus for which an
24 intervention is ordered under Section 39.1321(b) is not fully
25 implementing the campus intervention team's recommendations or
26 school improvement plan, the commissioner may order the
27 reconstitution of the campus, pursue alternative management of the

1 campus as provided by Section 39.1326, or order closure of the
2 campus.

3 Sec. 39.1323. MANDATORY SANCTIONS. (a) If a campus has
4 been identified as academically unacceptable for two consecutive
5 school years, including the current school year, the commissioner
6 shall order the reconstitution of the campus and assign a campus
7 intervention team. In reconstituting the campus, a campus
8 intervention team shall assist the campus in:

9 (1) developing a school improvement plan;

10 (2) obtaining approval of the plan from the
11 commissioner; and

12 (3) executing the plan on approval by the
13 commissioner.

14 (b) The campus intervention team shall decide which
15 educators may be retained at that campus. A principal who has been
16 employed by the campus in that capacity during the full two-year
17 period described by Subsection (a) may not be retained at that
18 campus. A teacher of a subject assessed by an assessment instrument
19 under Section 39.023 may be retained only if the campus
20 intervention team determines that a pattern exists of significant
21 academic improvement by students taught by the teacher. If an
22 educator is not retained, the educator may be assigned to another
23 position in the district.

24 (c) A campus subject to Subsection (a) shall implement the
25 school improvement plan as approved by the commissioner. The
26 commissioner may appoint a monitor, conservator, management team,
27 or a board of managers to the district to ensure and oversee the

1 implementation of the school improvement plan.

2 (d) Notwithstanding any other provision of this subchapter,
3 if the commissioner determines that a campus subject to Subsection
4 (a) is not fully implementing the school improvement plan, the
5 commissioner may pursue alternative management of the campus as
6 under Section 39.1326 or may order closure of the campus.

7 (e) If a campus is considered an academically unacceptable
8 campus for more than two consecutive school years, the commissioner
9 may order reconstitution or closure of the campus or pursue
10 alternative management under Section 39.1326.

11 (f) If a campus is considered an academically unacceptable
12 campus for the subsequent school year after the campus is
13 reconstituted under this section, the commissioner shall review the
14 progress of the campus and may pursue alternative management under
15 Section 39.1326.

16 (g) If a campus is considered academically unacceptable for
17 two consecutive school years after the campus is reconstituted
18 under this section, the commissioner shall order closure of the
19 campus or pursue alternative management under Section 39.1326.

20 Sec. 39.1325. TRANSITIONAL SANCTIONS PROVISIONS. For the
21 2006-2007 school year, the commissioner shall assign a campus
22 intervention team or a technical assistance team to a campus under
23 Section 39.1321 on the basis of academic performance ratings for
24 the 2005-2006 school year. The commissioner may impose a sanction
25 on a campus under Section 39.1322(f) or 39.1323(a) or (e) on the
26 basis of academic performance ratings for the 2005-2006 school year
27 and the 2006-2007 school year. A sanction ordered by the

1 commissioner before July 1, 2006, shall remain in effect for the
2 2006-2007 school year. The commissioner may allow a principal
3 subject to Section 39.1323(b) to remain at a campus for the
4 2006-2007 school year. This section expires September 1, 2008.

5 Sec. 39.1326. MANAGEMENT OF CERTAIN ACADEMICALLY
6 UNACCEPTABLE CAMPUSES. (a) A campus may be subject to this section
7 if the campus has been identified as academically unacceptable
8 under Section 39.132 and the commissioner orders alternative
9 management under Section 39.1323(e) or (f).

10 (b) The commissioner shall solicit proposals from qualified
11 nonprofit entities to assume management of a campus subject to this
12 section.

13 (c) If the commissioner determines that the basis for
14 identifying a campus as academically unacceptable is limited to a
15 specific condition that may be remedied with targeted technical
16 assistance, the commissioner may:

17 (1) provide the campus a one-year waiver under this
18 section; and

19 (2) require the district to contract for the
20 appropriate technical assistance.

21 (d) The commissioner may annually solicit proposals under
22 this section for the management of a campus subject to this section.
23 The commissioner shall notify a qualified nonprofit entity that has
24 been approved as a provider under this section. The district must
25 execute a contract with an approved provider and relinquish control
26 of the campus before January 1 of the school year.

27 (e) To qualify for consideration as a managing entity under

1 this section, the entity must submit a proposal that provides
2 information relating to the entity's management and leadership team
3 that will participate in management of the campus under
4 consideration, including information relating to individuals that
5 have:

6 (1) documented success in whole school interventions
7 that increased the educational and performance levels of students
8 in academically unacceptable campuses;

9 (2) a proven record of effectiveness with programs
10 assisting low-performing students;

11 (3) a proven ability to apply research-based school
12 intervention strategies;

13 (4) a proven record of financial ability to perform
14 under the management contract; and

15 (5) any other experience or qualifications the
16 commissioner determines necessary.

17 (f) In selecting a managing entity under this section, the
18 commissioner shall give preference to a nonprofit entity that:

19 (1) meets any qualifications under this section; and

20 (2) has documented success in educating students from
21 similar demographic groups and with similar educational needs as
22 the students who attend the campus that is to be operated by a
23 managing entity under this section.

24 (g) The school district may negotiate the term of a
25 management contract for not more than five years with an option to
26 renew the contract. The management contract must include a
27 provision describing the district's responsibilities in supporting

1 the operation of the campus. The commissioner shall approve the
2 contract before the contract is executed and, as appropriate, may
3 require the district, as a term of the contract, to support the
4 campus in the same manner as the district was required to support
5 the campus before the execution of the management contract.

6 (h) A management contract under this section shall include
7 provisions approved by the commissioner that require the managing
8 entity to demonstrate improvement in campus performance, including
9 negotiated performance measures. The performance measures must be
10 consistent with the priorities of this chapter. The commissioner
11 shall evaluate a managing entity's performance on the first and
12 second anniversaries of the date of the management contract. If the
13 evaluation fails to demonstrate improvement as negotiated under the
14 contract by the first anniversary of the date of the management
15 contract, the district may terminate the management contract, with
16 the commissioner's consent, for nonperformance or breach of
17 contract and select another provider from an approved list provided
18 by the commissioner. If the evaluation fails to demonstrate
19 significant improvement, as determined by the commissioner, by the
20 second anniversary of the date of the management contract, the
21 district shall terminate the management contract and select another
22 provider from an approved list provided by the commissioner or
23 resume operation of the campus if approved by the commissioner. If
24 the commissioner approves the district's operation of the campus,
25 the commissioner shall assign a technical assistance team to assist
26 the campus.

27 (i) Notwithstanding any other provision of this code, the

1 funding for a campus operated by a managing entity must be not less
2 than the funding of the other campuses in the district on a per
3 student basis so that the managing entity receives at least the same
4 funding the campus would otherwise have received.

5 (j) Each campus operated by a managing entity under this
6 section is subject to this chapter in the same manner as any other
7 campus in the district.

8 (k) The commissioner may adopt rules necessary to implement
9 this section.

10 (l) With respect to the management of a campus under this
11 section:

12 (1) a managing entity is considered to be a
13 governmental body for purposes of Chapters 551 and 552, Government
14 Code; and

15 (2) any requirement in Chapter 551 or 552, Government
16 Code, that applies to a school district or the board of trustees of
17 a school district applies to a managing entity.

18 SECTION 2.16. Subchapter G, Chapter 39, Education Code, is
19 amended by adding Sections 39.1331 and 39.1332 to read as follows:

20 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In
21 addition to other sanctions authorized under Sections 39.131 and
22 39.132, the commissioner may order a school district or campus to
23 acquire professional services at the expense of the district or
24 campus to address the applicable financial, assessment, data
25 quality, program, or governance deficiency. The commissioner's
26 order may require the district or campus to:

27 (1) select an external auditor, data quality expert,

1 professional authorized to monitor district assessment instrument
2 administration, or curriculum or program expert; or

3 (2) provide for the appropriate training of district
4 staff or board of trustees members in the case of a district, or
5 campus staff, in the case of a campus.

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

11 (b) A final decision by the commissioner to impose a
12 sanction under this subchapter, including a decision to close a
13 school district or a campus, following a review under Section
14 7.0571 is final and may not be appealed.

15 (c) A school district may not collaterally contest an
16 academic performance rating or other accreditation standard as part
17 of the review of a sanction under this subchapter if a review
18 opportunity has already been provided for the academic performance
19 rating.

20 SECTION 2.17. Section 39.134, Education Code, is amended to
21 read as follows:

22 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing
23 a monitor, conservator, management team, [~~or special~~] campus
24 intervention team, technical assistance team, managing entity
25 under Section 39.1326, or service provider under Section 39.1331
26 shall be paid by the district. If the district fails or refuses to
27 pay the costs in a timely manner, the commissioner may:

1 (1) pay the costs using amounts withheld from any
2 funds to which the district is otherwise entitled; or

3 (2) recover the amount of the costs in the manner
4 provided for recovery of an overallocation of state funds under
5 Section 42.258.

6 SECTION 2.18. (a) Not later than the 2007-2008 school year,
7 the Texas Education Agency shall collect information concerning:

8 (1) the measure of progress toward preparation for
9 postsecondary success for purposes of Section 39.051(b)(13),
10 Education Code, as added by this Act; and

11 (2) the measure of progress toward English language
12 proficiency for purposes of Section 39.051(b)(14), Education Code,
13 as added by this Act.

14 (b) Not later than the 2008-2009 school year, the Texas
15 Education Agency shall include, in evaluating the performance of
16 school districts, campuses, and open-enrollment charter schools
17 under Subchapter D, Chapter 39, Education Code:

18 (1) the measure of progress toward preparation for
19 postsecondary success under Section 39.051(b)(13), Education Code,
20 as added by this Act; and

21 (2) the measure of progress toward English language
22 proficiency under Section 39.051(b)(14), Education Code, as added
23 by this Act.

24 ARTICLE 3. SCHOOL DISTRICT EFFICIENCY

25 SECTION 3.01. Subchapter A, Chapter 11, Education Code, is
26 amended by adding Section 11.003 to read as follows:

27 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later

1 than December 1, 2006, the commissioner shall evaluate the
2 feasibility of including a uniform indicator under Section
3 39.202(b) that measures effective administrative management
4 through the use of cooperative shared services arrangements. If
5 the commissioner determines that the adoption of a uniform
6 indicator described by this subsection is feasible, the
7 commissioner by rule shall include the indicator in the financial
8 accountability rating system under Subchapter I, Chapter 39, for
9 school districts beginning with the 2007-2008 school year. This
10 subsection expires September 1, 2009.

11 (b) Each regional education service center shall:

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

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

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

27 (d) The commissioner may require a district or an

1 open-enrollment charter school to enter into an agreement for a
2 cooperative shared services arrangement if the commissioner
3 determines that the financial management performance of the
4 district or school is unsatisfactory.

5 SECTION 3.02. Subchapter A, Chapter 44, Education Code, is
6 amended by adding Section 44.0041 to read as follows:

7 Sec. 44.0041. PUBLICATION OF SUMMARY OF PROPOSED BUDGET.

8 (a) Concurrently with the publication of notice of the budget under
9 Section 44.004, a school district shall post a summary of the
10 proposed budget:

11 (1) on the school district's Internet website; or
12 (2) if the district has no Internet website, in the
13 district's central administrative office.

14 (b) The budget summary must include:

15 (1) information relating to per student and aggregate
16 spending on:

- 17 (A) instruction;
18 (B) instructional support;
19 (C) central administration;
20 (D) district operations;
21 (E) debt service; and
22 (F) any other category designated by the
23 commissioner; and

24 (2) a comparison to the previous year's actual
25 spending.

26 SECTION 3.03. Subchapter A, Chapter 44, Education Code, is
27 amended by adding Section 44.0061 to read as follows:

1 Sec. 44.0061. REVIEW OF ACCOUNTING SYSTEM. (a) The
2 commissioner shall contract with a qualified third-party
3 contractor to conduct a comprehensive review of the accounting
4 systems used by school districts under Section 44.007.

5 (b) The third-party contractor conducting the review under
6 this section shall:

7 (1) provide any recommendations relating to the
8 accounting systems to:

9 (A) improve the transparency of district
10 spending behavior;

11 (B) provide more thorough information relating
12 to campus spending; and

13 (C) facilitate program evaluations, including
14 evaluations of compensatory education programs; and

15 (2) evaluate the accounting systems to determine
16 whether any reporting requirements should be adjusted based on
17 district size.

18 (c) Before January 1, 2007, the commissioner shall submit a
19 report to the legislature describing the results of the review
20 conducted under this section.

21 (d) This section expires January 2, 2007.

22 SECTION 3.04. Section 44.007(b), Education Code, is amended
23 to read as follows:

24 (b) The accounting system must meet at least the minimum
25 requirements prescribed by the commissioner [~~State Board of~~
26 ~~Education~~], subject to review and comment by the state auditor.

27 SECTION 3.05. Subchapter A, Chapter 44, Education Code, is

1 amended by adding Section 44.011 to read as follows:

2 Sec. 44.011. SPENDING TARGETS FOR DISTRICT EXPENDITURES.

3 (a) The commissioner shall annually establish and publish the
4 proposed expenditures for each school district as determined by the
5 commissioner based on an evaluation of information relating to the
6 best practices of campuses and districts as described by Section
7 7.010. The commissioner shall consider unique characteristics of
8 the district, including the district's size.

9 (b) The proposed expenditures to be determined as required
10 by Subsection (a) must include amounts for:

- 11 (1) instructional expenditures;
- 12 (2) central administrative expenditures;
- 13 (3) district operations; and
- 14 (4) any other category designated by the commissioner.

15 (c) The board of trustees of a school district must adopt
16 and publish a resolution if the district intends to exceed the
17 proposed expenditures established by the commissioner under this
18 section.

19 SECTION 3.06. The Texas Education Agency shall study the
20 level of use of shared services arrangements by school districts in
21 this state. Before January 1, 2007, the agency shall submit a
22 report to the legislature describing the current status of shared
23 services arrangements and identify any legal impediments
24 restricting school districts from participating in those
25 arrangements.

26 ARTICLE 4. PUBLIC EDUCATION FUNDING FOR CERTAIN PURPOSES

27 SECTION 4.01. For the fiscal biennium ending August 31,

1 2007, the commissioner of education, to the extent not specifically
2 prohibited by state or federal law, shall use federal funds,
3 including consolidated administrative or innovative program funds,
4 for the purposes described by Section 44.007(b), Education Code, as
5 amended by this Act, and Sections 1.005, 7.008, 39.034, and
6 44.0061, Education Code, as added by this Act. To the extent
7 federal funds are not sufficient, funds may be set aside from the
8 Foundation School Program to fund the remaining balance.

9 ARTICLE 5. APPLICABILITY; EFFECTIVE DATE

10 SECTION 5.01. Except as otherwise provided by this Act,
11 this Act applies beginning with the 2006-2007 school year.

12 SECTION 5.02. This Act takes effect immediately if it
13 receives a vote of two-thirds of all the members elected to each
14 house, as provided by Section 39, Article III, Texas Constitution.
15 If this Act does not receive the vote necessary for immediate
16 effect, this Act takes effect on the 91st day after the last day of
17 the legislative session.