

By: Grusendorf

H.B. No. 56

A BILL TO BE ENTITLED

AN ACT

relating to the compensation and benefits of public school employees, the academic and fiscal accountability of public schools, and the improvement of public schools.

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

ARTICLE 1. STATE AND REGIONAL GOVERNANCE

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

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

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

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

(1) the Texas Education Agency;

(2) the Texas Higher Education Coordinating Board; or

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

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

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

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

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

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

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

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

27 (1) may use data on student performance, including

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

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

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

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

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

19 (i) This section does not authorize the disclosure of
20 student information that may not be disclosed under the Family
21 Educational Rights and Privacy Act of 1974 (20 U.S.C. Section
22 1232g).

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

26 (k) In implementing this section, the commissioner of
27 education may use funds appropriated to the agency and available

1 for that purpose, including foundation school program funds.

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

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

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

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

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

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

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

1 information.

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

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

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

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

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

26 (1) course or grade completion;

27 (2) teachers of record;

1 (3) assessment instrument results;

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

5 (5) personal graduation plan as described by Section
6 28.0212.

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

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

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

25 (g) The electronic student records system shall be
26 implemented not later than the beginning of the 2007-2008 school
27 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. Section 28.006(j), Education Code, is amended
24 to read as follows:

25 (j) No more than 15 percent of the funds certified by the
26 commissioner under Subsection (i) may be spent on indirect costs.
27 The commissioner shall evaluate the programs that fail to meet the

1 standard of performance under Section 39.051(b)(8) [~~39.051(b)(7)~~]
2 and may implement sanctions under Subchapter G, Chapter 39. The
3 commissioner may audit the expenditures of funds appropriated for
4 purposes of this section. The use of the funds appropriated for
5 purposes of this section shall be verified as part of the district
6 audit under Section 44.008.

7 SECTION 2.04. Subchapter B, Chapter 39, Education Code, is
8 amended by adding Section 39.034 to read as follows:

9 Sec. 39.034. MEASURE OF ANNUAL IMPROVEMENT IN STUDENT
10 ACHIEVEMENT. (a) The commissioner shall determine a method by
11 which the agency may measure annual improvement in student
12 achievement from one school year to the next on an assessment
13 instrument required under this subchapter.

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

18 (c) The agency shall use a student's previous years'
19 performance data on an assessment instrument required under this
20 subchapter to determine the student's expected annual improvement.
21 The agency shall report that expected level of annual improvement
22 and the actual level of annual improvement achieved to the
23 district. The report must state whether the student fell below,
24 met, or exceeded the agency's expectation for improvement.

25 (d) The agency shall determine the necessary annual
26 improvement required each year for a student to be prepared to pass
27 the exit-level assessment instrument required under this

1 subchapter for graduation. The agency shall report the necessary
2 annual improvement required to the district. Each year, the report
3 must state whether the student fell below, met, or exceeded the
4 necessary target for improvement.

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

- 8 (1) assessed on an assessment instrument; and
9 (2) taught by that teacher in the subject for which the
10 assessment instrument was administered.

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

14 (g) To the extent practicable, the agency shall combine the
15 report of the comparisons required under this section with the
16 report of the student's performance on assessment instruments
17 administered under Section 39.023.

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

20 SECTION 2.05. Section 39.051(b), Education Code, as amended
21 by Chapters 433 and 805, Acts of the 78th Legislature, Regular
22 Session, 2003, is reenacted and amended to read as follows:

23 (b) Performance on the indicators adopted under this
24 section shall be compared to state-established standards. The
25 degree of change from one school year to the next in performance on
26 each indicator adopted under this section shall also be considered.
27 The indicators must be based on information that is disaggregated

1 by race, ethnicity, gender, and socioeconomic status and must
2 include:

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

6 (2) dropout rates, including dropout rates and
7 district completion rates for grade levels 9 through 12, computed
8 in accordance with standards and definitions adopted by the
9 National Center for Education Statistics of the United States
10 Department of Education;

11 (3) high school graduation rates, computed in
12 accordance with standards and definitions adopted in compliance
13 with the [~~federal~~] No Child Left Behind Act of 2001 (Pub. L. No.
14 107-110);

15 (4) student attendance rates;

16 (5) the percentage of graduating students who attain
17 scores on the secondary exit-level assessment instruments required
18 under Subchapter B that are equivalent to a passing score on the
19 assessment [~~test~~] instrument required under Section 51.3062
20 [~~51.306~~];

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

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

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

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

16 (10) the percentage of students exempted, by exemption
17 category, from the assessment program generally applicable under
18 this chapter; ~~and~~

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

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

25 (13) the measure of progress toward preparation for
26 postsecondary success; and

27 (14) the measure of progress toward English language

1 proficiency under Section 39.034(b), for students of limited
2 English proficiency, as defined by Section 29.052.

3 SECTION 2.06. Section 39.051(d), Education Code, is amended
4 to read as follows:

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

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

19 (2) as applicable:

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

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

25 SECTION 2.07. Section 39.052(b), Education Code, is amended
26 to read as follows:

27 (b) The report card shall include the following

1 information:

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

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

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

7 (4) the district's instructional expenditures ratio
8 and instructional employees ratio computed under Section 44.0071,
9 and the statewide average of those ratios, as determined by the
10 commissioner.

11 SECTION 2.08. Section 39.071, Education Code, is amended to
12 read as follows:

13 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school
14 district is determined in accordance with this section
15 [~~subchapter~~]. The commissioner by rule shall define the following
16 accreditation statuses:

17 (1) accredited;

18 (2) accredited-warned; and

19 (3) accredited-probation.

20 (b) Each year, the commissioner shall determine the
21 accreditation status of each school district. In determining
22 accreditation status, the commissioner:

23 (1) shall evaluate and consider the performance of the
24 district under:

25 (A) the academic accountability system under
26 Section 39.072; and

27 (B) the financial accountability system under

1 Subchapter I; and

2 (2) may consider:

3 (A) the district's compliance with statutory
4 requirements and requirements imposed by rule of the commissioner
5 or State Board of Education under specific statutory authority that
6 relate to:

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

10 (ii) the high school graduation
11 requirements under Section 28.025; or

12 (iii) an item listed under Sections
13 7.056(e)(3)(C)-(I) that applies to the district;

14 (B) the effectiveness of the district's programs
15 for special populations; and

16 (C) the effectiveness of the district's career
17 and technology program.

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

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

21 (2) revoke the accreditation of the district and order
22 closure of the district under this subchapter.

23 (d) The commissioner shall notify a school district that
24 receives an accreditation status of accredited-warned or
25 accredited-probation that the performance of the district is below
26 a standard required under this section. The commissioner shall
27 require the district to notify the parents of students enrolled in

1 the district and property owners in the district of the district's
2 accreditation status and the implications of that accreditation
3 status.

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

7 (f) This chapter may not be construed to invalidate a
8 diploma awarded, course credit earned, or grade promotion granted
9 by a school district before the commissioner revoked the district's
10 accreditation.

11 SECTION 2.09. Sections 39.072(b) and (c), Education Code,
12 are amended to read as follows:

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

19 (1) compliance with statutory requirements and
20 requirements imposed by rule of the State Board of Education under
21 specific statutory authority that relate to:

22 (A) reporting data through the Public Education
23 Information Management System (PEIMS);

24 (B) the high school graduation requirements
25 under Section 28.025; or

26 (C) an item listed in Sections
27 7.056(e)(3)(C)-(I) that applies to the district;

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

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

5 (c) The agency shall evaluate against state standards and
6 shall, not later than August 1 of each year, report the performance
7 of each campus in a district and each open-enrollment charter
8 school on the basis of the campus's performance on the indicators
9 adopted under Sections 39.051(b)(1) through (8) [~~(7)~~].
10 Consideration of the effectiveness of district programs under
11 Subsection (b)(2) or (3) must be based on data collected through the
12 Public Education Information Management System for purposes of
13 accountability under this chapter and include the results of
14 assessments required under Section 39.023.

15 SECTION 2.10. Sections 39.073(a) and (b), Education Code,
16 are amended to read as follows:

17 (a) The agency shall annually review the performance of each
18 district and campus on the indicators adopted under Sections
19 39.051(b)(1) through (8) [~~(7)~~] and determine if a change in the
20 accreditation status of the district is warranted. The
21 commissioner may determine how all indicators adopted under Section
22 39.051(b) may be used to determine accountability ratings and to
23 select districts and campuses for acknowledgment.

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

27 (1) standards established for each indicator;

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

3 (3) comparable improvement as defined by Section
4 39.051(c).

5 SECTION 2.11. Section 39.074(e), Education Code, is amended
6 to read as follows:

7 (e) If an annual review indicates low performance on one or
8 more of the indicators under Sections 39.051(b)(1) through (8)
9 [~~(7)~~] of one or more campuses in a district, the agency may conduct
10 an on-site evaluation of those campuses only.

11 SECTION 2.12. Section 39.131, Education Code, is amended to
12 read as follows:

13 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school
14 district does not satisfy the accreditation criteria under Section
15 39.071, the academic performance standards under Section 39.072, or
16 any financial accountability standard as determined by
17 commissioner rule, the commissioner shall take any of the following
18 actions[~~, listed in order of severity,~~] to the extent the
19 commissioner determines necessary:

20 (1) issue public notice of the deficiency to the board
21 of trustees;

22 (2) order a hearing conducted by the board of trustees
23 of the district for the purpose of notifying the public of the
24 unacceptable performance, the improvements in performance expected
25 by the agency, and the sanctions that may be imposed under this
26 section if the performance does not improve;

27 (3) order the preparation of a student achievement

1 improvement plan that addresses each academic excellence indicator
2 for which the district's performance is unacceptable, the
3 submission of the plan to the commissioner for approval, and
4 implementation of the plan;

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

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

11 (6) appoint an agency monitor to participate in and
12 report to the agency on the activities of the board of trustees or
13 the superintendent;

14 (7) appoint a conservator to oversee the operations of
15 the district;

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

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

26 (10) if for two consecutive school years, including
27 the current school year, a district has received an accreditation

1 status of accredited-warned or accredited-probation, has been
2 rated academically unacceptable, or has failed to satisfy financial
3 accountability standards as determined by commissioner rule,
4 revoke the district's accreditation and [~~been rated as academically~~
5 ~~unacceptable for a period of two years or more~~]:

6 (A) order closure of the district and annex the
7 district to one or more adjoining districts under Section 13.054;
8 or

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

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

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

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

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

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

1 (b) This subsection applies regardless of whether a
2 district has satisfied the accreditation criteria. If for two
3 consecutive school years, including the current school year, [~~a~~
4 ~~period of one year or more~~] a district has had a conservator or
5 management team assigned, the commissioner may appoint a board of
6 managers, a majority of whom must be residents of the district, to
7 exercise the powers and duties of the board of trustees.

8 SECTION 2.13. Section 39.132, Education Code, is amended to
9 read as follows:

10 Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND
11 CERTAIN OTHER CAMPUSES. [~~(a)~~] If a campus performance is below any
12 standard under Section 39.073(b), the campus is considered an
13 academically unacceptable [~~a low-performing~~] campus. The
14 commissioner may permit the campus to participate in an innovative
15 redesign of the campus to improve campus performance or shall [~~may~~]
16 take any of the other following actions[~~, listed in order of~~
17 ~~severity~~], to the extent the commissioner determines necessary:

18 (1) issue public notice of the deficiency to the board
19 of trustees;

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

22 (A) notifying the public of the unacceptable
23 performance, the improvements in performance expected by the
24 agency, and the sanctions that may be imposed under this section if
25 the performance does not improve within a designated period of
26 time; and

27 (B) soliciting public comment on the initial

1 steps being taken to improve performance;

2 (3) [~~order the preparation of a report regarding the~~
3 ~~parental involvement program at the campus and a plan describing~~
4 ~~strategies for improving parental involvement at the campus;~~

5 [~~(4) order the preparation of a report regarding the~~
6 ~~effectiveness of the district- and campus-level planning and~~
7 ~~decision-making committees established under Subchapter F, Chapter~~
8 ~~11, and a plan describing strategies for improving the~~
9 ~~effectiveness of those committees;~~

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

15 (4) [(6)] order a hearing to be held before the
16 commissioner or the commissioner's designee at which the president
17 of the board of trustees, the superintendent, and the campus
18 principal shall appear and explain the campus's low performance,
19 lack of improvement, and plans for improvement;

20 (5) appoint a technical assistance team under Section
21 39.1321; or

22 (6) appoint a campus intervention team under Section
23 39.1321.

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

25 [(A)] ~~conduct a comprehensive on-site evaluation~~
26 ~~of the campus to determine the cause for the campus's low~~
27 ~~performance and lack of progress;~~

1 ~~[(B) recommend actions, including reallocation~~
2 ~~of resources and technical assistance, changes in school procedures~~
3 ~~or operations, staff development for instructional and~~
4 ~~administrative staff, intervention for individual administrators~~
5 ~~or teachers, waivers from state statute or rule, or other actions~~
6 ~~the team considers appropriate;~~

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

9 ~~[(D) assist the commissioner in monitoring the~~
10 ~~progress of the campus in implementing the campus plan for~~
11 ~~improvement of student achievement; or~~

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

16 ~~[(b) If a campus has been a low-performing campus for a~~
17 ~~period of two consecutive years or more, the commissioner shall~~
18 ~~order the closure of the district or charter program on the campus~~
19 ~~or reconstitute the campus. In reconstituting the campus, a~~
20 ~~special campus intervention team shall be assembled for the purpose~~
21 ~~of deciding which educators may be retained at that campus. If an~~
22 ~~educator is not retained, the educator may be assigned to another~~
23 ~~position in the district.]~~

24 SECTION 2.14. Subchapter G, Chapter 39, Education Code, is
25 amended by adding Sections 39.1321, 39.1322, 39.1323, 39.1325, and
26 39.1326 to read as follows:

27 Sec. 39.1321. TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION

1 TEAMS. (a) If a campus is rated academically acceptable for the
2 current school year but would be rated as academically unacceptable
3 if performance standards to be used for the following school year
4 were applied to the current school year, the commissioner shall
5 select and assign a technical assistance team to assist the campus
6 in executing a school improvement plan and any other school
7 improvement strategies the commissioner determines appropriate.
8 The commissioner may waive the requirement to assign a technical
9 assistance team under this subsection if the improvement in
10 performance standards among all student groups, including special
11 populations, over the preceding three years indicates that the
12 campus is likely to be rated academically acceptable in the
13 following school year.

14 (b) If a campus has been identified as academically
15 unacceptable under Section 39.132, the commissioner shall appoint a
16 campus intervention team.

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

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

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

26 (1) conduct a comprehensive on-site evaluation of the
27 campus to determine the cause for the campus's low performance and

1 lack of progress;

2 (2) recommend actions, including reallocation of
3 resources and technical assistance, changes in school procedures or
4 operations, staff development for instructional and administrative
5 staff, intervention for individual administrators or teachers,
6 waivers from state statute or rule, or other actions the team
7 considers appropriate;

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

10 (4) assist the commissioner in monitoring the progress
11 of the campus in implementing the school improvement plan for
12 improvement of student achievement.

13 (b) A campus intervention team assigned under Section
14 39.1321 to a campus shall conduct a comprehensive on-site
15 evaluation of the campus to determine the cause for the campus's low
16 performance and lack of progress. The team shall have wide latitude
17 to determine what factors to assess and how to conduct the
18 assessment.

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

21 (1) reallocation of resources;

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

25 (3) technical assistance;

26 (4) changes in school procedures or operations;

27 (5) staff development for instructional and

1 administrative staff;

2 (6) intervention for individual administrators or
3 teachers;

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

5 (8) other actions the campus intervention team
6 considers appropriate.

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

9 (1) assist the campus in implementing research-based
10 practices for curriculum development and classroom instruction,
11 including bilingual education and special education programs, if
12 appropriate, and financial management;

13 (2) provide research-based technical assistance,
14 including data analysis, academic deficiency identification,
15 intervention implementation, and budget analysis, to strengthen
16 and improve the instructional programs at the campus; and

17 (3) submit the school improvement plan to the
18 commissioner for approval.

19 (e) A campus intervention team appointed under Section
20 39.1321(b):

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

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

24 (B) the campus is rated academically acceptable
25 for a one-year period and the commissioner determines that the
26 campus is operating and will continue to operate in a manner that
27 improves student achievement; and

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

4 (f) Notwithstanding any other provision of this subchapter,
5 if the commissioner determines that a campus for which an
6 intervention is ordered under Section 39.1321(b) is not fully
7 implementing the campus intervention team's recommendations or
8 school improvement plan, the commissioner may order the
9 reconstitution of the campus, pursue alternative management of the
10 campus as provided by Section 39.1326, or order closure of the
11 campus.

12 Sec. 39.1323. MANDATORY SANCTIONS. (a) If a campus has
13 been identified as academically unacceptable for two consecutive
14 school years, including the current school year, the commissioner
15 shall order the reconstitution of the campus and assign a campus
16 intervention team. In reconstituting the campus, a campus
17 intervention team shall assist the campus in:

18 (1) developing a school improvement plan;
19 (2) obtaining approval of the plan from the
20 commissioner; and

21 (3) executing the plan on approval by the
22 commissioner.

23 (b) The campus intervention team shall decide which
24 educators may be retained at that campus. A principal who has been
25 employed by the campus in that capacity during the full two-year
26 period described by Subsection (a) may not be retained at that
27 campus. A teacher of a subject assessed by an assessment instrument

1 under Section 39.023 may be retained only if the campus
2 intervention team determines that a pattern exists of significant
3 academic improvement by students taught by the teacher. If an
4 educator is not retained, the educator may be assigned to another
5 position in the district.

6 (c) A campus subject to Subsection (a) shall implement the
7 school improvement plan as approved by the commissioner. The
8 commissioner may appoint a monitor, conservator, management team,
9 or a board of managers to the district to ensure and oversee the
10 implementation of the school improvement plan.

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

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

20 (f) If a campus is considered an academically unacceptable
21 campus for the subsequent school year after the campus is
22 reconstituted under this section, the commissioner shall review the
23 progress of the campus and may pursue alternative management under
24 Section 39.1326.

25 (g) If a campus is considered academically unacceptable for
26 two consecutive school years after the campus is reconstituted
27 under this section, the commissioner shall order closure of the

1 campus or pursue alternative management under Section 39.1326.

2 Sec. 39.1325. TRANSITIONAL SANCTIONS PROVISIONS. For the
3 2006-2007 school year, the commissioner shall assign a campus
4 intervention team or a technical assistance team to a campus under
5 Section 39.1321 on the basis of academic performance ratings for
6 the 2005-2006 school year. The commissioner may impose a sanction
7 on a campus under Section 39.1322(f) or 39.1323(a) or (e) on the
8 basis of academic performance ratings for the 2005-2006 school year
9 and the 2006-2007 school year. A sanction ordered by the
10 commissioner before July 1, 2006, shall remain in effect for the
11 2006-2007 school year. The commissioner may allow a principal
12 subject to Section 39.1323(b) to remain at a campus for the
13 2006-2007 school year. This section expires September 1, 2008.

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

19 (b) The commissioner shall solicit proposals from qualified
20 nonprofit entities to assume management of a campus subject to this
21 section.

22 (c) If the commissioner determines that the basis for
23 identifying a campus as academically unacceptable is limited to a
24 specific condition that may be remedied with targeted technical
25 assistance, the commissioner may:

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

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

3 (d) The commissioner may annually solicit proposals under
4 this section for the management of a campus subject to this section.
5 The commissioner shall notify a qualified nonprofit entity that has
6 been approved as a provider under this section. The district must
7 execute a contract with an approved provider and relinquish control
8 of the campus before January 1 of the school year.

9 (e) To qualify for consideration as a managing entity under
10 this section, the entity must submit a proposal that provides
11 information relating to the entity's management and leadership team
12 that will participate in management of the campus under
13 consideration, including information relating to individuals that
14 have:

15 (1) documented success in whole school interventions
16 that increased the educational and performance levels of students
17 in academically unacceptable campuses;

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

20 (3) a proven ability to apply research-based school
21 intervention strategies;

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

24 (5) any other experience or qualifications the
25 commissioner determines necessary.

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

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

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

6 (g) The school district may negotiate the term of a
7 management contract for not more than five years with an option to
8 renew the contract. The management contract must include a
9 provision describing the district's responsibilities in supporting
10 the operation of the campus. The commissioner shall approve the
11 contract before the contract is executed and, as appropriate, may
12 require the district, as a term of the contract, to support the
13 campus in the same manner as the district was required to support
14 the campus before the execution of the management contract.

15 (h) A management contract under this section shall include
16 provisions approved by the commissioner that require the managing
17 entity to demonstrate improvement in campus performance, including
18 negotiated performance measures. The performance measures must be
19 consistent with the priorities of this chapter. The commissioner
20 shall evaluate a managing entity's performance on the first and
21 second anniversaries of the date of the management contract. If the
22 evaluation fails to demonstrate improvement as negotiated under the
23 contract by the first anniversary of the date of the management
24 contract, the district may terminate the management contract, with
25 the commissioner's consent, for nonperformance or breach of
26 contract and select another provider from an approved list provided
27 by the commissioner. If the evaluation fails to demonstrate

1 significant improvement, as determined by the commissioner, by the
2 second anniversary of the date of the management contract, the
3 district shall terminate the management contract and select another
4 provider from an approved list provided by the commissioner or
5 resume operation of the campus if approved by the commissioner. If
6 the commissioner approves the district's operation of the campus,
7 the commissioner shall assign a technical assistance team to assist
8 the campus.

9 (i) Notwithstanding any other provision of this code, the
10 funding for a campus operated by a managing entity must be not less
11 than the funding of the other campuses in the district on a per
12 student basis so that the managing entity receives at least the same
13 funding the campus would otherwise have received.

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

17 (k) The commissioner may adopt rules necessary to implement
18 this section.

19 (l) With respect to the management of a campus under this
20 section:

21 (1) a managing entity is considered to be a
22 governmental body for purposes of Chapters 551 and 552, Government
23 Code; and

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

27 SECTION 2.15. Subchapter G, Chapter 39, Education Code, is

1 amended by adding Sections 39.1331 and 39.1332 to read as follows:

2 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In
3 addition to other sanctions authorized under Sections 39.131 and
4 39.132, the commissioner may order a school district or campus to
5 acquire professional services at the expense of the district or
6 campus to address the applicable financial, assessment, data
7 quality, program, or governance deficiency. The commissioner's
8 order may require the district or campus to:

9 (1) select an external auditor, data quality expert,
10 professional authorized to monitor district assessment instrument
11 administration, or curriculum or program expert; or

12 (2) provide for the appropriate training of district
13 staff or board of trustees members in the case of a district, or
14 campus staff, in the case of a campus.

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

20 (b) A final decision by the commissioner to impose a
21 sanction under this subchapter, including a decision to close a
22 school district or a campus, following a review under Section
23 7.0571 is final and may not be appealed.

24 (c) A school district may not collaterally contest an
25 academic performance rating or other accreditation standard as part
26 of the review of a sanction under this subchapter if a review
27 opportunity has already been provided for the academic performance

1 rating.

2 SECTION 2.16. Section 39.134, Education Code, is amended to
3 read as follows:

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

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

12 (2) recover the amount of the costs in the manner
13 provided for recovery of an overallocation of state funds under
14 Section 42.258.

15 SECTION 2.17. (a) Not later than the 2007-2008 school year,
16 the Texas Education Agency shall collect information concerning:

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

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

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

27 (1) the measure of progress toward preparation for

1 postsecondary success under Section 39.051(b)(13), Education Code,
2 as added by this Act; and

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

6 ARTICLE 3. SCHOOL DISTRICT EFFICIENCY

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

9 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later
10 than December 1, 2006, the commissioner shall evaluate the
11 feasibility of including a uniform indicator under Section
12 39.202(b) that measures effective administrative management
13 through the use of cooperative shared services arrangements. If
14 the commissioner determines that the adoption of a uniform
15 indicator described by this subsection is feasible, the
16 commissioner by rule shall include the indicator in the financial
17 accountability rating system under Subchapter I, Chapter 39, for
18 school districts beginning with the 2007-2008 school year. This
19 subsection expires September 1, 2009.

20 (b) Each regional education service center shall:

21 (1) notify each school district served by the center
22 regarding the opportunities available through the center for
23 cooperative shared services arrangements within the center's
24 service area; and

25 (2) evaluate the need for cooperative shared services
26 arrangements within the center's service area and consider
27 expanding center-sponsored cooperative shared services

1 arrangements.

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

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

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

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

17 (a) Concurrently with the publication of notice of the budget under
18 Section 44.004, a school district shall post a summary of the
19 proposed budget:

20 (1) on the school district's Internet website; or

21 (2) if the district has no Internet website, in the
22 district's central administrative office.

23 (b) The budget summary must include:

24 (1) information relating to per student and aggregate
25 spending on:

26 (A) instruction;

27 (B) instructional support;

- 1 (C) central administration;
- 2 (D) district operations;
- 3 (E) debt service; and
- 4 (F) any other category designated by the
5 commissioner; and

6 (2) a comparison to the previous year's actual
7 spending.

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

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

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

16 (1) provide any recommendations relating to the
17 accounting systems to:

18 (A) improve the transparency of district
19 spending behavior;

20 (B) provide more thorough information relating
21 to campus spending; and

22 (C) facilitate program evaluations, including
23 evaluations of compensatory education programs; and

24 (2) evaluate the accounting systems to determine
25 whether any reporting requirements should be adjusted based on
26 district size.

27 (c) Before January 1, 2007, the commissioner shall submit a

1 report to the legislature describing the results of the review
2 conducted under this section.

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

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

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

9 SECTION 3.05. The Texas Education Agency shall study the
10 level of use of shared services arrangements by school districts in
11 this state. Before January 1, 2007, the agency shall submit a
12 report to the legislature describing the current status of shared
13 services arrangements and identify any legal impediments
14 restricting school districts from participating in those
15 arrangements.

16 ARTICLE 4. EDUCATION EMPLOYEES

17 SECTION 4.01. Subchapter E, Chapter 11, Education Code, is
18 amended by adding Section 11.203 to read as follows:

19 Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR
20 PRINCIPALS. (a) The agency shall develop and implement a school
21 leadership pilot program for principals in cooperation with a
22 nonprofit corporation that has substantial experience in
23 developing best practices to improve leadership skills, student
24 achievement, student graduation rates, and teacher retention.

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

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

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

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

16 (e-1) For the state fiscal biennium beginning September 1,
17 2005, the amount set aside under Subsection (e) may not exceed \$3.6
18 million. This subsection expires August 31, 2007.

19 (f) To implement and administer the program, the
20 commissioner may accept grants, gifts, and donations from public
21 and private entities.

22 (g) The commissioner may adopt rules necessary to
23 administer this section.

24 (h) During the first semester of the 2008-2009 school year,
25 the agency shall evaluate the effectiveness of the program in
26 developing and enhancing the ability of principals participating in
27 the program to provide school leadership and improve student

1 achievement and graduation rates and teacher retention. Not later
2 than January 1, 2009, the agency shall submit a report explaining
3 the results of the study to the governor, lieutenant governor,
4 speaker of the house of representatives, and the presiding officers
5 of the standing committees of each house of the legislature with
6 primary jurisdiction over public education.

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

8 SECTION 4.02. Subchapter D, Chapter 12, Education Code, is
9 amended by adding Section 12.133 to read as follows:

10 Sec. 12.133. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

11 (a) This section applies to a charter holder that on January 1,
12 2006, operated an open-enrollment charter school.

13 (b) For the 2006-2007 school year, using state funds
14 received by the charter holder for that purpose under Subsection
15 (d), a charter holder that participated in the program under
16 Chapter 1579, Insurance Code, for the 2005-2006 school year shall
17 provide employees of the charter holder, other than administrators,
18 compensation in the form of annual salaries, incentives, or other
19 compensation determined appropriate by the charter holder that
20 results in average compensation increases as follows:

21 (1) for classroom teachers, full-time librarians,
22 full-time counselors, and full-time school nurses who are employed
23 by the charter holder and who would be entitled to a minimum salary
24 under Section 21.402 if employed by a school district, an average
25 increase at least equal to \$2,500;

26 (2) for full-time employees other than employees
27 described by Subdivision (1), an average increase at least equal to

1 \$500; and

2 (3) for part-time employees, an average increase at
3 least equal to \$250.

4 (c) For the 2006-2007 school year, using state funds
5 received by the charter holder for that purpose under Subsection
6 (e), a charter holder that did not participate in the program under
7 Chapter 1579, Insurance Code, for the 2005-2006 school year shall
8 provide employees of the charter holder, other than administrators,
9 compensation in the form of annual salaries, incentives, or other
10 compensation determined appropriate by the charter holder that
11 results in an average compensation increase for classroom teachers,
12 full-time librarians, full-time counselors, and full-time school
13 nurses who are employed by the charter holder and who would be
14 entitled to a minimum salary under Section 21.402 if employed by a
15 school district, in an amount at least equal to \$2,000.

16 (d) For the 2006-2007 school year, in addition to any
17 amounts to which a charter holder is entitled under this chapter, a
18 charter holder that participated in the program under Chapter 1579,
19 Insurance Code, for the 2005-2006 school year is entitled to state
20 aid in an amount, as determined by the commissioner, equal to the
21 sum of:

22 (1) the product of \$2,500 multiplied by the number of
23 classroom teachers, full-time librarians, full-time counselors,
24 and full-time school nurses employed by the charter holder at an
25 open-enrollment charter school;

26 (2) the product of \$500 multiplied by the number of
27 full-time employees other than employees described by Subdivision

1 (1); and

2 (3) the product of \$250 multiplied by the number of
3 part-time employees.

4 (e) For the 2006-2007 school year, in addition to any
5 amounts to which a charter holder is entitled under this chapter, a
6 charter holder that did not participate in the program under
7 Chapter 1579, Insurance Code, for the 2005-2006 school year is
8 entitled to state aid in an amount, as determined by the
9 commissioner, equal to the product of \$2,000 multiplied by the
10 number of classroom teachers, full-time librarians, full-time
11 counselors, and full-time school nurses employed by the charter
12 holder at an open-enrollment charter school.

13 (f) A payment under this section is in addition to wages the
14 charter holder would otherwise pay the employee during the school
15 year.

16 (g) This section expires September 1, 2007.

17 SECTION 4.03. Section 21.402, Education Code, is amended by
18 amending Subsections (a), (c), and (d) and adding Subsections (c-1)
19 and (c-2) to read as follows:

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

27
$$MS = SF \times FS$$

1 where:

2 "MS" is the minimum monthly salary;

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

5 "FS" is the amount, as determined by the commissioner under
6 Subsection (b), of state and local funds per weighted student
7 available to a district eligible to receive state assistance under
8 Section 42.302 with an enrichment tax rate, as defined by Section
9 42.302, equal to the maximum rate authorized under Section 42.303,
10 except that the amount of state and local funds per weighted student
11 does not include the amount attributable to the increase in the
12 guaranteed level made by Chapter 1187 [~~H.B. No. 3343~~], Acts of the
13 77th Legislature, Regular Session, 2001.

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

15	Years										
16	Experience	0	1	2	3	4					
17	Salary										
18	Factor	<u>.6226</u>	[-.5656]	<u>.6360</u>	[-.5790]	<u>.6492</u>	[-.5924]	<u>.6627</u>	[-.6058]	<u>.6909</u>	[-.6340]
19	Years										
20	Experience	5	6	7	8	9					
21	Salary										
22	Factor	<u>.7192</u>	[-.6623]	<u>.7474</u>	[-.6906]	<u>.7737</u>	[-.7168]	<u>.7985</u>	[-.7416]	<u>.8220</u>	[-.7651]
23	Years										
24	Experience	10	11	12	13	14					
25	Salary										
26	Factor	<u>.8441</u>	[-.7872]	<u>.8650</u>	[-.8082]	<u>.8851</u>	[-.8281]	<u>.9035</u>	[-.8467]	<u>.9213</u>	[-.8645]
27	Years										
28	Experience	15	16	17	18	19					
29	Salary										
30	Factor	<u>.9380</u>	[-.8811]	<u>.9539</u>	[-.8970]	<u>.9687</u>	[-.9119]	<u>.9828</u>	[-.9260]	<u>.9963</u>	[-.9394]
31	Years	20 and									
32	Experience	over									
33	Salary										
34	Factor	<u>1.009</u>	[-.9520]								

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

5 (1) the monthly salary the employee would have
6 received for the 2006-2007 school year under the district's salary
7 schedule for the 2005-2006 school year, if that schedule had been in
8 effect for the 2006-2007 school year, including any local
9 supplement and any money representing a career ladder supplement
10 the employee would have received in the 2006-2007 school year; and

11 (2) \$250.

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

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

20 SECTION 4.04. Subchapter I, Chapter 21, Education Code, is
21 amended by adding Section 21.415 to read as follows:

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

26 (b) The district shall indicate that any incentive payment
27 distributed is considered a payment for performance and not an

1 entitlement as part of an employee's salary.

2 SECTION 4.05. Subchapter J, Chapter 21, Education Code, is
3 amended by adding Section 21.458 to read as follows:

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

7 (1) teach in the same school;

8 (2) to the extent practicable, teach the same subject
9 or grade level, as applicable; and

10 (3) meet the qualifications prescribed by
11 commissioner rules adopted under Subsection (b).

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

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

19 (2) complete a mentor training program provided by the
20 district; and

21 (3) have at least three complete years of teaching
22 experience with a superior record of assisting students, as a
23 whole, in achieving improvement in student performance.

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

1 used only for providing:

2 (1) mentor teacher stipends;

3 (2) scheduled time for mentor teachers to provide
4 mentoring to assigned classroom teachers; and

5 (3) mentoring support through providers of mentor
6 training.

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

10 SECTION 4.06. Chapter 21, Education Code, is amended by
11 adding Subchapters N and O to read as follows:

12 SUBCHAPTER N. AWARDS FOR STUDENT ACHIEVEMENT PROGRAM

13 Sec. 21.651. DEFINITION. In this subchapter, "program"
14 means the awards for student achievement program.

15 Sec. 21.652. ESTABLISHMENT OF PROGRAM. (a) The
16 commissioner by rule shall establish an awards for student
17 achievement program under which an eligible campus may receive a
18 grant from the agency in the manner provided by this subchapter.

19 (b) In establishing the program, the commissioner shall
20 adopt program guidelines in accordance with this subchapter for a
21 campus to follow in developing a campus incentive plan under
22 Section 21.654.

23 Sec. 21.653. CAMPUS ELIGIBILITY. (a) Except as provided by
24 Subsection (b), a campus is eligible to apply for and may receive a
25 program grant if the campus:

26 (1) is ranked by the agency in the top half of this
27 state's elementary school campuses, middle or junior high school

1 campuses, high school campuses, or campuses for students of all
2 grade levels, as applicable, in the percentage of educationally
3 disadvantaged students enrolled at the campus; and

4 (2) is rated exemplary or recognized under Section
5 39.072 or ranked in the top quartile of campuses in comparable
6 improvement, as defined by Section 39.051(c), in mathematics or
7 reading.

8 (b) This subsection applies only to a registered
9 alternative education campus that has a student enrollment of at
10 least 30 students and is rated under alternative education
11 accountability procedures. A campus to which this subsection
12 applies is eligible to apply for and may receive a program grant if
13 the campus is ranked by the agency in the top third of elementary
14 school campuses, middle or junior high school campuses, high school
15 campuses, or campuses for students of all grade levels, as
16 applicable, in the percentage of educationally disadvantaged
17 students enrolled at the campus who perform successfully, as
18 determined under Section 39.024, on assessment instruments
19 administered under Section 39.023.

20 Sec. 21.654. CAMPUS INCENTIVE PLAN. (a) A campus-level
21 decision-making body, such as the campus-level planning and
22 decision-making committee established under Subchapter F, Chapter
23 11, for each eligible campus that intends to participate in the
24 program shall develop a campus incentive plan for the campus that:

25 (1) is designed to reward teachers who have a positive
26 impact on improving student achievement;

27 (2) meets all program guidelines adopted by the

1 commissioner under Section 21.652; and

2 (3) describes how grant funds will be distributed.

3 (b) A district-level committee, such as the district-level
4 planning and decision-making committee established under
5 Subchapter F, Chapter 11:

6 (1) must approve the campus incentive plan developed
7 under Subsection (a) before the plan is submitted to the agency; and

8 (2) shall approve the plan if the district-level
9 committee determines that the plan meets program guidelines adopted
10 by the commissioner under Section 21.652.

11 (c) A school district shall, on behalf of an eligible
12 campus, submit a campus incentive plan to the agency for approval.
13 The plan must be submitted together with:

14 (1) evidence of significant classroom teacher
15 involvement in the development of the plan presented through the
16 campus-level decision-making body's meeting attendance records or
17 minutes or other appropriate means;

18 (2) letters from at least three classroom teachers
19 assigned to the eligible campus describing the teachers' support
20 for and involvement in developing the plan; and

21 (3) evidence that the plan:

22 (A) has been made available for public viewing;
23 and

24 (B) has been presented to the public at a
25 regularly scheduled board of trustees meeting or will be presented
26 at a regularly scheduled board meeting on a date specified, as
27 applicable.

1 (d) The agency may approve only a campus incentive plan that
2 meets program guidelines adopted by the commissioner under Section
3 21.652 and satisfies this section. The agency may negotiate with a
4 school district to ensure that activities proposed in the campus
5 incentive plan the district submits meet program guidelines.

6 Sec. 21.655. AMOUNT OF PROGRAM GRANT AWARD. (a) Each
7 eligible campus whose campus incentive plan is approved by the
8 agency under Section 21.654 is entitled to a grant award in an
9 amount determined by the commissioner.

10 (b) Grants from funds appropriated for the program shall be
11 awarded beginning with the 2006-2007 school year and may not exceed
12 \$100 million in the 2006-2007 school year except as expressly
13 authorized by the General Appropriations Act or other law. This
14 subsection expires September 1, 2007.

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

21 (b) In distributing incentive payments to classroom
22 teachers under this section, an eligible campus:

23 (1) may distribute an incentive payment only to a
24 classroom teacher who:

25 (A) demonstrates success in improving student
26 achievement using objective, quantifiable measures, such as local
27 benchmarking systems, portfolio assessments, end-of-course

1 assessments, and value-added assessments; and

2 (B) successfully collaborates with other faculty
3 and with staff in a manner that contributes to improving overall
4 student achievement at the campus; and

5 (2) may consider a classroom teacher's:

6 (A) assignment to teach a subject that:

7 (i) has been designated by the commissioner
8 as a subject historically experiencing a critical shortage of
9 teachers or a high teacher turnover rate; or

10 (ii) is a subject for which the district in
11 which the campus is located has a shortage of teachers; or

12 (B) demonstration of ongoing initiative,
13 commitment, professionalism, and involvement in an activity that
14 directly results in improved student achievement, including
15 working with students outside of assigned class hours, creating a
16 program that involves parents, and personalizing the learning
17 environment for each student.

18 Sec. 21.657. DISTRIBUTION OF OTHER PROGRAM FUNDS. (a) An
19 eligible campus must use 25 percent of a grant award received under
20 Section 21.655 to provide for:

21 (1) incentive payments to campus employees other than
22 classroom teachers, such as principals, assistant principals,
23 teachers who are not eligible for an incentive payment under
24 Section 21.656, counselors, speech therapists, instructional
25 coaches, teacher's aides, nurses, librarians, members of the
26 custodial staff, or other campus employees who have contributed to
27 improved student achievement;

1 (2) professional development for classroom teachers
2 who:

3 (A) do not receive an incentive payment under
4 Section 21.656; and

5 (B) would benefit from professional development
6 to develop or enhance skills and behaviors described under Section
7 21.656(b);

8 (3) reimbursement or funding for a professional
9 development activity that directly contributes to improved
10 classroom instruction and student achievement;

11 (4) signing bonuses for classroom teachers new to the
12 campus who are teaching subjects that have been designated by the
13 commissioner as historically experiencing a critical shortage of
14 teachers;

15 (5) a teacher mentoring program that meets the
16 requirements of Section 21.458;

17 (6) an activity that supports new teacher induction
18 programs, including:

19 (A) common planning time and collaboration;

20 (B) a professional development activity; and

21 (C) standards-based evaluations;

22 (7) an activity that supports common planning time and
23 curriculum development;

24 (8) a program that has been proven to recruit and
25 retain highly effective teachers;

26 (9) an activity that creates or furthers the goals of
27 an incentive system designed to improve student achievement;

1 (10) stipends for teachers who participate in an
2 after-school or Saturday program that directly contributes to
3 improved classroom instruction and student achievement;

4 (11) additional funding for feeder campuses that,
5 because they are not assigned performance ratings under Chapter 39,
6 do not qualify to participate in the program, such as campuses that
7 serve kindergarten through grade two, to implement an activity
8 described by this section; and

9 (12) any other program that directly contributes to
10 improved student achievement.

11 (b) A campus may not use any of a grant award received under
12 Section 21.655 to provide for an incentive payment to an employee
13 whose primary responsibility, as determined in accordance with
14 commissioner rule, is supervision of an athletic activity.

15 Sec. 21.658. RULES. The commissioner shall adopt rules
16 necessary to administer this subchapter.

17 SUBCHAPTER O. EDUCATOR EXCELLENCE AWARDS PROGRAM

18 Sec. 21.701. DEFINITION. In this subchapter, "program"
19 means the educator excellence awards program.

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

26 (b) In establishing the program, the commissioner shall
27 adopt program guidelines in accordance with this subchapter for a

1 school district to follow in developing a local awards plan under
2 Section 21.704.

3 Sec. 21.703. EDUCATOR EXCELLENCE FUND; AMOUNT OF GRANT
4 AWARD. (a) Each state fiscal year, the commissioner shall deposit
5 the sum of \$1,000 multiplied by the number of classroom teachers in
6 this state to the credit of the educator excellence fund in the
7 general revenue fund. Each state fiscal year, the agency shall use:

8 (1) not more than \$100 million of the funds in the
9 educator excellence fund to provide grant awards under the awards
10 for student achievement program established under Subchapter N; and

11 (2) any remaining funds in the educator excellence
12 fund to provide a qualifying school district a grant in an amount
13 determined by:

14 (A) dividing the amount of remaining money
15 available for distribution in the educator excellence fund by the
16 total number of students in average daily attendance in qualifying
17 districts for that fiscal year; and

18 (B) multiplying the amount determined under
19 Paragraph (A) by the number of students in average daily attendance
20 in the district.

21 (b) Subsection (a) applies beginning with the state fiscal
22 year beginning September 1, 2008. In the state fiscal year
23 beginning September 1, 2007, the commissioner shall deposit \$840
24 multiplied by the number of classroom teachers in this state to the
25 credit of the educator excellence fund in the general revenue fund.

26 The agency shall use:

27 (1) not more than \$100 million of the funds in the

1 educator excellence fund to provide grant awards under the awards
2 for student achievement program established under Subchapter N; and

3 (2) any remaining funds in the educator excellence
4 fund to provide a qualifying school district a grant in an amount
5 determined by:

6 (A) dividing the amount of remaining money
7 available for distribution in the educator excellence fund by the
8 total number of students in average daily attendance in qualifying
9 districts for that fiscal year; and

10 (B) multiplying the amount determined under
11 Paragraph (A) by the number of students in average daily attendance
12 in the district.

13 (c) Subsection (b) and this subsection expire September 1,
14 2008.

15 Sec. 21.704. LOCAL AWARDS PLANS. (a) A district-level
16 committee for a school district that intends to participate in the
17 program, such as the district-level planning and decision-making
18 committee established under Subchapter F, Chapter 11, shall develop
19 a local awards plan for the district. The local awards plan may
20 provide for all campuses in the district to participate in the
21 program or only certain campuses selected by the district-level
22 committee. A majority of classroom teachers assigned to a campus
23 that is selected by the district-level committee to participate in
24 the program must approve participation to be included in the local
25 awards plan.

26 (b) If appropriate, the district-level committee may use a
27 campus incentive plan developed for a campus in the district under

1 Subchapter N in whole or in part as part of the local awards plan
2 submitted under this section. Notwithstanding Section 21.705, the
3 commissioner by rule shall allow a campus that receives funding
4 under Subchapter N and that is included in a district's local awards
5 plan under this section to use grant funds received under this
6 subchapter as additional money to be spent in the manner provided by
7 Subchapter N.

8 (c) A school district shall submit a local awards plan to
9 the agency for approval. The plan must be submitted together with
10 evidence of significant teacher involvement in the development of
11 the plan.

12 (d) The agency may approve only a local awards plan that
13 meets program guidelines adopted by the commissioner under Section
14 21.702 and that satisfies this section and Section 21.705.

15 (e) The agency shall make model local awards plans available
16 to school districts that wish to participate in the program.

17 (f) A school district whose local awards plan is approved by
18 the agency to receive a program grant under this subchapter may
19 renew the plan for three consecutive school years without
20 resubmitting the plan to the agency for approval. A school district
21 may amend a local awards plan for approval by the agency for each
22 school year the district receives a program grant.

23 Sec. 21.705. AWARD PAYMENTS. A school district must use at
24 least 60 percent of grant funds awarded to the district under this
25 subchapter to directly award classroom teachers who effectively
26 improve student achievement as determined by meaningful, objective
27 measures. The remaining funds must be used only to:

1 (1) provide stipends to effective mentors or teacher
2 coaches;

3 (2) provide stipends to classroom teachers who are
4 certified in a subject that is designated by the commissioner as
5 commonly experiencing a critical shortage of teachers;

6 (3) provide stipends to classroom teachers with proven
7 records of success for improving student performance who are
8 assigned to campuses at which the district has experienced
9 difficulty assigning or retaining teachers;

10 (4) provide awards to principals who effectively
11 increase student performance as determined by objective measures;

12 (5) provide awards to other campus employees who
13 demonstrate excellence; or

14 (6) implement the components of a Teacher Advancement
15 Program (TAP), including:

16 (A) an instructionally focused accountability
17 system; and

18 (B) the adjustment of teaching schedules to
19 permit ongoing applied professional growth.

20 Sec. 21.706. RULES. The commissioner shall adopt rules
21 necessary to administer this subchapter.

22 SECTION 4.07. Subchapter D, Chapter 22, Education Code, as
23 added by Chapters 899 and 1359, Acts of the 79th Legislature,
24 Regular Session, 2005, is reenacted and amended to read as follows:

25 SUBCHAPTER D. HEALTH CARE [~~COMPENSATION~~] SUPPLEMENTATION

26 Sec. 22.101. DEFINITIONS. In this subchapter:

27 (1) "Cafeteria plan" means a plan as defined and

1 authorized by Section 125, Internal Revenue Code of 1986.

2 (2) "Employee" means an active, contributing member of
3 the Teacher Retirement System of Texas who:

4 (A) is employed by a district, other educational
5 district whose employees are members of the Teacher Retirement
6 System of Texas, participating charter school, or regional
7 education service center;

8 (B) is not a retiree eligible for coverage under
9 the program established under Chapter 1575, Insurance Code;

10 (C) is not eligible for coverage by a group
11 insurance program under Chapter 1551 or 1601, Insurance Code; and

12 (D) is not an individual performing personal
13 services for a district, other educational district that is a
14 member of the Teacher Retirement System of Texas, participating
15 charter school, or regional education service center as an
16 independent contractor.

17 (3) "Participating charter school" means an
18 open-enrollment charter school established under Subchapter D,
19 Chapter 12, that participates in the program established under
20 Chapter 1579, Insurance Code.

21 (4) "Regional education service center" means a
22 regional education service center established under Chapter 8.

23 Sec. 22.102. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

24 (a) The agency may adopt rules to implement this subchapter.

25 (b) The agency may enter into interagency contracts with any
26 other agency of this state for the purpose of assistance in
27 implementing this subchapter.

1 Sec. 22.103. DESIGNATION OF COMPENSATION AS HEALTH CARE
2 SUPPLEMENTATION. (a) An employee of a school [~~ELIGIBILITY,~~
3 ~~WAITING PERIOD.~~ ~~A person is not eligible for a monthly distribution~~
4 ~~under this subchapter before the 91st day after the first day the~~
5 ~~person becomes an employee.~~

6 [~~Sec. 22.104. DISTRIBUTION BY AGENCY.~~ ~~Subject to the~~
7 ~~availability of funds, each month the agency shall deliver to each]~~
8 ~~district, [including a district that is ineligible for state aid~~
9 ~~under Chapter 42, each]~~ other educational district that is a member
10 of the Teacher Retirement System of Texas, [~~each~~] participating
11 charter school, or [~~and each~~] regional education service center may
12 elect to designate a portion of the employee's compensation to be
13 used as health care supplementation under this subchapter.

14 (b) The amount designated under this section may not exceed
15 the amount permitted under applicable federal law.

16 (c) This section does not apply to:

17 (1) an employee who is not covered by a cafeteria plan
18 or who is not eligible to pay health care premiums through a premium
19 conversion plan; or

20 (2) an administrator, as defined by the trustee,
21 employed by a school district, another educational district, a
22 participating charter school, or a regional education service
23 center [~~state funds in an amount, as determined by the agency, equal~~
24 ~~to the product of the number of eligible employees employed by the~~
25 ~~district, school, or service center multiplied by the amount~~
26 ~~specified in the General Appropriations Act for purposes of this~~
27 ~~subchapter and divided by 12. The agency shall distribute funding~~

1 ~~to only one entity for employees who are employed by more than one~~
2 ~~entity listed in this section].~~

3 Sec. 22.104 [~~22.105~~]. FUNDS HELD IN TRUST. All funds
4 received by a district, other educational district, participating
5 charter school, or regional education service center under this
6 subchapter are held in trust for the benefit of the employees on
7 whose behalf the district, school, or service center received the
8 funds.

9 Sec. 22.105. WRITTEN ELECTION REQUIRED. Each school year,
10 an active employee must elect in writing whether to designate a
11 portion of the employee's compensation to be used as health care
12 supplementation under this subchapter.

13 Sec. 22.106. [~~RECOVERY OF DISTRIBUTIONS. The agency is~~
14 ~~entitled to recover from a district, other educational district,~~
15 ~~participating charter school, or regional education service center~~
16 ~~any amount distributed under this subchapter to which the district,~~
17 ~~school, or service center was not entitled.~~

18 [~~Sec. 22.107. DETERMINATION BY AGENCY FINAL. A~~
19 ~~determination by the agency under this subchapter is final and may~~
20 ~~not be appealed.~~

21 [~~Sec. 22.108. DISTRIBUTION BY SCHOOL. Each month, each~~
22 ~~district, other educational district that is a member of the~~
23 ~~Teacher Retirement System of Texas, participating charter school,~~
24 ~~and regional education service center must distribute to its~~
25 ~~eligible employees the funding received under this subchapter. To~~
26 ~~receive the monthly distribution, an individual must meet the~~
27 ~~definition of an employee under Section 22.101 for that month.~~

1 ~~[Sec. 22.109.]~~ USE OF DESIGNATED ~~[SUPPLEMENTAL]~~
 2 COMPENSATION. An employee may use compensation designated for
 3 health care supplementation ~~[a monthly distribution received]~~
 4 under this subchapter for any employee benefit, including
 5 depositing the designated amount ~~[of the distribution]~~ into a
 6 cafeteria plan in which~~[, if]~~ the employee is enrolled ~~[in a~~
 7 ~~cafeteria plan,~~] or using the designated amount ~~[of the~~
 8 ~~distribution]~~ for health care premiums through a premium conversion
 9 plan. ~~[The employee may take the amount of the distribution as~~
 10 ~~supplemental compensation.]~~

11 ~~[Sec. 22.110. SUPPLEMENTAL COMPENSATION. An amount~~
 12 ~~distributed to an employee under this subchapter must be in~~
 13 ~~addition to the rate of compensation that:~~

14 ~~[(1) the district, other educational district,~~
 15 ~~participating charter school, or regional education service center~~
 16 ~~paid the employee in the preceding school year; or~~

17 ~~[(2) the district, school, or service center would~~
 18 ~~have paid the employee in the preceding school year if the employee~~
 19 ~~had been employed by the district, school, or service center in the~~
 20 ~~same capacity in the preceding school year.]~~

21 Sec. 22.107. WAGE INCREASE FOR SUPPORT STAFF. (a) For the
 22 2006-2007 school year, a school district shall pay each full-time
 23 district employee, other than an administrator or an employee
 24 subject to the minimum salary schedule under Section 21.402, an
 25 amount at least equal to \$500.

26 (b) For the 2006-2007 school year, a school district shall
 27 pay each part-time district employee, other than an administrator,

1 an amount at least equal to \$250.

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

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

8 (e) This section expires September 1, 2007.

9 SECTION 4.08. Subchapter E, Chapter 42, Education Code, is
10 amended by adding Section 42.2513 to read as follows:

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

19 (a-1) For the 2006-2007 school year, a school district,
20 including a school district that is otherwise ineligible for state
21 aid under this chapter, is entitled to state aid in an amount equal
22 to the sum of:

23 (1) the product of \$500 multiplied by the number of
24 full-time district employees, other than administrators or
25 employees subject to the minimum salary schedule under Section
26 21.402; and

27 (2) the product of \$250 multiplied by the number of

1 part-time district employees, other than administrators.

2 (a-2) Subsection (a-1) and this subsection expire September
3 1, 2007.

4 (b) A determination by the commissioner under this section
5 is final and may not be appealed.

6 (c) The commissioner may adopt rules to implement this
7 section.

8 SECTION 4.09. Sections 822.201(b) and (c), Government Code,
9 are amended to read as follows:

10 (b) "Salary and wages" as used in Subsection (a) means:

11 (1) normal periodic payments of money for service the
12 right to which accrues on a regular basis in proportion to the
13 service performed;

14 (2) amounts by which the member's salary is reduced
15 under a salary reduction agreement authorized by Chapter 610;

16 (3) amounts that would otherwise qualify as salary and
17 wages under Subdivision (1) but are not received directly by the
18 member pursuant to a good faith, voluntary written salary reduction
19 agreement in order to finance payments to a deferred compensation
20 or tax sheltered annuity program specifically authorized by state
21 law or to finance benefit options under a cafeteria plan qualifying
22 under Section 125 of the Internal Revenue Code of 1986, if:

23 (A) the program or benefit options are made
24 available to all employees of the employer; and

25 (B) the benefit options in the cafeteria plan are
26 limited to one or more options that provide deferred compensation,
27 group health and disability insurance, group term life insurance,

1 dependent care assistance programs, or group legal services plans;

2 (4) performance pay awarded to an employee by a school
3 district as part of a total compensation plan approved by the board
4 of trustees of the district and meeting the requirements of
5 Subsection (e);

6 (5) the benefit replacement pay a person earns under
7 Subchapter H, Chapter 659, except as provided by Subsection (c);

8 (6) stipends paid to teachers in accordance with
9 Section 21.410, 21.411, 21.412, or 21.413, Education Code;

10 (7) amounts by which the member's salary is reduced or
11 that are deducted from the member's salary as authorized by
12 Subchapter J, Chapter 659; ~~and~~

13 (8) a merit salary increase made under Section 51.962,
14 Education Code; and

15 (9) amounts received under the awards for student
16 achievement program under Subchapter N, Chapter 21, Education Code,
17 the educator excellence awards program under Subchapter O, Chapter
18 21, Education Code, or a mentoring program under Section 21.458,
19 Education Code.

20 (c) Excluded from salary and wages are:

- 21 (1) expense payments;
- 22 (2) allowances;
- 23 (3) payments for unused vacation or sick leave;
- 24 (4) maintenance or other nonmonetary compensation;
- 25 (5) fringe benefits;
- 26 (6) deferred compensation other than as provided by
- 27 Subsection (b)(3);

1 (7) compensation that is not made pursuant to a valid
2 employment agreement;

3 (8) payments received by an employee in a school year
4 that exceed \$5,000 for teaching a driver education and traffic
5 safety course that is conducted outside regular classroom hours;

6 (9) the benefit replacement pay a person earns as a
7 result of a payment made under Subchapter B or C, Chapter 661;

8 (10) any compensation designated as health care
9 supplementation [~~amount received~~] by an employee under Subchapter
10 D, Chapter 22, Education Code;i

11 (11) any amount received by an employee under:

12 (A) [~~7~~] former Article 3.50-8, Insurance Code;i

13 (B) [~~7~~] former Chapter 1580, Insurance Code;i

14 (C) Subchapter D, Chapter 22, Education Code, as
15 that subchapter existed January 1, 2006; [~~7~~] or

16 (D) Rider 9, Page III-39, Chapter 1330, Acts of
17 the 78th Legislature, Regular Session, 2003 (the General
18 Appropriations Act); and

19 (12) [~~11~~] any compensation not described in
20 Subsection (b).

21 SECTION 4.10. As soon as practicable after the effective
22 date of this Act, the commissioner of education shall adopt rules
23 for establishing and administering the awards for student
24 achievement program under Subchapter N, Chapter 21, Education Code,
25 as added by this Act, and the educator excellence awards program
26 under Subchapter O, Chapter 21, Education Code, as added by this
27 Act. The commissioner shall make the awards for student

1 achievement program available for campus participation not later
2 than the 2006-2007 school year. The commissioner shall make the
3 educator excellence awards program available for school district
4 participation beginning with the 2007-2008 school year.

5 ARTICLE 5. HIGH SCHOOL SUCCESS AND COLLEGE-READINESS

6 SECTION 5.01. Subchapter A, Chapter 28, Education Code, is
7 amended by adding Sections 28.008 and 28.009 to read as follows:

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

15 (b) The vertical teams shall:

16 (1) recommend for approval by the commissioner and the
17 Texas Higher Education Coordinating Board college-readiness
18 standards and expectations that address what students must know and
19 be able to do to succeed in entry-level courses offered at
20 institutions of higher education;

21 (2) evaluate whether the high school curriculum
22 requirements under Section 28.002 serve to prepare students to
23 successfully perform college-level course work;

24 (3) develop instructional strategies for teaching
25 courses in the high school curriculum to prepare students to
26 successfully perform college-level course work; and

27 (4) jointly develop an English language arts course, a

1 mathematics course, a science course, and a social studies course,
2 including curriculum, professional development materials, and
3 online support materials, designed to be offered to students who
4 need additional assistance in preparing to successfully perform
5 college-level course work.

6 (c) The State Board of Education shall incorporate
7 college-readiness standards and expectations approved by the
8 commissioner and the Texas Higher Education Coordinating Board
9 under Subsection (b) into the essential knowledge and skills
10 identified by the board under Section 28.002(c).

11 (d) The State Board of Education by rule shall provide that
12 each course developed under Subsection (b)(4) may be used to
13 fulfill high school graduation requirements for the recommended
14 high school program under Section 28.025(a).

15 (e) Not later than September 1, 2011, the vertical teams
16 shall complete the development of the courses under Subsection
17 (b)(4). The vertical teams shall develop the English language arts
18 course first, followed by the mathematics course, the science
19 course, and the social studies course, respectively. The English
20 language arts course must be developed by the vertical teams and
21 approved by the State Board of Education not later than June 1,
22 2009. The course must be available to high school students
23 beginning with the 2009 fall semester, with each subsequent course
24 becoming available each subsequent fall semester. This subsection
25 expires December 1, 2012.

26 Sec. 28.009. AVAILABILITY OF CERTAIN CORE POSTSECONDARY
27 COURSES IN DUAL CREDIT PROGRAM. (a) The State Board of Education

1 by rule shall provide for the core curriculum courses revised under
2 Section 61.822(a-1) to be offered in high schools through a dual
3 credit program.

4 (b) The agency shall coordinate with the Texas Higher
5 Education Coordinating Board as necessary in administering this
6 section.

7 SECTION 5.02. Section 28.025, Education Code, is amended by
8 adding Subsection (b-1) to read as follows:

9 (b-1) The State Board of Education by rule shall require
10 that:

11 (1) the curriculum requirements for the recommended
12 and advanced high school programs under Subsection (a) include a
13 requirement that students successfully complete four courses in
14 each subject of the foundation curriculum under Section
15 28.002(a)(1); and

16 (2) one or more courses offered in the required
17 curriculum for the recommended and advanced high school programs
18 include a research writing component.

19 SECTION 5.03. Subchapter C, Chapter 29, Education Code, is
20 amended by adding Section 29.0822 to read as follows:

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

26 (b) To enable a school district to provide a program under
27 this section that meets the needs of students described by

1 Subsection (a), a school district may:

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

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

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

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

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

27 SECTION 5.04. Subchapter D, Chapter 29, Education Code, is

1 amended by adding Section 29.124 to read as follows:

2 Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) In this
3 section, "public senior college or university" has the meaning
4 assigned by Section 61.003.

5 (b) A Texas governor's school is a summer residential
6 program for high-achieving high school students. A governor's
7 school program may include any or all of the following educational
8 curricula:

9 (1) mathematics and science;

10 (2) humanities; or

11 (3) leadership and public policy.

12 (c) A public senior college or university may apply to the
13 commissioner to administer a Texas governor's school program under
14 this section. The commissioner shall give preference to a public
15 senior college or university that applies in cooperation with a
16 nonprofit association. The commissioner shall give additional
17 preference if the nonprofit association receives private
18 foundation funds that may be used to finance the program.

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

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

23 (2) submits a program proposal that includes:

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

25 (B) criteria for selecting students to
26 participate in the program;

27 (C) a statement of the length of the program,

1 which must be at least three weeks; and

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

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

5 (4) satisfies any other requirements established by
6 rule adopted by the commissioner.

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

12 (f) The commissioner may adopt other rules necessary to
13 implement this section.

14 SECTION 5.05. Subchapter B, Chapter 39, Education Code, is
15 amended by adding Section 39.0232 to read as follows:

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

23 SECTION 5.06. Subchapter F, Chapter 39, Education Code, is
24 amended by adding Sections 39.113 and 39.114 to read as follows:

25 Sec. 39.113. RECOGNITION OF HIGH SCHOOL COMPLETION AND
26 SUCCESS AND COLLEGE-READINESS PROGRAMS. (a) The agency shall:

27 (1) develop standards for evaluating the success and

1 cost-effectiveness of high school completion and success and
2 college-readiness programs;

3 (2) provide guidance for school districts and campuses
4 in establishing and improving high school completion and success
5 and college-readiness programs; and

6 (3) develop standards for selecting and methods for
7 recognizing school districts and campuses that offer exceptional
8 high school completion and success and college-readiness programs.

9 (b) The commissioner may adopt rules for the administration
10 of this section.

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

14 (b) Except as provided by Subsection (c), a school district
15 or campus must use funds allocated under this section to:

16 (1) implement or administer a college-readiness
17 program that provides academic support and instruction to prepare
18 underachieving students for entrance into an institution of higher
19 education;

20 (2) implement or administer a program that encourages
21 students to pursue advanced academic opportunities, including
22 early college high school programs and dual credit, advanced
23 placement, and international baccalaureate courses;

24 (3) implement or administer a program that provides
25 opportunities for students to take academically rigorous course
26 work, including four years of mathematics and four years of science
27 at the high school level;

1 (4) implement or administer a program, including
2 online course support and professional development, that aligns the
3 curriculum for grades six through 12 with postsecondary curriculum
4 and expectations; or

5 (5) implement or administer other high school
6 completion and success initiatives in grades six through 12
7 approved by the commissioner.

8 (c) A school district whose performance is recognized as
9 exceptional by the commissioner under the academic accountability
10 indicator adopted under Section 39.051(b)(13) may use funds
11 allocated under this section on any instructional program in grades
12 six through 12 other than an athletic program.

13 (d) The commissioner may adopt rules for the administration
14 of this section.

15 SECTION 5.07. Section 42.005(a), Education Code, is amended
16 to read as follows:

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

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

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

27 (3) for a district that operates under a flexible

1 school day program under Section 29.0822, the average daily
2 attendance as calculated by the commissioner in accordance with
3 Section 29.0822(d).

4 SECTION 5.08. Subchapter D, Chapter 61, Education Code, is
5 amended by adding Sections 61.0761 and 61.0762 to read as follows:

6 Sec. 61.0761. P-16 COLLEGE-READINESS AND SUCCESS STRATEGIC
7 ACTION PLAN. (a) The P-16 Council established under Section 61.076
8 shall recommend to the commissioner of education and the board a
9 college-readiness and success strategic action plan to increase
10 student success and decrease the number of students enrolling in
11 developmental coursework in institutions of higher education. The
12 plan must include:

13 (1) definitions, as determined by the P-16 Council in
14 coordination with the State Board of Education, of the standards
15 and expectations for college-readiness that address the knowledge
16 and skills expected of students to perform successfully in
17 entry-level courses offered at institutions of higher education;

18 (2) a description of the components of a P-16
19 individualized graduation plan sufficient to prepare students for
20 college success;

21 (3) the manner in which the Texas Education Agency
22 should provide model curricula for use as a reference tool by school
23 district employees;

24 (4) recommendations to the Texas Education Agency, the
25 State Board of Education, and the board regarding strategies for
26 decreasing the number of students enrolling in developmental
27 coursework at institutions of higher education;

1 (5) recommendations to the State Board for Educator
2 Certification regarding changes to educator certification and
3 professional development requirements that contribute to the
4 ability of public school teachers to prepare students for higher
5 education; and

6 (6) any other elements that the commissioner of
7 education and the board suggest for inclusion in the plan.

8 (b) The commissioner of education and the board shall adopt
9 the college-readiness and success strategic action plan
10 recommended by the P-16 Council if the commissioner of education
11 and the board determine that the plan meets the requirements of this
12 section.

13 (c) Not later than December 1 of each even-numbered year,
14 the commissioner of education and the board shall submit a report to
15 the governor, lieutenant governor, the speaker of the house of
16 representatives, each member of the Legislative Budget Board, and
17 the members of the standing committees of the senate and house of
18 representatives with primary jurisdiction over the public school
19 system and higher education system describing progress in
20 implementing the college-readiness and success strategic action
21 plan.

22 (d) The commissioner of education and the board shall adopt
23 rules necessary to implement this section.

24 Sec. 61.0762. PROGRAMS TO ENHANCE STUDENT SUCCESS. To
25 implement the college-readiness and success strategic action plan
26 adopted under Section 61.0761 and to enhance the success of
27 students at institutions of higher education, the board by rule

1 shall develop:

2 (1) summer higher education bridge programs in the
3 subject areas of mathematics, science, and English language arts;

4 (2) incentive programs for institutions of higher
5 education that implement research-based, innovative developmental
6 education initiatives;

7 (3) financial assistance programs for educationally
8 disadvantaged students, as defined by Section 5.001, who take
9 college entrance and college-readiness assessment instruments; and

10 (4) professional development programs for faculty of
11 institutions of higher education on college-readiness standards
12 and the implications of such standards on instruction.

13 SECTION 5.09. Section 61.822, Education Code, is amended by
14 adding Subsections (a-1) and (a-2) to read as follows:

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

23 (a-2) Not later than September 1, 2006, the board shall
24 begin reviewing and adopting revisions of or additions to the
25 curriculum and online support materials for courses in which
26 students may enroll to satisfy the recommended English language
27 arts core curriculum requirements, including composition, American

1 literature with a focus on textual analysis, and interdisciplinary
2 literature and American history. Not later than the 2009 fall
3 semester, the board shall make the revised curriculum and online
4 support materials for the English language arts courses described
5 by this subsection available to institutions of higher education.
6 Not later than September 1, 2011, the board shall complete its
7 review and revisions of and additions to courses selected under
8 Subsection (a-1). This subsection expires December 1, 2011.

9 SECTION 5.10. Not later than January 1, 2007, the State
10 Board of Education shall adopt rules as required by Section
11 28.025(b-1), Education Code, as added by this Act. The rules shall
12 require that the curriculum requirements for the recommended and
13 advanced high school programs under that subsection apply to
14 students entering the ninth grade beginning with the 2007-2008
15 school year.

16 ARTICLE 6. PUBLIC EDUCATION FUNDING FOR CERTAIN PURPOSES

17 SECTION 6.01. For the fiscal biennium ending August 31,
18 2007, the commissioner of education, to the extent not specifically
19 prohibited by state or federal law, shall use federal funds,
20 including consolidated administrative or innovative program funds,
21 for the purposes described by Section 44.007(b), Education Code, as
22 amended by this Act, and Sections 1.005, 7.008, 39.034, and
23 44.0061, Education Code, as added by this Act. To the extent
24 federal funds are not sufficient, funds may be set aside from the
25 Foundation School Program to fund the remaining balance.

26 ARTICLE 7. APPLICABILITY; EFFECTIVE DATE

27 SECTION 7.01. Except as otherwise provided by this Act,

1 this Act applies beginning with the 2006-2007 school year.

2 SECTION 7.02. This Act takes effect immediately if it
3 receives a vote of two-thirds of all the members elected to each
4 house, as provided by Section 39, Article III, Texas Constitution.
5 If this Act does not receive the vote necessary for immediate
6 effect, this Act takes effect on the 91st day after the last day of
7 the legislative session.