

By: Hochberg

H.B. No. 3452

A BILL TO BE ENTITLED

AN ACT

relating to public education and public school finance matters.

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

SECTION 1. ARTICLE 1. PUBLIC SCHOOL FINANCE

PART A. EDUCATION FUNDING

SECTION 1A.01. Effective September 1, 2005, Section 42.101, Subchapter B, Chapter 42, Education Code is amended to read as follows:

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

SECTION 1A.02. Effective September 1, 2006, Section 42.101, Subchapter B, Chapter 42, Education Code is amended to read as follows:

Section 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under

1 Subchapter C, a district is entitled to an allotment of \$3,225
2 [~~\$2,537~~]. A greater amount for any school year may be provided by
3 appropriation.

4 SECTION 1A.03. Section 42.152, Subchapter C, Chapter 42,
5 Education Code is amended by amending Subsections (a) and (t) and
6 adding Subsection (c-2) to read as follows:

7 (a) For each student who is educationally disadvantaged or
8 who is a student who does not have a disability and resides in a
9 residential placement facility in a district in which the student's
10 parent or legal guardian does not reside, a district is entitled to
11 an annual allotment equal to the adjusted basic allotment
12 multiplied by 0.25 [~~0.2~~], and by 2.41 for each full-time equivalent
13 student who is in a remedial and support program under Section
14 29.081 because the student is pregnant.

15 (c-2) Notwithstanding Subsection (c), a school district may
16 use funds allocated under this section to provide Saturday classes
17 for third grade students who fail to perform satisfactorily on an
18 assessment instrument administered under Section 39.023.

19 (t) A reduction made under this section or the General
20 Appropriations Act in the allotment under this section, including a
21 reduction under Section 39.031(a), does not affect the computation
22 of students in weighted average daily attendance for purposes of
23 Subchapter F except that the reduction shall be applied in the same
24 manner to districts that receive payments under Chapter 42 and
25 districts that make payments under Chapter 41.

26 SECTION 1A.04. Section 42.153(a), Subchapter C, Chapter 42,
27 Education Code is amended to read as follows:

1 (a) For each student in average daily attendance in a
2 bilingual education or special language program under Subchapter B,
3 Chapter 29, a district is entitled to an annual allotment equal to
4 the adjusted basic allotment multiplied by 0.15 [~~0.1~~].

5 SECTION 1A.05. Section 42.154(a), Subchapter C, Chapter 42,
6 Education Code is amended to read as follows:

7 (a) For each full-time equivalent student in average daily
8 attendance in an approved career and technology education program
9 in grades [~~nine through 12 or in career and technology education~~
10 ~~programs for students with disabilities in grades~~] seven through
11 12, a district is entitled to an annual allotment equal to the
12 adjusted basic allotment multiplied by a weight of 1.35.

13 SECTION 1A.06. Section 42.155, Subchapter C, Chapter 42,
14 Education Code is amended by adding subsection (1) to read as
15 follows:

16 (1) Beginning in the 2005-2006 school year, the allocation
17 per mile of approved route shall be at least thirty-five percent
18 higher than the allocation per mile for the 2004-2005 school year.

19 SECTION 1A.07. Subchapter C, Chapter 42, Education Code is
20 amended by adding Section 42.159 to read as follows:

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

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

27 (c) This section applies beginning with the 2006-2007

1 school year. This subsection expires September 1, 2007.

2 SECTION 1A.08. Section 42.2511(a), Education Code, is
3 amended to read as follows:

4 (a) Notwithstanding any other provision of this chapter, a
5 school district is entitled to additional state aid to the extent
6 that state aid under this chapter based on the determination of the
7 school district's taxable value of property as provided under
8 Subchapter M, Chapter 403, Government Code, does not fully
9 compensate the district for ad valorem tax revenue lost due to the
10 increase in the homestead exemption under Section 1-b(c), Article
11 VIII, Texas Constitution, as proposed by H.J.R. No., 79th
12 Legislature, Regular Session, 2005 [~~H.J.R. No. 4, 75th Legislature,~~
13 ~~Regular Session, 1997, and the additional limitation on tax~~
14 ~~increases under Section 1 b(d), Article VIII, Texas Constitution,~~
15 ~~as proposed by H.J.R. No. 4, 75th Legislature, Regular Session,~~
16 ~~1997]~~.

17 SECTION 1A.09. Effective September 1, 2005, Section
18 42.2512, Education Code, is amended to read as follows:

19 Section 42.2512. ADDITIONAL STATE AID FOR PROFESSIONAL
20 STAFF SALARIES. (a) A school district, including a school district
21 that is otherwise ineligible for state aid under this chapter, is
22 entitled to state aid in an amount, as determined by the
23 commissioner, equal to the difference, if any, between:

24 (1) an amount equal to the product of \$2,400 [~~\$3,000~~]
25 multiplied by the number of classroom teachers, full-time
26 librarians, full-time counselors certified under Subchapter B,
27 Chapter 21, and full-time school nurses employed by the district

1 and entitled to a minimum salary under Section 21.402; and

2 (2) an amount equal to 80 percent of the amount of
3 additional funds to which the district is entitled due to the
4 increases made by Sections 1A.01, 1A.13, and 1A.14, H.B. No. 2, Acts
5 of the 79th Legislature, Regular Session, 2005 [~~S.B. No. 4, Acts of~~
6 ~~the 76th Legislature, Regular Session, 1999~~], to:

7 (A) the equalized wealth level under Section
8 41.002;

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

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

12 SECTION 1A.10. Effective September 1, 2006, Section
13 42.2512, Education Code, is amended to read as follows:

14 Section 42.2512 ADDITIONAL STATE AID FOR PROFESSIONAL STAFF
15 SALARIES.

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

20 (1) an amount equal to the product of \$4,800 [~~\$3,000~~]
21 multiplied by the number of classroom teachers, full-time
22 librarians, full-time counselors certified under Subchapter B,
23 Chapter 21, and full-time school nurses employed by the district
24 and entitled to a minimum salary under Section 21.402; and

25 (2) an amount equal to 80 percent of the amount of
26 additional funds to which the district is entitled due to the
27 increases made by H.B. No. 2, Acts of the 79th Legislature, Regular

1 Session, 2005 [~~S.B. No. 4, Acts of the 76th Legislature, Regular~~
2 ~~Session, 1999~~], to:

3 (A) the equalized wealth level under Section
4 41.002;

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

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

8 SECTION 1A.11. Effective September 1, 2005, Subchapter E,
9 Chapter 42, Education Code is amended by adding Section 42.2513 to
10 read as follows:

11 Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a)
12 Notwithstanding any other provision of this chapter or Chapter 41,
13 and provided that a school district imposes a tax of at least \$1.25
14 on the \$100 valuation of taxable property, a school district is
15 entitled to the amount of state revenue necessary to maintain state
16 and local revenue per student in weighted average daily attendance
17 in the amount equal to the sum of:

18 (1) the greater of:

19 (A) the amount of state and local revenue per
20 student in weighted average daily attendance for the maintenance
21 and operation of the district, to which the district was entitled
22 for the 2004-2005 school year under Chapter 42, or, if the district
23 was subject to Chapter 41, the amount to which the district was
24 entitled under that chapter, including any amounts the district
25 received under Rider 82, page III-23, Chapter 1330, Acts of the 78th
26 Legislature, Regular Session, 2003 (the General Appropriations
27 Act); or

1 (B) the amount of state and local revenue per
2 student in weighted average daily attendance for the maintenance
3 and operation of the district to which the district would have been
4 entitled for the 2005-2006 school year under Chapter 42, as that
5 chapter existed on January 1, 2005, or, if the district would have
6 been subject to Chapter 41, as that chapter existed on January 1,
7 2005, the amount to which the district would have been entitled
8 under that chapter, based on the funding elements in effect for the
9 2004-2005 school year and including any amounts described by Rider
10 82, page III-23, Chapter 1330, Acts of the 78th Legislature,
11 Regular Session, 2003 (the General Appropriations Act); and

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

14 (b) The amount of revenue to which a school district is
15 entitled because of the technology allotment under Section 32.005
16 or the instructional materials and technology allotment under
17 Section 42.241 is not included in making a determination under
18 Subsection (a).

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

22 SECTION 1A.12. Effective September 1, 2006, Subchapter E,
23 Chapter 42, Education Code is amended by adding Section 42.2513 to
24 read as follows:

25 Sec. 42.2513. ADDITIONAL TRANSITIONAL AID. (a)
26 Notwithstanding any other provision of this chapter or Chapter 41,
27 and provided that a school district imposes a tax of at least \$1.25

1 on the \$100 valuation of taxable property, a school district is
2 entitled to the amount of state revenue necessary to maintain state
3 and local revenue per student in weighted average daily attendance
4 in the amount equal to the sum of:

5 (1) the amount of state and local revenue per student
6 in weighted average daily attendance for the maintenance and
7 operation of the district to which the district would have been
8 entitled for the 2006-2007 school year under Chapter 42, as that
9 chapter existed on January 1, 2005, or, if the district would have
10 been subject to Chapter 41, as that chapter existed on January 1,
11 2005, the amount to which the district would have been entitled
12 under that chapter, based on the funding elements in effect for the
13 2004-2005 school year and including any amounts described by Rider
14 82, page III-23, Chapter 1330, Acts of the 78th Legislature,
15 Regular Session, 2003 (the General Appropriations Act); and

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

18 (b) The amount of revenue to which a school district is
19 entitled because of the technology allotment under Section 32.005
20 or the instructional materials and technology allotment under
21 Section 42.241 is not included in making a determination under
22 Subsection (a).

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

26 SECTION 1A.13. Section 42.252(a), Subchapter E, Chapter 42,
27 Education Code is amended to read as follows:

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

$$3 \quad \text{LFA} = \text{TR} \times \text{DPV}$$

4 where:

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

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

12 "DPV" is the taxable property value in the school district
13 for the preceding year determined under Subchapter M, Chapter 403
14 Government Code.

15 SECTION 1A.14. Section 42.302(a), Subchapter E, Chapter 42,
16 Education Code is amended to read as follows:

17 (a) Each school district is guaranteed a specified amount
18 per weighted student in state and local funds for each cent of tax
19 effort over that required for the district's local fund assignment
20 up to the maximum level specified in this subchapter. The amount of
21 state support, subject only to the maximum amount under Section
22 42.303, is determined by the formula:

$$23 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

24 where:

25 "GYA" is the guaranteed yield amount of state funds to be
26 allocated to the district;

27 "GL" is the dollar amount guaranteed level of state and local

1 funds per weighted student per cent of tax effort, which is the
2 quotient of the basic allotment under Section 42.101 divided by 86
3 ~~[\$27.14]~~ or a greater amount for any year provided by
4 appropriation;

5 "WADA" is the number of students in weighted average daily
6 attendance, which is calculated by dividing the sum of the school
7 district's allotments under Subchapters B and C, less any allotment
8 to the district for transportation and any allotment under Section
9 42.158, ~~[and 50 percent of the adjustment under Section 42.102,]~~ by
10 the basic allotment for the applicable year;

11 "DTR" is the district enrichment tax rate of the school
12 district, which is determined by multiplying the district's adopted
13 tax rate by the ratio of the actual taxable value of the property in
14 the district for the current tax year divided by the taxable value
15 of property in the district for the preceding year as determined
16 under Subchapter M, Chapter 403, Government Code, or, if
17 applicable, under Section 42.2521, and subtracting the district's
18 "TR" as calculated under Section 42.252(a) [subtracting the amounts
19 specified by Subsection (b) from the total amount of maintenance
20 and operations taxes collected by the school district for the
21 applicable school year and dividing the difference by the quotient
22 of the district's taxable value of property as determined under
23 Subchapter M, Chapter 403, Government Code, or, if applicable,
24 under Section 42.2521, divided by 100]; and

25 "LR" is the local revenue, which is determined by multiplying
26 "DTR" by the quotient of the district's taxable value of property as
27 determined under Subchapter M, Chapter 403, Government Code, or, if

1 applicable, under Section 42.2521, divided by 100.

2 SECTION 1A.15. Section 41.002, Chapter 41, Education Code
3 is amended to read as follows:

4 Section 41.002. EQUALIZED WEALTH LEVEL. [~~(a)~~] A school
5 district may not have a wealth per student that exceeds the wealth
6 per student that produces the guaranteed level of state and local
7 funds per weighted student per cent of tax effort under Section
8 42.302 [~~\$305,000~~].

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

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

24 SECTION 1A.17. (a) Section 11.013(d), Tax Code is amended
25 to read as follows:

26 (b) An adult is entitled to exemption from taxation by a
27 school district of \$45,000 [~~\$15,000~~] of the appraised value of the

1 adult's residence homestead, except that \$10,000 of the exemption
2 does not apply to an entity operating under former Chapter 17, 18,
3 25, 26, 27, or 28, Education Code, as those chapters existed on May
4 1, 1995, as permitted by Section 11.301, Education Code.

5 (b) This Section takes effect only if H.J.R. No. ____, Acts
6 of the 79th Legislature, Regular Session, 2005, takes. If that
7 resolution does not take effect, this Section has no effect.

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

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

14 (1) the rate equal to five-sixths of the rate adopted
15 by the district for maintenance and operations for the 2004 tax
16 year; or

17 (2) the rate necessary to ensure that the district
18 receives the amount of revenue described by Sections 42.2513(a)(1)
19 and (2), Education Code, provided that the rate may not exceed \$1.25
20 on the \$100 valuation of taxable property.

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

1 for maintenance and operations for the 2004 tax year.

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

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

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

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

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

20 (k) For purposes of this section, for the [~~2003, 2004,~~]
21 2005, 2006, 2007, or 2008 tax year, for a school district that is
22 entitled to state funds under Section 4(a-1), (a-2), (a-3),
23 (a-4), (a-5), or (a-6), Article 3.50-9, Insurance Code, the rollback
24 tax rate of the district is the sum of:

25 (1) the tax rate that, applied to the current total
26 value for the district, would impose taxes in an amount that, when
27 added to state funds that would be distributed to the district under

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

9 (2) the tax rate that, applied to the current total
10 value for the district, would impose taxes in the amount that, when
11 added to state funds that would be distributed to the district under
12 Chapter 42, Education Code, for the school year beginning in the
13 current tax year using that tax rate, permits the district to comply
14 with Section 3, Article 3.50-9, Insurance Code;

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

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

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

20 (1) This subsection applies only to a reinvestment zone
21 created before January 1, 2005, for which a school district entered
22 into an agreement before that date to pay a portion of the tax
23 increment produced by the school district into the tax increment
24 fund established for the zone. In addition to the amount the school
25 district is otherwise required to pay into the tax increment fund
26 each year, the comptroller shall pay into the fund from any
27 available source an additional amount. The additional amount is

1 the amount by which the amount the district would have been required
2 to pay into the fund for the current year under the agreement if the
3 district levied taxes at the district's 2004 tax rate exceeds the
4 amount the district is otherwise required to pay into the fund for
5 the current year. This subsection ceases to apply to the
6 reinvestment zone on the later of the dates specified by Sections
7 311.017(a)(1) and (2) for the reinvestment zone.

8 PART B. SCHOOL DISTRICT EFFICIENCY

9 SECTION 1B.01. Subchapter A, Chapter 11, Education Code, is
10 amended by adding Section 11.003 to read as follows:

11 Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) The
12 Commissioner shall develop and implement a program assisting school
13 district board of trustees in entering into an agreement with
14 another district or a regional education service center for a
15 cooperative arrangement regarding administrative services,
16 including transportation, food service, purchasing, and payroll
17 functions.

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

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

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

27 SECTION 1B.02. Subchapter H, Chapter 45, Education Code, is

1 amended by adding Section 45.233 to read as follows:

2 Sec. 45.233. REVIEW OF TAX COLLECTIONS. The comptroller
3 shall periodically examine the effectiveness of school districts in
4 collecting district taxes.

5 ARTICLE 2. EDUCATION EXCELLENCE

6 PART A. EDUCATOR QUALITY

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

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

16
$$MS = SF \times FS$$

17 where:

18 "MS" is the minimum monthly salary; "SF" is the applicable
19 salary factor specified by Subsection (c); and

20 "FS" is the amount, as determined by the commissioner under
21 Subsection (b), of state and local funds per weighted student
22 available to a district eligible to receive state assistance under
23 Section 42.302 with an enrichment tax rate, as defined by Section
24 42.302, equal to the maximum rate authorized under Section 42.303,
25 except that the amount of state and local funds per weighted student
26 does not include the amount attributable to the increase in the
27 guaranteed level made by H.B. No. 3343, Acts of the 77th

1 Legislature, Regular Session, 2001 or by H.B. No. _____, Acts of the
2 79th Legislature, Regular Session, 2005.

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

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

12 (2) \$200.

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

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

22 (2) \$400.

23 (c-3) Subsections (c-1) and (c-2) and this subsection
24 expire September 1, 2006.

25 (d) A classroom teacher, full-time librarian, full-time
26 counselor certified under Subchapter B, or full-time school nurse
27 employed by a school district in the 2006-2007 [~~2000-2001~~] school

1 year is, as long as the employee is employed by the same district,
2 entitled to a salary that is at least equal to the salary the
3 employee received for the 2006-2007 [~~2000-2001~~] school year.

4 (e-1) For the 2005-2006 school year, in addition the amounts
5 specified in (c-1), each school district shall spend an amount
6 equal to the product of \$400 multiplied by the number of classroom
7 teachers, full-time librarians, full-time counselors certified
8 under Subchapter B, Chapter 21, and full-time school nurses
9 employed by the district and entitled to a minimum salary under
10 Section 21.402 on:

11 (1) additional across the board salary increases for
12 all employees subject to the minimum salary schedule; or

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

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

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

22 (C) serve as a mentor or master teacher in a
23 subject for which they are certified and which is designated by the
24 Commissioner as a critical shortage area; or

25 (D) teach or serve in a program that is designed
26 to provide highly qualified teachers to students that are at risk of
27 failing or dropping out.

1 (e-2) Beginning with the 2006-2007 school year, in addition
2 to the amounts specified in (c-2), each school district shall spend
3 an amount equal to the product of \$800 multiplied by the number of
4 classroom teachers, full-time librarians, full-time counselors
5 certified under Subchapter B, Chapter 21, and full-time school
6 nurses employed by the district and entitled to a minimum salary
7 under Section 21.402 on:

8 (1) additional across the board salary increases for
9 all employees subject to the minimum salary schedule; or

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

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

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

19 (C) serve as a mentor or master teacher in a
20 subject for which they are certified and which is designated by the
21 Commissioner as a critical shortage area; or

22 (D) teach or serve in a program that is designed
23 to provide highly qualified teachers to students that are at risk of
24 failing or dropping out.

25 (f) No later than June 1, 2007, the commissioner shall
26 adjust the factors in Subsection (a) above such that the minimum
27 monthly salary calculated under Subsection (a) is \$400 greater than

1 the minimum monthly salary the formula would have generated.

2 SECTION 2A.02. 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 if the mentor:

7 (1) teaches in the same school;

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

10 (3) meets 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 at least one day of induction provided by
20 the district; and

21 (3) have at least three complete years of teaching
22 experience.

23 (c) The commissioner shall develop proposed rules under
24 Subsection (b) by negotiated rulemaking as provided by Chapter
25 2008, Government Code.

26 (d) From the funds appropriated to the agency for purposes
27 of this section, the commissioner shall adopt rules and fund

1 mentoring support through providers of mentor training. In
2 adopting rules under this subsection, the commissioner shall rely
3 on research-based mentoring programs that, through external
4 evaluation, have demonstrated success.

5 PART B. STATE GOVERNANCE

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

8 Sec. 7.0221. FINANCIAL ACCOUNTING REPORT REQUIRED. (a)

9 The agency shall:

10 (1) use standard accepted cost accounting practices
11 for reporting all expenditures; and

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

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

16 (c) The commissioner shall make the annual cost accounting
17 report for a fiscal year available to the public on the agency's
18 Internet website not later than January 1 following that fiscal
19 year. The commissioner shall provide a copy of the annual cost
20 accounting report to any person who submits a written request to the
21 commissioner.

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

24 Sec. 8.102. DATA REPORTING. (a) Each regional education
25 service center shall report audited or budgeted financial
26 information and any other information requested by the commissioner
27 for use in assessing the performance of the center. The

1 commissioner shall develop a uniform system for regional education
2 service centers to report audited financial data, to report
3 information on the indicators adopted under Section 8.101, and to
4 provide information on client satisfaction with services provided
5 under Subchapter B.

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

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

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

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

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

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

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

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

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

24 (b) In the audit conducted under Subsection (a)(1), the
25 commissioner shall verify that the regional education service
26 center has identified each expenditure separately by purpose as
27 educational, support, or administrative as required by Section

1 8.102(b).

2 (c) The commissioner shall make the annual evaluation for a
3 fiscal year available to the public not later than January 1
4 following that fiscal year. The commissioner shall provide a copy
5 of the annual evaluation to any person who submits a written request
6 to the commissioner.

7 PART C. SCHOOL DISTRICT GOVERNANCE AND OTHER OPERATIONS

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

10 (e) A superintendent may not receive any financial benefit
11 for personal services performed by the superintendent for any
12 business entity that conducts or solicits business with the school
13 district. Any financial benefit received by the superintendent for
14 performing personal services for any other entity must be approved
15 by the board of trustees on a case-by-case basis in an open meeting.

16 SECTION 2C.02. Subchapter B, Chapter 28, Education Code, is
17 amended by adding Section 28.0216 to read as follows:

18 Section 28.0216. LIMITS ON ASSIGNMENT OF STUDENTS TO
19 TEACHERS. (a) A student in grades Kindergarten through 6 may not
20 be assigned for two consecutive school years to a teacher who:

21 (1) has less than one year of teaching experience; or
22 (2) does not hold the appropriate certificate issued
23 by the State Board for Educator Certification.

24 (b) In a subject for which a student takes an assessment
25 under Section 39.023(a) or (c), a student in grade 7 or higher may
26 not be assigned for two consecutive school years to a teacher who:

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

1 public.

2 (b) The agency shall:

3 (1) allow each school district to submit examples of
4 the district's best practices for:

5 (A) curriculum development and classroom
6 instruction, including best practices regarding scope and sequence
7 of education;

8 (B) bilingual education and special language
9 programs; and

10 (C) business practices, including descriptions
11 of effective, efficient practices;

12 (2) organize the best practices for curriculum
13 development and classroom instruction by each grade level and each
14 subject in the required curriculum under Section 28.002;

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

19 (4) periodically update information described by this
20 section as the agency determines necessary to provide timely
21 information regarding best practices.

22 (c) The agency may include in the clearinghouse any
23 information that the agency determines to be relevant to the best
24 practices of school districts.

25 (d) Based on the measure of progress toward English language
26 proficiency under Section 29.065, the commissioner shall determine
27 which school districts offer the most effective bilingual education

1 and special language programs and make the information available as
2 provided by this section.

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

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

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

11 (f) A school district or campus that is required to develop
12 and implement a student achievement improvement plan under Section
13 39.131 or 39.132 or that is subject to Section 39.1321 or 39.1322
14 may receive an exemption or waiver under this section from any law
15 or rule other than:

16 (1) a prohibition on conduct that constitutes a
17 criminal offense;

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

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

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

23 (B) educator rights and benefits under
24 Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter
25 A, Chapter 22; or

26 (4) textbook selection under Chapter 31.

27 SECTION 2D.03. Section 25.005(b), Education Code, is

1 amended to read as follows:

2 (b) A reciprocity agreement must:

3 (1) address procedures for:

4 (A) transferring student records;

5 (B) awarding credit for completed course work;

6 and

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

11 (2) include appropriate criteria developed by the
12 agency.

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

15 (h) The State Board of Education and each school district
16 shall foster the continuation of the tradition of teaching United
17 States and Texas history and the free enterprise system in regular
18 subject matter, ~~and~~ in social studies, economics, and reading
19 courses, and in the adoption of textbooks. A primary purpose of the
20 public school curriculum is to prepare thoughtful, active citizens
21 who understand the importance of patriotism and can function
22 productively in a free enterprise society with appreciation for the
23 basic democratic values of our state and national heritage.

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

26 Sec. 28.0211. SATISFACTORY PERFORMANCE ON ASSESSMENT
27 INSTRUMENTS REQUIRED FOR PROMOTION TO CERTAIN GRADE LEVELS;

1 ACCELERATED INSTRUCTION.

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

4 Sec. 28.0215. SATISFACTORY PERFORMANCE
5 REQUIRED: END-OF-COURSE ASSESSMENT INSTRUMENTS. (a) A student
6 may not receive course credit for a course described by Section
7 39.023(c) unless the student performs satisfactorily on the
8 end-of-course assessment instrument for the course.

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

13 SECTION 2D.07. Section 28.025, Education Code, is amended
14 by amending Subsections (c), (d), and (e) and adding Subsection (f)
15 to read as follows:

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

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

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

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

25 (d) Except as provided by Section 39.0241, a person may not
26 receive a diploma unless the person complies with Section 39.025.
27 For each year in which a person must comply with Section 39.025 to

1 receive a diploma, a [A] school district may issue a certificate of
2 coursework completion to a student who successfully completes the
3 curriculum requirements identified by the State Board of Education
4 under Subsection (a) but who fails to comply with Section 39.025
5 [~~39.025(a)~~]. A school district may allow a student who receives a
6 certificate to participate in a graduation ceremony with students
7 receiving high school diplomas. This subsection ceases to apply on
8 the date the commissioner certifies that the implementation of
9 amendments made by H.B. No. 2, Acts of the 79th Legislature, Regular
10 Session, 2005, to Sections 39.023(a) and (c) and 39.051(b) is
11 complete under the transition plan adopted under Section 39.0241.
12 This subsection expires September 1, 2011.

13 (e) Each school district shall report the academic
14 achievement record of students who have completed a minimum,
15 recommended, or advanced high school program on transcript forms
16 adopted by the State Board of Education. The transcript forms
17 adopted by the board must be designed to clearly differentiate
18 between each of the high school programs.

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

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

25 (b) Each district shall provide accelerated instruction to
26 a student enrolled in the district who has taken an end-of-course
27 [~~the secondary exit-level~~] assessment instrument administered

1 under Section 39.023(c) and has not performed satisfactorily on the
2 assessment instrument [~~each section~~] or who is at risk of dropping
3 out of school.

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

6 Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a)
7 Notwithstanding Section 25.081 or 25.082, a school district may
8 provide a flexible school day program for students in grades nine
9 through 12 who have dropped out of school or who are at risk of
10 dropping out of school.

11 (b) To enable a school district to provide a program under
12 this section that meets the needs of students described by
13 Subsection (a), a school district may:

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

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

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

20 (c) A course offered in a program under this section must
21 provide for at least the same number of instructional hours as
22 required for a course offered in a program that meets the required
23 minimum number of instructional days under Section 25.081 and the
24 required length of school day under Section 25.082.

25 (d) The commissioner may adopt rules for the administration
26 of this section. The commissioner shall calculate average daily
27 attendance for at-risk students served under this section. The

1 commissioner shall allow accumulations of hours of instruction for
2 students whose schedule would not otherwise allow full state
3 funding. Funding under this subsection shall be determined based
4 on the number of instructional days in the district calendar and a
5 seven hour school day, but attendance may be cumulated over a school
6 year, inclusive of any summer or vacation sessions. The attendance
7 of students who accumulate less than the number of attendance hours
8 required under this subsection shall be proportionately reduced for
9 funding purposes. The commissioner may set maximum funding amounts
10 for an individual course under this section.

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

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

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

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

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

23 (2) used to measure various indicators of educational
24 success to determine the progress of a campus towards academic
25 achievement.

26 (b) A student is eligible to receive a public education
27 grant or to attend another public school in the district in which

1 the student resides under this subchapter if the student is
2 assigned to attend a public school campus:

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

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

9 (3) that has not met the adequate yearly progress
10 standard for the same indicator of educational success for the
11 preceding two years.

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

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

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

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

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

1 6316).

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

4 (e) The school shall cooperate with public and private
5 agencies and organizations serving students and other persons with
6 visual impairments in the planning, development, and
7 implementation of effective educational and rehabilitative service
8 delivery systems associated with educating students with visual
9 impairments. To maximize and make efficient use of state
10 facilities, funding, and resources, the services provided in this
11 area may include conducting a cooperative program with other
12 agencies to serve students who have graduated from high school by
13 completing all academic requirements applicable to students in
14 regular education, excluding satisfactory performance on the
15 end-of-course [exit-level] assessment instruments required by
16 commissioner rule under Section 39.023(c) [instrument], who are
17 younger than 22 years of age on September 1 of the school year and
18 who have identified needs related to vocational training,
19 independent living skills, orientation and mobility, social and
20 leisure skills, compensatory skills, or remedial academic skills.

21 SECTION 2D.14. Sections 30.104(b) and (c), Education Code,
22 are amended to read as follows:

23 (b) A student may graduate and receive a diploma from a
24 Texas Youth Commission educational program if[+

25 [~~1~~] the student successfully completes:

26 (1) the curriculum requirements identified by the
27 State Board of Education under Section 28.025(a) [~~and complies with~~

1 ~~Section 39.025(a)]~~; or

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

5 (c) Except as provided by Section 39.0241, a person may not
6 receive a diploma unless the person complies with Section 39.025.
7 For each year in which a person must comply with Section 39.025 to
8 receive a diploma, a [A] Texas Youth Commission educational program
9 may issue a certificate of course-work completion to a student who
10 successfully completes the curriculum requirements identified by
11 the State Board of Education under Section 28.025(a) but who fails
12 to comply with Section 39.025 [~~39.025(a)~~]. This subsection ceases
13 to apply on the date the commissioner certifies that the
14 implementation of the amendments made by H.B. No. 2, Acts of the
15 79th Legislature, Regular Session, 2005, to Sections 39.023(a) and
16 (c) and 39.051(b) is complete under the transition plan adopted
17 under Section 39.0241. This subsection expires September 1, 2011.

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

21 (a) The agency shall adopt or develop appropriate
22 criterion-referenced assessment instruments designed to assess
23 essential knowledge and skills in reading, writing, mathematics,
24 social studies, and science. All students, except students
25 assessed under Subsection (b) or (l) or exempted under Section
26 39.027, shall be assessed in:

27 (1) mathematics, annually in grades three through

1 seven without the aid of technology and in grade [~~grades~~] eight
2 [~~through 11~~] with the aid of technology on any assessment
3 instruments that include algebra;

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

6 (3) writing, including spelling and grammar, in grades
7 four and seven;

8 (4) [~~English language arts, in grade 10,~~
9 [~~5~~] social studies, in grade [~~grades~~] eight [~~and~~
10 10];

11 5 [~~6~~] science, in grades five and [~~7~~] eight [~~and~~
12 10]; and

13 6 [~~7~~] any other subject and grade required by
14 federal law.

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

26 (c) The agency shall also adopt end-of-course [~~secondary~~
27 ~~exit-level~~] assessment instruments for secondary-level courses in

1 Algebra I, Algebra II, Geometry, Biology, Chemistry, Physics,
2 Integrated Physics and Chemistry, English I, English II, English
3 III, World Geography, World History, United States History, and any
4 other course as determined by rule by the commissioner [~~designed to~~
5 ~~be administered to students in grade 11 to assess essential~~
6 ~~knowledge and skills in mathematics, English language arts, social~~
7 ~~studies, and science. The mathematics section must include at~~
8 ~~least Algebra I and geometry with the aid of technology. The~~
9 ~~English language arts section must include at least English III and~~
10 ~~must include the assessment of essential knowledge and skills in~~
11 ~~writing. The social studies section must include early American~~
12 ~~and United States history. The science section must include at~~
13 ~~least biology and integrated chemistry and physics. The assessment~~
14 ~~instruments must be designed to assess a student's mastery of~~
15 ~~minimum skills necessary for high school graduation and readiness~~
16 ~~to enroll in an institution of higher education]. If a student is~~
17 in a special education program under Subchapter A, Chapter 29, the
18 student's admission, review, and dismissal committee shall
19 determine whether any allowable modification is necessary in
20 administering to the student an assessment instrument required
21 under this subsection or whether the student should be exempted
22 under Section 39.027(a)(2). The State Board of Education shall
23 administer the assessment instruments. The State Board of
24 Education shall adopt a schedule for the administration of
25 end-of-course [~~secondary exit-level~~] assessment instruments.
26 [~~Each student who did not perform satisfactorily on any secondary~~
27 ~~exit-level assessment instrument when initially tested shall be~~

1 ~~given multiple opportunities to retake that assessment~~
2 ~~instrument.]~~ A student who performs at or above a level established
3 by the Texas Higher Education Coordinating Board on the
4 end-of-course [~~secondary exit-level~~] assessment instruments is
5 exempt from the requirements of Section 51.3062 [~~51.306~~]. The
6 performance level established by the Texas Higher Education
7 Coordinating Board under this subsection represents the level of
8 academic achievement indicating a student is prepared for college
9 course work. The performance level may be used as an indicator to
10 measure progress toward college preparedness of public school
11 students in this state.

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

15 (a) Except as otherwise provided by this subsection, the
16 State Board of Education shall determine the level of performance
17 considered to be satisfactory on the assessment instruments. The
18 board may require a level of performance on assessment instruments
19 for determining district or campus performance under Subchapter D
20 that is higher than the level of performance considered to be
21 satisfactory for a student to be promoted from one grade level to
22 the next. The admission, review, and dismissal committee of a
23 student being assessed under Section 39.023(b) shall determine the
24 level of performance considered to be satisfactory on the
25 assessment instruments administered to that student in accordance
26 with criteria established by agency rule.

27 (b) In determining a level of performance under Subsection

1 (a), a level of performance is satisfactory only if at least 60
2 percent of all students perform satisfactorily on each section of
3 the assessment instrument required under this subchapter.

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

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

8 Sec. 39.0241. TRANSITION PLAN FOR USE OF ASSESSMENT
9 INSTRUMENTS. (a) The commissioner shall by rule adopt a transition
10 plan to implement the amendments made by H.B. No. 2, Acts of the
11 79th Legislature, Regular Session, 2005, to Sections 39.023(a) and
12 (c) and 39.051(b)(5). The rules must provide for the
13 administration of end-of-course assessment instruments adopted
14 under Section 39.023(c) to begin as soon as practicable but not
15 later than the 2008-2009 school year. During the period under which
16 the transition to end-of-course assessment instruments is made:

17 (1) the commissioner may retain, administer, and use
18 for campus and district ratings under Subchapter D any assessment
19 instrument required by Section 39.023(a) or (c), as that section
20 existed before amendment by H.B. No. 2, Acts of the 79th
21 Legislature, Regular Session, 2005; and

22 (2) the agency may defer releasing assessment
23 instrument questions and answer keys as required by Section
24 39.023(e) to the extent necessary to develop additional assessment
25 instruments.

26 (b) Rules adopted under Subsection (a) must require that
27 each student who will be subject to the requirements implemented

1 under the amendments made by H.B. No. 2, Acts of the 79th
2 Legislature, Regular Session, 2005, to Section 39.023(c) is
3 entitled to notice of the specific requirements applicable to the
4 student. Notice under this subsection must be provided not later
5 than the date the student enters the ninth grade.

6 (c) A reference in this code to an end-of-course assessment
7 instrument administered under Section 39.023(c) includes a
8 secondary exit-level assessment instrument administered as
9 provided by Subsection (a).

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

11 SECTION 2D.18. Subchapter B, Chapter 39, Education Code, is
12 amended by adding Section 39.0261 to read as follows:

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

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

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

25 (b) The agency shall:

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

1 (2) pay all costs associated with administration of
2 the assessment instruments using funds set aside under Subsection
3 (d).

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

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

18 SECTION 2D.19. Section 39.031, Education Code, is amended
19 to read as follows:

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

1 ~~district's other foundation school fund allotments.~~

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

5 (b) After setting aside an appropriate amount in accordance
6 with this section, the commissioner shall proportionately reduce
7 each district's tier one allotment or, for a district that does not
8 receive a Tier I allotment, increase the district's payments under
9 Chapter 41. A reduction in tier one allotments under this section
10 does not affect the computation of the guaranteed amount of revenue
11 per student per cent of tax effort under Section 42.252.

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

15 SECTION 2D.20. Section 39.051(b), Education Code, as
16 amended by Chapters 433 and 805, Acts of the 78th Legislature,
17 Regular Session, 2003, is reenacted and amended to read as follows:

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

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

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

4 (A) as a longitudinal rate and an annual
5 completion rate by grade; and

6 (B) in accordance with standards and definitions
7 adopted by the National Center for Education Statistics of the
8 United States Department of Education;

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

13 (4) student attendance rates;

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

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

22 (7) the measure of progress toward English language
23 proficiency under Section 29.065, for students of limited English
24 proficiency, as defined by Section 29.052;

25 (8) the results of the Scholastic Assessment Test
26 (SAT), the American College Test (ACT), articulated postsecondary
27 degree programs described by Section 61.852, and certified

1 workforce training programs described by Chapter 311, Labor Code;

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

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

16 (11) [~~(10)~~] the percentage of students exempted, by
17 exemption category, from the assessment program generally
18 applicable under this chapter; ~~and~~

19 (12) [~~(11)~~] the percentage of students of limited
20 English proficiency exempted from the administration of an
21 assessment instrument under Sections 39.027(a)(3) and (4);

22 (13) 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); and

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

1 (A) performance on assessment instruments
2 administered under Subchapter B; and

3 (B) high school graduation rates computed as
4 described by Subdivision (3).

5 SECTION 2D.21. Section 39.051(d), Education Code, is
6 amended to read as follows:

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

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

21 (2) as applicable:

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

25 (B) conviction of and sentencing for an offense
26 under the Penal Code.

27 SECTION 2D.22. Section 39.052, Education Code, is amended

1 by amending Subsection (b) and adding Subsection (d) to read as
2 follows:

3 (b) The report card shall include the following
4 information:

5 (1) where applicable, the academic excellence
6 indicators adopted under Sections 39.051(b)(1) through (12) [~~(9)~~];

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

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

10 (4) a summary of the district's significant
11 noninstructional expenditures, as determined under Section
12 44.0072; and

13 (5) [~~(4)~~] the district's instructional expenditures
14 ratio and instructional employees ratio computed under Section
15 44.0071, and the statewide average of those ratios, as determined
16 by the commissioner.

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

22 (1) the percentage of low income or educationally
23 disadvantaged students;

24 (2) the percentage of underrepresented minority
25 populations; and

26 (3) any other factor the commissioner determines
27 appropriate.

1 SECTION 2D.23. Section 39.072, Education Code, is amended
2 by amending Subsection (a) and adding Subsection (c-1) to read as
3 follows:

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

7 (1) exemplary (meets or exceeds state exemplary
8 standards);

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

11 (3) academically acceptable (below the exemplary and
12 recognized standards but exceeds the academically unacceptable
13 standards); or

14 (4) academically unacceptable (below the state
15 clearly unacceptable performance standard and does not meet
16 required improvement).

17 (c-1) A public school campus is subject to Sections 39.1321
18 and 39.1322 if the campus:

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

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

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

1 (a) If a district does not satisfy the accreditation
2 criteria, the commissioner shall take any of the following actions,
3 listed in order of severity, to the extent the commissioner
4 determines necessary:

5 (1) issue public notice of the deficiency to the board
6 of trustees;

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

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

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

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

23 (6) appoint an agency monitor to participate in and
24 report to the agency on the activities of the board of trustees or
25 the superintendent;

26 (7) appoint a conservator to oversee the operations of
27 the district;

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

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

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

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

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

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

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

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

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

27 (D) ordering the use of any other intervention

1 strategy effective in reducing dropout rates, including mentor
2 programs and flexible class scheduling.

3 (c) The commissioner shall order the closure of all programs
4 operated under the charter of an open-enrollment charter school if
5 a majority of the campuses operated by the charter holder have
6 received an unsatisfactory rating as determined by the commissioner
7 for a period of two years or more.

8 SECTION 2D.24. Subchapter G, Chapter 39, Education Code, is
9 amended by adding Sections 39.1321 and 39.1322 to read as follows:

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

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

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

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

18 (b) Notwithstanding Sections 39.131 and 39.132, the
19 commissioner:

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

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

26 (c) The commissioner shall identify campuses subject to
27 this section under Subsection (b) not later than August 1 following

1 the school year in which the campus was rated. If a campus is rated
2 as described by Subsection (a) for one school year, the
3 commissioner, not later than October 1 after identifying the
4 campus, shall select and assign a technical assistance team to
5 assist the campus in executing a school improvement plan and any
6 other school improvement strategies the commissioner determines
7 appropriate, including providing supplemental services to students
8 as described by the No Child Left Behind Act of 2001 (Pub. L. No.
9 107-110).

10 SECTION 2D.25. Sections 39.182(a) and (b), Education Code,
11 are amended to read as follows:

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

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

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

25 (3) a summary compilation of the percentage of
26 graduating students who attain scores on the end-of-course
27 assessment instruments required under Section 39.023(c) that are

1 equivalent to a passing score on the assessment instrument required
2 under Section 51.3062;

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

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

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

1 status;

2 (7) [~~(6)~~] an evaluation of the correlation between
3 student grades and student performance on academic skills
4 assessment instruments required by Section 39.023;

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

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

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

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

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

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

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

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

1 (11) [~~(10)~~] a description of a systematic, measurable
2 plan for reducing the projected cross-sectional and longitudinal
3 dropout rates to five percent or less for the 1997-1998 school year;

4 (12) [~~(11)~~] a summary of the information required by
5 Section 29.083 regarding grade level retention of students and
6 information concerning:

7 (A) the number and percentage of students
8 retained; and

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

11 (13) [~~(12)~~] information, aggregated by district type
12 and disaggregated by race, ethnicity, gender, and socioeconomic
13 status, on:

14 (A) the number of students placed in a
15 disciplinary [~~an~~] alternative education program established under
16 Section 37.008;

17 (B) the average length of a student's placement
18 in a disciplinary [~~an~~] alternative education program established
19 under Section 37.008;

20 (C) the academic performance of students on
21 assessment instruments required under Section 39.023(a) during the
22 year preceding and during the year following placement in a
23 disciplinary [~~an~~] alternative education program; and

24 (D) the dropout rates of students who have been
25 placed in a disciplinary [~~an~~] alternative education program
26 established under Section 37.008;

27 (14) [~~(13)~~] a list of each school district or campus

1 that does not satisfy performance standards, with an explanation of
2 the actions taken by the commissioner to improve student
3 performance in the district or campus and an evaluation of the
4 results of those actions;

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

9 (16) [~~(15)~~] a description of all funds received by and
10 each activity and expenditure of the agency;

11 (17) [~~(16)~~] a summary and analysis of the
12 instructional expenditures ratios and instructional employees
13 ratios of school districts computed under Section 44.0071;

14 (18) [~~(17)~~] a summary of the effect of deregulation,
15 including exemptions and waivers granted under Section 7.056 or
16 11.004 [~~39.112~~];

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

23 (20) [~~(19)~~] a list of each school district that is not
24 in compliance with state special education requirements,
25 including:

26 (A) the period for which the district has not
27 been in compliance;

1 (B) the manner in which the agency considered the
2 district's failure to comply in determining the district's
3 accreditation status; and

4 (C) an explanation of the actions taken by the
5 commissioner to ensure compliance and an evaluation of the results
6 of those actions;

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

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

18 (23) [~~(21)~~] any additional information considered
19 important by the commissioner or the State Board of Education.

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

25 SECTION 2D.26. Section 39.183, Education Code, is amended
26 to read as follows:

27 Sec. 39.183. REGIONAL AND DISTRICT LEVEL REPORT. The

1 agency shall prepare and deliver to the governor, the lieutenant
2 governor, the speaker of the house of representatives, each member
3 of the legislature, the Legislative Budget Board, and the clerks of
4 the standing committees of the senate and house of representatives
5 with primary jurisdiction over the public school system a regional
6 and district level report covering the preceding two school years
7 and containing:

8 (1) a summary of school district compliance with the
9 student/teacher ratios and class-size limitations prescribed by
10 Sections 25.111 and 25.112, including:

11 (A) the number of campuses and classes at each
12 campus granted an exception from Section 25.112; and

13 (B) the performance rating under Subchapter D of
14 each campus granted an exception from Section 25.112;

15 (2) a summary of the exemptions and waivers granted to
16 school districts under Section 7.056 or 11.004 [~~39.112~~] and a
17 review of the effectiveness of each campus or district following
18 deregulation;

19 (3) an evaluation of the performance of the system of
20 regional education service centers based on the indicators adopted
21 under Section 8.101 and client satisfaction with services provided
22 under Subchapter B, Chapter 8;

23 (4) an evaluation of accelerated instruction programs
24 offered under Section 28.006, including an assessment of the
25 quality of such programs and the performance of students enrolled
26 in such programs; and

27 (5) the number of classes at each campus that are

1 currently being taught by individuals who are not certified in the
2 content areas of their respective classes.

3 SECTION 2D.27. Section 39.202, Education Code, is amended
4 to read as follows:

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

9 (1) provide additional transparency to public
10 education finance;

11 (2) establish financial accountability standards
12 commensurate with academic standards reaching to the campus level;
13 and

14 (3) enable the commissioner and district
15 administrators to provide meaningful financial oversight and
16 improvement.

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

24 (c) The uniform system adopted under Subsection (b) must
25 include standards to determine a district's actual financial
26 expenditures for each campus. A district must identify and report
27 each expenditure separately and may not report district-wide

1 averages or use other allocation formulas other than district level
2 expenditures for overhead or administrative costs, which may be
3 allocated to campuses. Required reporting standards include:

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

7 (2) reporting actual operations and maintenance
8 expenses incurred on the campus;

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

11 (4) identifying expenditures by administrative,
12 instructional, or support services; and

13 (5) any additional information required by the
14 commissioner to ensure reporting of actual educational costs for
15 specific campuses.

16 (d) The commissioner shall develop and implement:

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

19 (2) a format for campus financial statements.

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

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

24 (1) collect, store, and maintain appropriate data that
25 is timely and accurate for administering the public education
26 system;

27 (2) use a software application that provides a

1 comprehensive measurement and control system capable of providing
2 relevant and timely financial performance information as described
3 by Subsection (g);

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

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

12 (5) allocate appropriate resources to implement and
13 maintain the financial accountability system; and

14 (6) provide longitudinal trend and comparison data at
15 the district and campus levels.

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

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

24 (2) provide a timely summary and detailed financial
25 analysis of information for school districts and open-enrollment
26 charter schools;

27 (3) provide information and analysis on student

1 demographics, teacher demographics, and academic performance to
2 correlate with resource allocation;

3 (4) report financial analysis information for all
4 state, region, district, and campus levels;

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

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

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

15 (8) provide performance indices and performance
16 levels compatible with the agency's Performance Based Monitoring
17 Analysis System.

18 SECTION 2D.28. Section 39.203(b), Education Code, is
19 amended to read as follows:

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

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

25 (A) state-established standards; and

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

1 (2) a description of the district's actual
2 expenditures for each campus for the standards described by Section
3 39.202(c) and any difference between those campus expenditures the
4 foundation school program allotments received for the campus;

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

7 (4) any descriptive information required by the
8 commissioner.

9 SECTION 2D.28. Subchapter A, Chapter 44, Education Code, is
10 amended by adding Section 44.0072 to read as follows:

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

15 (1) the district's significant noninstructional
16 expenditures for the preceding fiscal year, as determined by the
17 commissioner; and

18 (2) any money spent by the district during the
19 preceding fiscal year:

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

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

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

1 SECTION 2D.29. Section 51.3062(q), Education Code, is
2 amended to read as follows:

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

17 SECTION 2D.30. (a) Not later than the 2006-2007 school
18 year, the Texas Education Agency shall collect information
19 concerning:

20 (1) the measure of progress toward English language
21 proficiency for purposes of Section 39.051(b)(7), Education Code,
22 as amended by this Act; and

23 (2) value-added student achievement for purposes of
24 Section 39.051(b)(8), Education Code, as amended by this Act.

25 (b) Not later than the 2007-2008 school year, the Texas
26 Education Agency shall include, in evaluating the performance of
27 school districts, campuses, and open-enrollment charter schools

1 under Subchapter D, Chapter 39, Education Code:

2 (1) the measure of progress toward English language
3 proficiency under Section 39.051(b)(7), Education Code, as amended
4 by this Act; and

5 (2) value-added student achievement under Section
6 39.051(b)(8), Education Code, as amended by this Act.

7 SECTION 2D.31. The commissioner of education shall:

8 (1) develop a methodology for categorizing campuses
9 for comparison purposes under Section 39.052(d), Education Code, as
10 added by this Act, not later than January 1, 2006; and

11 (2) develop and implement the reporting procedures
12 for:

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

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

20 PART E. BILINGUAL EDUCATION AND SPECIAL LANGUAGE PROGRAMS

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

23 (j) No more than 15 percent of the funds certified by the
24 commissioner under Subsection (i) may be spent on indirect costs.
25 The commissioner shall evaluate the programs that fail to meet the
26 standard of performance under Section 39.051(b)(10) [~~39.051(b)(7)~~]
27 and may implement sanctions under Subchapter G, Chapter 39. The

1 commissioner may audit the expenditures of funds appropriated for
2 purposes of this section. The use of the funds appropriated for
3 purposes of this section shall be verified as part of the district
4 audit under Section 44.008.

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

7 (g) A district may transfer a student of limited English
8 proficiency out of a bilingual education or special language
9 program for the first time or a subsequent time if the student is
10 able to participate equally in a regular all-English instructional
11 program as determined by:

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

16 (2) satisfactory performance on the reading
17 assessment instrument under Section 39.023(a) or the English I or
18 II assessment instrument under Section 39.023(c), as applicable,
19 with the assessment instrument administered in English, or, if the
20 student is enrolled in the first or second grade, an achievement
21 score at or above the 40th percentile in the reading and language
22 arts sections of an English standardized test approved by the
23 agency; and

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

27 SECTION 2E.03. Subchapter B, Chapter 29, Education Code, is

1 amended by adding Section 29.065 to read as follows:

2 Sec. 29.065. MEASURE OF PROGRESS TOWARD ENGLISH LANGUAGE
3 PROFICIENCY. The commissioner by rule shall develop a longitudinal
4 measure of progress toward English language proficiency under which
5 a student of limited English proficiency is evaluated from the time
6 the student enters public school until, for two consecutive school
7 years, the student scores at a specific level determined by the
8 commissioner on the reading assessment instrument under Section
9 39.023(a) or the English I or II assessment instrument under
10 Section 39.023(c), as applicable. The commissioner shall:

11 (1) as part of the measure of progress, include
12 student advancement from one proficiency level to a higher level
13 under the reading proficiency in English assessment system
14 developed under Section 39.027(e) and from the highest level under
15 that assessment system to the level determined by the commissioner
16 under this section on the reading assessment instrument under
17 Section 39.023(a) or the English I or II assessment instrument
18 under Section 39.023(c), as applicable; and

19 (2) to the extent practicable in developing the
20 measure of progress, use applicable research and analysis done in
21 developing an annual measurable achievement objective as required
22 by Section 3122, No Child Left Behind Act of 2001 (20 U.S.C. Section
23 6842).

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

26 (b) The academic excellence indicators adopted under
27 Sections 39.051(b)(1) through (10) [~~(7)~~] and the district's current

1 special education compliance status with the agency shall be the
2 main considerations of the agency in the rating of the district
3 under this section. Additional criteria in the rules may include
4 consideration of:

5 (1) compliance with statutory requirements and
6 requirements imposed by rule of the State Board of Education under
7 specific statutory authority that relate to:

8 (A) reporting data through the Public Education
9 Information Management System (PEIMS);

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

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

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

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

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

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

3 (a) The agency shall annually review the performance of each
4 district and campus on the indicators adopted under Sections
5 39.051(b)(1) through (10) [~~(7)~~] and determine if a change in the
6 accreditation status of the district is warranted. The
7 commissioner may determine how all indicators adopted under Section
8 39.051(b) may be used to determine accountability ratings and to
9 select districts and campuses for acknowledgment.

10 (b) Each annual review shall include an analysis of the
11 indicators under Sections 39.051(b)(1) through (10) [~~(6)~~] to
12 determine district and campus performance in relation to:

13 (1) standards established for each indicator;

14 (2) required improvement as defined under Section
15 39.051(c); and

16 (3) comparable improvement as defined by Section
17 39.051(c).

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

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

24 PART F. HIGH ACADEMIC ACHIEVEMENT PROGRAMS

25 SECTION 2F.01. Subchapter D, Chapter 29, Education Code, is
26 amended by adding Section 29.127 to read as follows:

27 Sec. 29.127. TEXAS GOVERNOR'S SCHOOLS. (a) In this

1 section, "public senior college or university" and "private or
2 independent institution of higher education" have the meaning
3 assigned by Section 61.003.

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

8 (1) mathematics and science;

9 (2) humanities; or

10 (3) leadership and public policy.

11 (c) A public senior college or university or private or
12 independent institution of higher education 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 foundation school
18 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 for the purpose, the
8 commissioner may make a grant to pay the costs of administering a
9 Texas governor's school program to a public senior college or
10 university or private or independent institution of higher
11 education whose application is approved under this section.

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

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

16 (b-1) In addition to the indicators adopted under
17 Subsection (b), the State Board of Education shall adopt the
18 following indicators relating to high academic achievement to be
19 considered in assigning a district an exemplary performance rating
20 under Section 39.072:

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

24 (2) student results on advanced placement and
25 international baccalaureate examinations, including the percentage
26 of students scoring three or higher on the advanced placement
27 examinations and the percentage of students scoring four or higher

1 on the international baccalaureate examinations;

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

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

7 (5) the percentage of high school students enrolled in
8 an advanced course;

9 (6) the percentage of students achieving commended
10 performance, as determined by the State Board of Education, on an
11 assessment instrument required under Section 39.023(a), (c), or
12 (1);

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

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

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

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

26 (1) campus performance objectives established under
27 Section 11.253 and the progress of each campus toward those

1 objectives, which shall be available to the public;

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

5 (3) the district's current special education
6 compliance status with the agency;

7 (4) a statement of the number, rate, and type of
8 violent or criminal incidents that occurred on each district
9 campus, to the extent permitted under the Family Educational Rights
10 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

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

14 (6) the findings that result from evaluations
15 conducted under the Safe and Drug-Free Schools and Communities Act
16 of 1994 (20 U.S.C. Section 7101 et seq.) and its subsequent
17 amendments; ~~and~~

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

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

24 SECTION 2F.04. Section 39.072, Education Code, is amended
25 by adding Subsection (c-1) to read as follows:

26 (c-1) For purposes of assigning a district, campus, or
27 open-enrollment charter school a performance rating of exemplary

1 under this section, the agency shall consider the district's,
2 campus's, or school's performance on the indicators relating to
3 high academic achievement under Section 39.051(b-1). This
4 information is in addition to any other indicators or factors
5 considered by the agency in assigning a performance rating.

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

8 (c) The performance standards on which a gold performance
9 rating is based should include:

10 (1) student proficiency on:

11 (A) assessment instruments administered under
12 Sections 39.023(a), (c), and (l); and

13 (B) other measures of proficiency determined by
14 the commissioner;

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

17 (3) improvement in student performance;

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

20 (5) [~~4~~] in the case of middle or junior high school
21 campuses, student proficiency in mathematics, including algebra;
22 and

23 (6) [~~5~~] in the case of high school campuses:

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

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

1 (C) the percentage of students who take and
2 successfully complete advanced academic courses or college-level
3 course work offered through dual credit programs provided under
4 agreements between high schools and institutions of higher
5 education.

6 SECTION 2F.06. (a) Not later than the 2006-2007 school
7 year, the Texas Education Agency shall collect information
8 concerning high academic achievement for purposes of Section
9 39.051(b-1), Education Code, as added by this Act.

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

16 (c) Not later than the 2007-2008 school year, the Texas
17 Education Agency shall include the information required by Section
18 39.182(a)(21), Education Code, as amended by this Act, in the
19 agency's comprehensive annual report under Section 39.182,
20 Education Code.

21 ARTICLE 3. CONFORMING AMENDMENTS

22 SECTION 3.01. Effective September 1, 2006, Section
23 31.025(a), Education Code, is amended to read as follows:

24 (a) The State Board of Education shall set a limit on the
25 cost that may be paid using the allotment provided by Section 42.159
26 [~~from the state textbook fund~~] for a textbook placed on the
27 conforming or nonconforming list for a particular subject and grade

1 level. The board may not reject a textbook for placement on the
2 conforming or nonconforming list because the textbook's price
3 exceeds the limit established under this subsection.

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

6 Sec. 31.1031. SHORTAGE OF REQUISITIONED TEXTBOOKS. If a
7 school district or open-enrollment charter school does not have a
8 sufficient number of copies of a textbook used by the district or
9 school for use during the following school year, and a sufficient
10 number of additional copies will not be available from the
11 depository or the publisher within the time specified by Section
12 31.151(a)(8), the district or school is entitled to:

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

17 (2) return currently used textbooks to the
18 commissioner in exchange for sufficient copies, if available, of
19 other textbooks on the conforming or nonconforming list to be used
20 during the following school year.

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

23 Sec. 31.105. SALE OF TEXTBOOKS. The board of trustees of a
24 school district or governing body of an open-enrollment charter
25 school may sell textbooks, other than electronic textbooks, to a
26 student or another school at the state contract price. Money [~~The~~
27 ~~district shall send money~~] from the sale of textbooks may be used

1 only to purchase items that may be purchased lawfully using the
2 allotment provided by Section 42.159 [~~to the commissioner as~~
3 ~~required by the commissioner. The commissioner shall deposit the~~
4 ~~money in the state textbook fund~~].

5 SECTION 3.04. Effective September 1, 2006, Section
6 31.151(d), Education Code, is amended to read as follows:

7 (d) A penalty collected under this section shall be
8 deposited to the credit of the foundation school [~~state textbook~~
9 fund].

10 SECTION 3.05. Effective September 1, 2006, Section
11 31.152(b), Education Code, is amended to read as follows:

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

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

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

17 (3) could not be lawfully purchased with funds from
18 the allotment provided by Section 42.241 [~~state textbook fund~~].

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

22 (a) Each school district is entitled to an allotment of \$70
23 [~~\$30~~] for each student in average daily attendance or a different
24 amount for any year provided by appropriation.

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

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

1 (b) To the extent possible considering other statutory
2 requirements, the commissioner and agency shall encourage the use
3 of textbook funds and any other funds provided to school districts
4 for technology [~~and technology allotment funds under Section~~
5 ~~31.021(b)(2)~~] in a manner that facilitates the development and use
6 of the portal.

7 SECTION 3.08. Section 42.005(a), Education Code, is amended
8 by adding Subdivision (3) to read as follows:

9 (3) for a district that operates under a flexible
10 school day program under Section 29.0822, the average daily
11 attendance as calculated by the commissioner in accordance with
12 Section 29.0822(d).

13 SECTION 3.09. Section 42.102 is amended to read as follows:

14 (a) The basic allotment for each district is adjusted to
15 reflect the geographic variation in known resource costs and costs
16 of education due to factors beyond the control of the school
17 district.

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

25 SECTION 3.10. (a) Section 403.302(j), Education Code, is
26 amended to read as follows:

27 (j) For purposes of Section 42.2511, Education Code, the

1 comptroller shall certify to the commissioner of education:

2 (1) a final value for each school district computed on
3 a residence homestead exemption under Section 1-b(c), Article VIII,
4 Texas Constitution, of \$15,000 [~~\$5,000~~]; and

5 (2) a final value for each school district computed
6 on:

7 (A) a residence homestead exemption under
8 Section 1-b(c), Article VIII, Texas Constitution, of \$45,000
9 [~~\$15,000~~]; and

10 (B) the effect of the additional limitation on
11 tax increases under Section 1-b(d), Article VIII, Texas
12 Constitution.

13 (b) This Section takes effect only if H.J.R. No.____, Acts of
14 the 79th Legislature, Regular Session, 2005, takes. If that
15 resolution does not take effect, this Section has no effect.

16 ARTICLE 4. REPEALER; APPLICABILITY; EFFECTIVE DATE

17 SECTION 4.01. (a) Sections 1-3, Chapter 201, Acts of the
18 78th Legislature, Regular Session, 2003, are repealed.

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

21 (c) Sections 21.357, 39.023(j), 41.002(b), 41.002(e),
22 41.002(f), 41.002(g), 42.103(e), and 42.2514 of the Education Code
23 are repealed.

24 (d) Effective September 1, 2006, Section 31.021, Education
25 Code, is repealed.

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

1 SECTION 4.03. Except as otherwise provided by this Act,
2 this Act takes effect September 1, 2005. This Act takes effect only
3 if H.B. No. 3, Acts of the 79th Legislature, Regular Session, 2005,
4 becomes law. If that bill does not become law, this Act has no
5 effect.