

1-1 By: Jackson S.B. No. 422  
1-2 (In the Senate - Filed March 11, 2005; March 21, 2005, read  
1-3 first time and referred to Committee on Government Organization;  
1-4 April 25, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 7, Nays 0; April 25, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 422 By: Jackson

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the continuation and functions of the Texas Education  
1-11 Agency and regional education service centers; providing a penalty.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL  
1-14 EDUCATION SERVICE CENTERS

1-15 SECTION 1.01. Section 5.001, Education Code, is amended by  
1-16 adding Subdivision (1-a) to read as follows:

1-17 (1-a) "Charter school" means any school or program  
1-18 that is operating under a charter authorized by Chapter 12 or other  
1-19 law, including:

1-20 (A) a home-rule school district under Subchapter  
1-21 B, Chapter 12;

1-22 (B) a campus or campus program under Subchapter  
1-23 C, Chapter 12;

1-24 (C) an open-enrollment charter school under  
1-25 Subchapter D, Chapter 12; and

1-26 (D) a college or university charter school under  
1-27 Subchapter E, Chapter 12.

1-28 SECTION 1.02. Section 7.004, Education Code, is amended to  
1-29 read as follows:

1-30 Sec. 7.004. SUNSET PROVISION. The Texas Education Agency  
1-31 is subject to Chapter 325, Government Code (Texas Sunset Act).  
1-32 Unless continued in existence as provided by that chapter, the  
1-33 agency is abolished September 1, 2017 [~~2005~~].

1-34 SECTION 1.03. Subchapter A, Chapter 7, Education Code, is  
1-35 amended by adding Section 7.010 to read as follows:

1-36 Sec. 7.010. BEST PRACTICES. (a) The agency and the  
1-37 regional education service centers shall solicit and collect from  
1-38 exemplary or recognized school districts and open-enrollment  
1-39 charter schools, as rated under Section 39.072, best practices  
1-40 information and shall disseminate that information. The agency and  
1-41 the regional education service centers shall enter into a  
1-42 memorandum of understanding that establishes the respective duties  
1-43 of the agency and the regional education service centers in  
1-44 soliciting, collecting, and disseminating the best practices  
1-45 information.

1-46 (b) The best practices information may include:

1-47 (1) information concerning available programs,  
1-48 products, and policies that have been successfully adopted or  
1-49 developed and used by school districts or open-enrollment charter  
1-50 schools;

1-51 (2) specific examples of successful best practices;  
1-52 and

1-53 (3) resources available to assist school districts and  
1-54 open-enrollment charter schools in complying with applicable state  
1-55 or federal education laws.

1-56 (c) The best practices information must include information  
1-57 collected by the agency or a regional education service center  
1-58 concerning the effective use of online courses, including:

1-59 (1) methods for using online courses to provide  
1-60 curriculum solutions;

1-61 (2) information to assist school districts and  
1-62 open-enrollment charter schools in investigating the quality of  
1-63 online courses; and

2-1 (3) a list of funding sources available for various  
2-2 types of online courses.

2-3 (d) The agency and the regional education service centers  
2-4 are not required to evaluate and may not endorse the best practices  
2-5 information collected under this section.

2-6 (e) The agency and the regional education service centers  
2-7 shall develop incentives for school districts and open-enrollment  
2-8 charter schools to implement best practices.

2-9 SECTION 1.04. Section 7.027, Education Code, as added by  
2-10 Chapter 201, Acts of the 78th Legislature, Regular Session, 2003,  
2-11 is redesignated as Section 7.028, Education Code, and amended to  
2-12 read as follows:

2-13 Sec. 7.028 [7.027]. LIMITATION ON COMPLIANCE MONITORING.

2-14 (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074~~,]  
2-15 or 39.075, the agency may monitor compliance with requirements  
2-16 applicable to a process or program provided by a school district,  
2-17 campus, program, or school granted charters under Chapter 12,  
2-18 including the process described by Subchapter F, Chapter 11, or a  
2-19 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,  
2-20 Subchapter A, Chapter 37, or Section 38.003, and the use of funds  
2-21 provided for such a program under Subchapter C, Chapter 42, only as  
2-22 necessary to ensure:

2-23 (1) compliance with federal law and regulations;  
2-24 (2) financial accountability, including compliance  
2-25 with grant requirements; and

2-26 (3) data integrity for purposes of:  
2-27 (A) the Public Education Information Management  
2-28 System (PEIMS); and  
2-29 (B) accountability under Chapter 39.

2-30 (b) The board of trustees of a school district or the  
2-31 governing body of an open-enrollment charter school has primary  
2-32 responsibility for ensuring that the district or school complies  
2-33 with all applicable requirements of state educational programs.

2-34 SECTION 1.05. Subchapter B, Chapter 7, Education Code, is  
2-35 amended by adding Sections 7.032 and 7.033 to read as follows:

2-36 Sec. 7.032. RECORDS OF COMPLAINTS. (a) The agency shall  
2-37 maintain a system to promptly and efficiently act on complaints  
2-38 filed with the agency that the agency has the authority to resolve.  
2-39 The agency shall maintain:

2-40 (1) information about the parties to the complaint and  
2-41 the subject matter of the complaint;

2-42 (2) a summary of the results of the review or  
2-43 investigation of the complaint; and

2-44 (3) information about the disposition of the  
2-45 complaint.

2-46 (b) The agency shall make information available describing  
2-47 its procedures for complaint investigation and resolution.

2-48 (c) The agency shall periodically notify the parties of the  
2-49 status of the complaint until final disposition of the complaint.

2-50 Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent  
2-51 permissible under Section 7.028, the agency shall develop and  
2-52 implement a comprehensive, integrated monitoring system for  
2-53 monitoring school district and charter school overall performance  
2-54 under and compliance with federal and state education laws. The  
2-55 system must incorporate performance and compliance information  
2-56 collected by various agency divisions for each school district and  
2-57 charter school, including information relating to:

2-58 (1) data integrity;

2-59 (2) the performance of district or school programs;

2-60 (3) financial accountability;

2-61 (4) academic accountability;

2-62 (5) previous history of compliance;

2-63 (6) complaints issues; and

2-64 (7) governance issues.

2-65 SECTION 1.06. Subsections (a) and (d), Section 7.057,  
2-66 Education Code, are amended to read as follows:

2-67 (a) Except as provided by Subsection (e) or Section 7.0571,  
2-68 a person may appeal in writing to the commissioner if the person is  
2-69 aggrieved by:

3-1 (1) the school laws of this state; or  
3-2 (2) actions or decisions of any school district board  
3-3 of trustees that violate:

3-4 (A) the school laws of this state; or  
3-5 (B) a provision of a written employment contract  
3-6 between the school district and a school district employee, if a  
3-7 violation causes or would cause monetary harm to the employee.

3-8 (d) Except as provided by Section 7.0571, a [A] person  
3-9 aggrieved by an action of the agency or decision of the commissioner  
3-10 may appeal to a district court in Travis County. An appeal must be  
3-11 made by serving the commissioner with citation issued and served in  
3-12 the manner provided by law for civil suits. The petition must state  
3-13 the action or decision from which the appeal is taken. At trial,  
3-14 the court shall determine all issues of law and fact, except as  
3-15 provided by Section 33.081(g).

3-16 SECTION 1.07. Subchapter C, Chapter 7, Education Code, is  
3-17 amended by adding Sections 7.0571, 7.061, 7.062, and 7.063 to read  
3-18 as follows:

3-19 Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The  
3-20 commissioner shall adopt rules under which a school district,  
3-21 open-enrollment charter school, or other person that wishes to  
3-22 challenge an agency decision made under Chapter 39, 41, 42, or 46  
3-23 must petition the commissioner for an informal review by the  
3-24 commissioner of the decision.

3-25 (b) The commissioner may limit a review under this section  
3-26 to a written submission of any issue identified by the  
3-27 commissioner.

3-28 (c) A final decision under this section is final and may not  
3-29 be appealed under Section 7.057 or any other law.

3-30 Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall  
3-31 implement a policy requiring the agency to use appropriate  
3-32 technological solutions to improve the agency's ability to perform  
3-33 its functions. The policy must ensure that the public is able to  
3-34 interact with the agency on the Internet.

3-35 Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE  
3-36 RESOLUTION. (a) The commissioner shall develop and implement a  
3-37 policy to encourage the use of:

3-38 (1) negotiated rulemaking procedures under Chapter  
3-39 2008, Government Code, for the adoption of agency rules; and

3-40 (2) appropriate alternative dispute resolution  
3-41 procedures under Chapter 2009, Government Code, to assist in the  
3-42 resolution of internal and external disputes under the agency's  
3-43 jurisdiction.

3-44 (b) The agency's procedures relating to alternative dispute  
3-45 resolution must conform, to the extent possible, to any model  
3-46 guidelines issued by the State Office of Administrative Hearings  
3-47 for the use of alternative dispute resolution by state agencies.

3-48 (c) The commissioner shall designate a trained person to:

3-49 (1) coordinate the implementation of the policy  
3-50 developed under Subsection (a);

3-51 (2) serve as a resource for any training needed to  
3-52 implement the procedures for negotiated rulemaking or alternative  
3-53 dispute resolution; and

3-54 (3) collect data concerning the effectiveness of those  
3-55 procedures, as implemented by the agency.

3-56 Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF  
3-57 RULES. Before adopting a new rule, the commissioner shall assess  
3-58 whether the proposed rule will impose additional paperwork  
3-59 requirements on educators and attempt to minimize any such  
3-60 additional requirements.

3-61 SECTION 1.08. Chapter 7, Education Code, is amended by  
3-62 adding Subchapter E to read as follows:

3-63 SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

3-64 Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The  
3-65 agency shall implement a comprehensive performance-based grant  
3-66 system to collect and report grant performance and spending  
3-67 information and to use that information in making future grants.

3-68 (b) The grant system must:

3-69 (1) connect grant activities and funding to student

4-1 academic performance; and

4-2 (2) provide for efficient grant application and  
4-3 reporting procedures for grant programs administered by the agency.

4-4 Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall  
4-5 ensure that:

4-6 (1) the mission, purpose, and objectives of each  
4-7 agency grant program supports student academic performance or  
4-8 another public education mission, objective, or goal specified  
4-9 under Sections 4.001 and 4.002;

4-10 (2) each agency grant program coordinates with other  
4-11 grant programs administered by the agency;

4-12 (3) grant programs with similar objectives have common  
4-13 performance measures; and

4-14 (4) the most efficient methods for coordinating grant  
4-15 objectives, grant activities, academic performance measures, and  
4-16 funding are used in the agency's grant application and reporting  
4-17 systems.

4-18 Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may  
4-19 use existing data to identify and notify an eligible school  
4-20 district or charter school of the opportunity to apply for a  
4-21 state-funded discretionary grant.

4-22 Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS.  
4-23 The agency shall develop one or more consolidated applications to  
4-24 be used by school districts and charter schools in applying for any  
4-25 state-funded formula grant administered by the agency.

4-26 Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency  
4-27 shall ensure that information relating to the grant system is  
4-28 available to the legislature and the public.

4-29 Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The  
4-30 agency, in coordination with regional education service centers,  
4-31 shall use data relating to grant programs, including grant spending  
4-32 and performance information, to identify successful grant  
4-33 programs. Based on the identification of successful grant  
4-34 programs, each regional education service center shall provide  
4-35 information concerning those programs to the school districts in  
4-36 the service center's region.

4-37 (b) This section applies beginning with the 2009-2010  
4-38 school year. This subsection expires June 1, 2010.

4-39 Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In  
4-40 developing the performance-based grant system, the agency shall:

4-41 (1) identify each area of data collected for grant  
4-42 programs and the method in which the agency collects the data;

4-43 (2) determine whether grant data that a school  
4-44 district or charter school is required to collect is useful and  
4-45 supports:

4-46 (A) a grant program's objectives; and

4-47 (B) the goals for academic performance and  
4-48 accountability or another public education mission, objective, or  
4-49 goal;

4-50 (3) determine whether grant data is analyzed and  
4-51 disseminated efficiently; and

4-52 (4) review the agency's policies, procedures, and  
4-53 reporting requirements relating to grant programs administered by  
4-54 the agency to simplify and make more efficient the grant  
4-55 application, award, and reporting processes for school districts  
4-56 and charter schools.

4-57 (b) This section expires June 1, 2010.

4-58 Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL  
4-59 YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the  
4-60 agency shall provide the legislature with a status report  
4-61 concerning the agency's development of the grant system. The  
4-62 report may suggest any statutory changes needed to facilitate a  
4-63 full transition to a performance-based grant system.

4-64 (b) Beginning with the 2009-2010 school year, the agency  
4-65 shall make the performance-based grant system fully available to  
4-66 school districts and charter schools.

4-67 (c) This section expires June 1, 2010.

4-68 SECTION 1.09. Subchapter A, Chapter 8, Education Code, is  
4-69 amended by adding Section 8.0031 to read as follows:

5-1 Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS.  
5-2 (a) The commissioner shall adopt rules prescribing training for  
5-3 members of regional education service center boards of directors.  
5-4 The training curriculum may include:

- 5-5 (1) an overview of this code and any rules adopted
- 5-6 under this code;
- 5-7 (2) a review of recent state and federal education
- 5-8 legislation, rules, and regulations;
- 5-9 (3) a review of the powers and duties of a regional
- 5-10 education service center board of directors; and
- 5-11 (4) a review of any statewide or regional strategic
- 5-12 planning applicable to regional education service centers.

5-13 (b) A member of a regional education service center board of  
5-14 directors must complete any training required by commissioner rule.

5-15 SECTION 1.10. Subsections (b), (c), and (d), Section 8.051,  
5-16 Education Code, are amended to read as follows:

5-17 (b) Each regional education service center shall annually  
5-18 develop and submit to the commissioner for approval a plan for  
5-19 improvement. Each plan must include the purposes and description  
5-20 of the services the center will provide to:

- 5-21 (1) campuses rated academically unacceptable
- 5-22 [~~identified as low-performing based on the indicators adopted~~
- 5-23 under Section 39.072 [~~39.051~~];
- 5-24 (2) the lowest-performing campuses in the region; and
- 5-25 (3) other campuses.

5-26 (c) Each regional education service center shall provide  
5-27 services that enable school districts to operate more efficiently  
5-28 and economically, including collecting and disseminating:

- 5-29 (1) best practices information as provided by Section
- 5-30 7.010; and
- 5-31 (2) information concerning successful grant programs
- 5-32 to school districts as provided by Section 7.156.

5-33 (d) Each regional education service center shall maintain  
5-34 core services for purchase by school districts and campuses. The  
5-35 core services are:

- 5-36 (1) training and assistance in teaching each subject
- 5-37 area assessed under Section 39.023;
- 5-38 (2) training and assistance in providing each program
- 5-39 that qualifies for a funding allotment under Section 42.151,
- 5-40 42.152, 42.153, or 42.156;
- 5-41 (3) assistance specifically designed for a school
- 5-42 district or campus rated academically unacceptable under Section
- 5-43 39.072 [~~39.072(a) or a campus whose performance is considered~~
- 5-44 unacceptable based on the indicators adopted under Section 39.051];
- 5-45 (4) training and assistance to teachers,
- 5-46 administrators, members of district boards of trustees, and members
- 5-47 of site-based decision-making committees;
- 5-48 (5) assistance specifically designed for a school
- 5-49 district that is considered out of compliance with state or federal
- 5-50 special education requirements, based on the agency's most recent
- 5-51 compliance review of the district's special education programs; and
- 5-52 (6) assistance in complying with state laws and rules.

5-53 SECTION 1.11. Subchapter A, Chapter 12, Education Code, is  
5-54 amended by adding Sections 12.004 and 12.005 to read as follows:

5-55 Sec. 12.004. MONITORING OF CERTAIN CHARTER SCHOOLS.

5-56 (a) This section applies only to a charter school that does not  
5-57 receive an academic performance rating under Section 39.072 or  
5-58 under an alternative education accountability system for  
5-59 alternative education campuses for at least two consecutive school  
5-60 years.

5-61 (b) The agency shall monitor a charter school to which this  
5-62 section applies to assess:

- 5-63 (1) the quality of the school's data; and
- 5-64 (2) the school's compliance with assessment
- 5-65 requirements under Chapter 39.

5-66 Sec. 12.005. FINANCIAL ACCOUNTABILITY. (a) In this  
5-67 section:

- 5-68 (1) "Parent" includes a guardian or other person
- 5-69 having lawful control of a student.

6-1 (2) "System" means the financial accountability  
 6-2 rating system.

6-3 (b) The commissioner shall develop and implement a  
 6-4 financial accountability rating system for charter schools. The  
 6-5 system must include uniform indicators adopted by the commissioner  
 6-6 by which to measure a charter school's financial management  
 6-7 performance.

6-8 (c) The commissioner shall develop, as part of the system, a  
 6-9 reporting procedure under which:

6-10 (1) each charter school is required to prepare and  
 6-11 distribute an annual financial management report; and

6-12 (2) the public is provided an opportunity to comment  
 6-13 on the report at a hearing.

6-14 (d) The annual financial management report must include:

6-15 (1) a description of the charter school's financial  
 6-16 management performance based on a comparison, provided by the  
 6-17 agency, of the school's performance on the indicators adopted under  
 6-18 Subsection (b) to:

6-19 (A) state-established standards; and

6-20 (B) the school's previous performance on the  
 6-21 indicators; and

6-22 (2) any descriptive information required by the  
 6-23 commissioner.

6-24 (e) The report may include:

6-25 (1) information concerning the charter school's:

6-26 (A) financial allocations;

6-27 (B) financial strengths;

6-28 (C) operating cost management;

6-29 (D) personnel management;

6-30 (E) debt management;

6-31 (F) cash management;

6-32 (G) budgetary planning;

6-33 (H) overall business management;

6-34 (I) compliance with rules; and

6-35 (J) data quality; and

6-36 (2) any other information the school's governing body  
 6-37 determines to be necessary and useful.

6-38 (f) The governing body of each charter school shall hold a  
 6-39 public hearing on the report. The governing body shall provide  
 6-40 notice of the hearing to the parents of students enrolled in the  
 6-41 school. In addition to other notice required by law, notice of the  
 6-42 hearing must be provided:

6-43 (1) to a newspaper of general circulation in the  
 6-44 school district in which the charter school is located; and

6-45 (2) through electronic mail to media serving the  
 6-46 school district in which the charter school is located.

6-47 (g) After the hearing, the governing body of the charter  
 6-48 school shall provide the report to the parents of students enrolled  
 6-49 in the school.

6-50 (h) The commissioner shall adopt rules as necessary for the  
 6-51 administration of this section.

6-52 SECTION 1.12. Subsection (b), Section 12.013, Education  
 6-53 Code, is amended to read as follows:

6-54 (b) A home-rule school district is subject to:

6-55 (1) a provision of this title establishing a criminal  
 6-56 offense;

6-57 (2) a provision of this title relating to limitations  
 6-58 on liability; and

6-59 (3) a prohibition, restriction, or requirement, as  
 6-60 applicable, imposed by this title or a rule adopted under this  
 6-61 title, relating to:

6-62 (A) the Public Education Information Management  
 6-63 System (PEIMS) to the extent necessary to monitor compliance with  
 6-64 this subchapter as determined by the commissioner;

6-65 (B) educator certification under Chapter 21 and  
 6-66 educator rights under Sections 21.407, 21.408, and 22.001;

6-67 (C) criminal history records under Subchapter C,  
 6-68 Chapter 22;

6-69 (D) student admissions under Section 25.001;

7-1 (E) school attendance under Sections 25.085,  
7-2 25.086, and 25.087;  
7-3 (F) inter-district or inter-county transfers of  
7-4 students under Subchapter B, Chapter 25;  
7-5 (G) elementary class size limits under Section  
7-6 25.112, in the case of any campus in the district that is rated  
7-7 academically unacceptable [~~considered low-performing~~] under  
7-8 Section 39.072 [~~39.132~~];  
7-9 (H) high school graduation under Section 28.025;  
7-10 (I) special education programs under Subchapter  
7-11 A, Chapter 29;  
7-12 (J) bilingual education under Subchapter B,  
7-13 Chapter 29;  
7-14 (K) prekindergarten programs under Subchapter E,  
7-15 Chapter 29;  
7-16 (L) safety provisions relating to the  
7-17 transportation of students under Sections 34.002, 34.003, 34.004,  
7-18 and 34.008;  
7-19 (M) computation and distribution of state aid  
7-20 under Chapters 31, 42, and 43;  
7-21 (N) extracurricular activities under Section  
7-22 33.081;  
7-23 (O) health and safety under Chapter 38;  
7-24 (P) public school accountability under  
7-25 Subchapters B, C, D, and G, Chapter 39;  
7-26 (Q) equalized wealth under Chapter 41;  
7-27 (R) a bond or other obligation or tax rate under  
7-28 Chapters 42, 43, and 45; and  
7-29 (S) purchasing under Chapter 44.

7-30 SECTION 1.13. Section 12.115, Education Code, is amended by  
7-31 amending Subsection (b) and adding Subsection (c) to read as  
7-32 follows:  
7-33 (b) The action the commissioner takes under Subsection (a)  
7-34 shall be based on the best interest of the school's students, the  
7-35 severity of the violation, ~~and~~ any previous violation the school  
7-36 has committed, and the extent to which the school is in compliance  
7-37 with any state or federal programmatic or financial requirement  
7-38 applicable to the school.  
7-39 (c) This section may not be construed to limit the  
7-40 commissioner's authority to impose a sanction under Subchapter G,  
7-41 Chapter 39.

7-42 SECTION 1.14. Subchapter D, Chapter 12, Education Code, is  
7-43 amended by adding Section 12.1151 to read as follows:  
7-44 Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL  
7-45 BECAUSE OF UNSATISFACTORY PERFORMANCE. (a) The commissioner  
7-46 shall order the closure and shall revoke or deny the renewal of a  
7-47 charter of an open-enrollment charter school under Section 12.115  
7-48 if:  
7-49 (1) each campus operated under the charter has been  
7-50 closed under Section 39.1332; or  
7-51 (2) for two consecutive school years at least half of  
7-52 the campuses operated under the charter have received academically  
7-53 unacceptable or other unsatisfactory performance ratings under  
7-54 Section 39.072 or under an alternative education accountability  
7-55 system for alternative education campuses, unless the charter  
7-56 holder received an academic performance rating of acceptable or  
7-57 higher under Section 39.072 for either of those school years.  
7-58 (b) A hearing concerning the closure and revocation or  
7-59 denial of renewal of a charter of an open-enrollment charter school  
7-60 under this section:  
7-61 (1) is limited to the issue of whether the  
7-62 open-enrollment charter school or a campus operated under the  
7-63 charter actually received a particular academic performance  
7-64 rating; and  
7-65 (2) may not be used to challenge the commissioner's  
7-66 final academic performance rating for the open-enrollment charter  
7-67 school or a campus operated under the charter.

7-68 SECTION 1.15. Section 12.116, Education Code, is amended by  
7-69 amending Subsection (b) and adding Subsection (d) to read as

8-1 follows:

8-2 (b) The procedure adopted under Subsection (a) must provide  
8-3 an opportunity for a hearing to the charter holder and to parents  
8-4 and guardians of students in the school. A hearing under this  
8-5 subsection must be held at:

- 8-6 (1) the facility at which the program is operated;
- 8-7 (2) an alternative facility designated by the  
8-8 commissioner that is located in the same county as the facility at  
8-9 which the program is operated; or
- 8-10 (3) the regional education service center closest to  
8-11 the facility at which the program is operated.

8-12 (d) A decision by the commissioner under this section is  
8-13 final and may not be appealed.

8-14 SECTION 1.16. Subsection (b), Section 21.453, Education  
8-15 Code, is amended to read as follows:

8-16 (b) The commissioner may allocate funds from the account to  
8-17 regional education service centers to provide staff development  
8-18 resources to school districts that:

- 8-19 (1) are rated academically unacceptable;
- 8-20 (2) have one or more campuses rated academically  
8-21 unacceptable [as low-performing]; or
- 8-22 (3) are otherwise in need of assistance as indicated  
8-23 by the academic performance of students, as determined by the  
8-24 commissioner.

8-25 SECTION 1.17. Subchapter A, Chapter 29, Education Code, is  
8-26 amended by adding Sections 29.0162 and 29.0163 to read as follows:

8-27 Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE  
8-28 PROCESS HEARINGS. (a) The agency shall make available to a  
8-29 parent, student, school district, attorney, or other interested  
8-30 person, and shall place on the agency's Internet website,  
8-31 comprehensive, easily understood information concerning the  
8-32 special education due process hearing process.

8-33 (b) The information described by Subsection (a) must  
8-34 include:

- 8-35 (1) a description of the steps in the due process  
8-36 hearing process;
- 8-37 (2) the text of any applicable administrative,  
8-38 procedural, or evidentiary rule;
- 8-39 (3) a description of any notice requirements;
- 8-40 (4) an explanation of options for alternative dispute  
8-41 resolution, including mediation;
- 8-42 (5) an explanation of a resolution session;
- 8-43 (6) answers to frequently asked questions; and
- 8-44 (7) other sources of information, including  
8-45 electronic sources of information, such as special education case  
8-46 law available on the Internet.

8-47 Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION  
8-48 CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Section 7.032  
8-49 applies to any complaint regarding the conduct of a special  
8-50 education hearing officer.

8-51 (b) The agency shall collect and at least biennially analyze  
8-52 any information, including complaint information, relating to the  
8-53 performance of a special education hearing officer for use in  
8-54 assessing:

- 8-55 (1) the effectiveness of the due process hearing  
8-56 process; and
- 8-57 (2) the performance of a special education hearing  
8-58 officer.

8-59 (c) The agency shall use the information described by  
8-60 Subsection (b) in determining whether to renew a contract with a  
8-61 special education hearing officer.

8-62 SECTION 1.18. Subsection (a), Section 29.202, Education  
8-63 Code, is amended to read as follows:

8-64 (a) A student is eligible to receive a public education  
8-65 grant or to attend another public school in the district in which  
8-66 the student resides under this subchapter if the student is  
8-67 assigned to attend a public school campus:

- 8-68 (1) at which 50 percent or more of the students did not  
8-69 perform satisfactorily on an assessment instrument administered



9-1 under Section 39.023(a) or (c) in any two of the preceding three  
9-2 years; or

9-3 (2) that was, at any time in the preceding three years,  
9-4 rated academically unacceptable [~~considered low-performing~~] under  
9-5 Section 39.072 [~~39.132~~].

9-6 SECTION 1.19. Subchapter H, Chapter 29, Education Code, is  
9-7 amended by adding Section 29.258 to read as follows:

9-8 Sec. 29.258. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC  
9-9 SKILLS CURRICULUM. (a) In this section, "local workforce  
9-10 development board" means an entity formed under Chapter 2308,  
9-11 Government Code.

9-12 (b) The agency shall develop a demand-driven workplace  
9-13 literacy and basic skills curriculum aimed at assisting local  
9-14 workforce development boards to equip workers and job seekers with  
9-15 the skills necessary to compete for current and emerging jobs in  
9-16 this state.

9-17 (c) In developing the general curriculum required by  
9-18 Subsection (b), the agency shall:

9-19 (1) evaluate existing efforts and potential cost  
9-20 savings resulting from designing specific curricula that address  
9-21 the needs of various industry sectors in the business community;

9-22 (2) contract for field work to solicit the assistance  
9-23 of workers, employers, providers, and local workforce development  
9-24 boards in developing industry sector curricula;

9-25 (3) target up to five industry sectors in the business  
9-26 community that are likely to benefit from the development of  
9-27 specific curricula; and

9-28 (4) pilot test the curricula within the targeted  
9-29 industry sectors and adjust the curricula based on feedback  
9-30 received from workers and employers in those sectors.

9-31 (d) Based on the curriculum developed under this section,  
9-32 the agency shall adopt workforce basic skills credentials to be  
9-33 used to define, measure, and certify the mastery of the basic skills  
9-34 required by the curriculum developed under this section.

9-35 (e) In addition to the curriculum developed under this  
9-36 section, the agency shall develop and implement a plan to encourage  
9-37 participants who successfully complete the curriculum to pursue  
9-38 postsecondary educational opportunities leading to certificates  
9-39 and degrees.

9-40 (f) The Texas Workforce Commission shall provide the agency  
9-41 with the resources, industry-specific information, and expertise  
9-42 needed by the agency in developing and implementing the curriculum  
9-43 under this section.

9-44 (g) This section expires September 1, 2007.

9-45 SECTION 1.20. Section 31.025, Education Code, is amended by  
9-46 adding Subsection (a-1) to read as follows:

9-47 (a-1) The agency shall recommend to the State Board of  
9-48 Education a limit on the cost that may be paid from the state  
9-49 textbook fund for a textbook placed on the nonconforming list that  
9-50 is prorated in relation to the percentage of elements of the  
9-51 essential knowledge and skills of the subject and grade level that  
9-52 are missing from the textbook.

9-53 SECTION 1.21. Subsections (a), (b), and (c), Section  
9-54 31.1011, Education Code, are amended to read as follows:

9-55 (a) The commissioner shall implement a program that allows  
9-56 [to study the use of credits for textbooks. The program shall be  
9-57 designed to allow] a [participating] school district or  
9-58 open-enrollment charter school to receive credit for textbooks  
9-59 purchased at a cost below the cost limit established under Section  
9-60 31.025(a).

9-61 (b) The credit is an amount equal to the difference between  
9-62 the price paid for a textbook and the cost limit established under  
9-63 Section 31.025(a) for that textbook multiplied by the number of  
9-64 copies of that textbook the [participating] school district or  
9-65 open-enrollment charter school purchases.

9-66 (c) Fifty percent of the total textbook credit of a  
9-67 [participating] school district or open-enrollment charter school  
9-68 shall be credited to the state textbook fund, and 50 percent of the  
9-69 credit shall be credited to the [participating] district or school

10-1 to apply toward the requisition of additional textbooks or  
10-2 electronic textbooks on the conforming or nonconforming list.

10-3 SECTION 1.22. Chapter 33, Education Code, is amended by  
10-4 adding Subchapter F to read as follows:

10-5 SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN  
10-6 EXTRACURRICULAR ACTIVITIES

10-7 Sec. 33.201. APPLICABILITY. This subchapter applies to  
10-8 each public school in this state and to any other school in this  
10-9 state subject to University Interscholastic League regulations.

10-10 Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The  
10-11 commissioner by rule shall develop and adopt a safety training  
10-12 program as provided by this section. In developing the program, the  
10-13 commissioner may use materials available from the American Red  
10-14 Cross or another appropriate entity.

10-15 (b) The following persons must satisfactorily complete the  
10-16 safety training program:

10-17 (1) a coach, trainer, or sponsor for an  
10-18 extracurricular athletic activity;

10-19 (2) except as provided by Subsection (f), a physician  
10-20 who is employed by a school or school district or who volunteers to  
10-21 assist with an extracurricular athletic activity; and

10-22 (3) a director responsible for a school marching band.

10-23 (c) The safety training program must include:

10-24 (1) certification of participants by the American Red  
10-25 Cross, the American Heart Association, or a similar organization or  
10-26 the University Interscholastic League, as determined by the  
10-27 commissioner;

10-28 (2) annual training in:  
10-29 (A) emergency action planning;  
10-30 (B) cardiopulmonary resuscitation if the person  
10-31 is not required to obtain certification under Section 33.086;

10-32 (C) communicating effectively with 9-1-1  
10-33 emergency service operators and other emergency personnel; and

10-34 (D) recognizing symptoms of potentially  
10-35 catastrophic injuries, including head and neck injuries,  
10-36 concussions, injuries related to second impact syndrome, asthma  
10-37 attacks, heatstroke, cardiac arrest, and injuries requiring use of  
10-38 a defibrillator; and

10-39 (3) at least once each school year, a safety drill that  
10-40 incorporates the training described by Subdivision (2) and  
10-41 simulates various injuries described by Subdivision (2)(D).

10-42 (d) A student participating in an extracurricular athletic  
10-43 activity must receive training related to:

10-44 (1) recognizing the symptoms of injuries described by  
10-45 Subsection (c)(2)(D); and

10-46 (2) the risks of using supplements designed or  
10-47 marketed to enhance athletic performance.

10-48 (e) The safety training program and the training under  
10-49 Subsection (d) may each be conducted by a school or school district  
10-50 or by an organization described by Subsection (c)(1).

10-51 (f) A physician who is employed by a school or school  
10-52 district or who volunteers to assist with an extracurricular  
10-53 athletic activity is exempt from the requirements of Subsection (b)  
10-54 if the physician attends a continuing medical education course that  
10-55 specifically addresses emergency medicine for athletic team  
10-56 physicians.

10-57 Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC  
10-58 LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an  
10-59 extracurricular athletic activity must complete the University  
10-60 Interscholastic League forms entitled "Preparticipation Physical  
10-61 Evaluation--Medical History" and "Acknowledgment of Rules." Each  
10-62 form must be signed by both the student and the student's parent or  
10-63 guardian.

10-64 (b) Each form described by Subsection (a) must clearly state  
10-65 that failure to accurately and truthfully answer all questions on a  
10-66 form required by statute or by the University Interscholastic  
10-67 League as a condition for participation in an extracurricular  
10-68 athletic activity subjects a signer of the form to penalties  
10-69 determined by the University Interscholastic League.

11-1 (c) The "Preparticipation Physical Evaluation--Medical  
11-2 History" form described by Subsection (a) must contain the  
11-3 following statement:

11-4 "An individual answering in the affirmative to  
11-5 any question relating to a possible cardiovascular  
11-6 health issue, as identified on the form, should be  
11-7 restricted from further participation until the  
11-8 individual is examined by the individual's primary  
11-9 care physician. Ultimately, the individual may need  
11-10 to be evaluated by a cardiologist and/or undergo  
11-11 cardiac testing (including an echocardiogram and/or  
11-12 other heart-related examination) based on the  
11-13 assessment by the primary care physician."

11-14 Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES  
11-15 PROHIBITED. A coach, trainer, or sponsor for an extracurricular  
11-16 athletic activity may not encourage or permit a student  
11-17 participating in the activity to engage in any unreasonably  
11-18 dangerous athletic technique that unnecessarily endangers the  
11-19 health of a student, including using a helmet or any other sports  
11-20 equipment as a weapon.

11-21 Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A  
11-22 coach, trainer, or sponsor for an extracurricular athletic activity  
11-23 shall at each athletic practice or competition ensure that:

11-24 (1) each student participating in the activity is  
11-25 adequately hydrated;

11-26 (2) any prescribed asthma medication for a student  
11-27 participating in the activity is readily available to the student;

11-28 (3) emergency lanes providing access to the practice  
11-29 or competition area are open and clear; and

11-30 (4) heatstroke prevention materials are readily  
11-31 available.

11-32 (b) If a student participating in an extracurricular  
11-33 athletic activity, including a practice or competition, is rendered  
11-34 unconscious during the activity, the student may not:

11-35 (1) return to the practice or competition during which  
11-36 the student was rendered unconscious; or

11-37 (2) continue to participate in any extracurricular  
11-38 athletic activity until the student receives written authorization  
11-39 from a physician.

11-40 Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a  
11-41 school shall make available to the public proof of compliance for  
11-42 each person enrolled in, employed by, or volunteering for the  
11-43 school who is required to receive safety training described by  
11-44 Section 33.202.

11-45 (b) The superintendent of a school district or the director  
11-46 of a school subject to this subchapter shall maintain complete and  
11-47 accurate records of the district's or school's compliance with  
11-48 Section 33.202.

11-49 (c) A school campus that is determined by the school's  
11-50 superintendent or director to not be in compliance with Section  
11-51 33.202, 33.204, or 33.205 shall discontinue all extracurricular  
11-52 athletic activities offered by the school campus, including all  
11-53 practices and competitions, until the superintendent or director  
11-54 determines that the school campus is in compliance.

11-55 Sec. 33.207. CONTACT INFORMATION. (a) The commissioner  
11-56 shall maintain an existing telephone number and an electronic mail  
11-57 address to allow a person to report a violation of this subchapter.

11-58 (b) Each school that offers an extracurricular athletic  
11-59 activity shall prominently display at the administrative offices of  
11-60 the school the telephone number and electronic mail address  
11-61 maintained under Subsection (a).

11-62 Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an  
11-63 extracurricular athletic activity shall provide to each student  
11-64 participating in an extracurricular athletic activity and to the  
11-65 student's parent or guardian a copy of the text of Sections  
11-66 33.201-33.207 and a copy of the University Interscholastic League's  
11-67 parent information manual.

11-68 (b) A document required to be provided under this section  
11-69 may be provided in an electronic format unless otherwise requested

12-1 by a student, parent, or guardian.

12-2 Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The  
 12-3 University Interscholastic League shall incorporate the provisions  
 12-4 of Sections 33.203-33.207 into the league's constitution and  
 12-5 contest rules.

12-6 Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken  
 12-7 under this subchapter is not considered to be a ministerial act for  
 12-8 purposes of Section 22.0511.

12-9 SECTION 1.23. Subchapter D, Chapter 33, Education Code, is  
 12-10 amended by adding Section 33.087 to read as follows:

12-11 Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL  
 12-12 DEFIBRILLATORS. (a) Using existing funds and other resources  
 12-13 available for the purpose, the agency and the University  
 12-14 Interscholastic League shall jointly investigate the availability  
 12-15 of federal, state, local, and private funds for purchasing  
 12-16 automated external defibrillators, as defined by Section 779.001,  
 12-17 Health and Safety Code, for use by University Interscholastic  
 12-18 League member schools, and the possibility of receiving a bulk  
 12-19 discount on such purchases.

12-20 (b) The agency and the University Interscholastic League  
 12-21 shall submit a report describing the findings of the investigation  
 12-22 to the legislature not later than June 1, 2006.

12-23 (c) This section expires July 1, 2006.

12-24 SECTION 1.24. Subchapter B, Chapter 39, Education Code, is  
 12-25 amended by adding Section 39.0232 to read as follows:

12-26 Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT  
 12-27 INSTRUMENTS. The agency shall make every effort to ensure the  
 12-28 appropriate administration of assessment instruments under Section  
 12-29 39.023 and to protect the integrity of the assessment program  
 12-30 established under this subchapter.

12-31 SECTION 1.25. Subsection (a), Section 39.053, Education  
 12-32 Code, is amended to read as follows:

12-33 (a) Each board of trustees shall publish an annual report  
 12-34 describing the educational performance of the district and of each  
 12-35 campus in the district that includes uniform student performance  
 12-36 and descriptive information as determined under rules adopted by  
 12-37 the commissioner. The annual report must also include:

12-38 (1) campus performance objectives established under  
 12-39 Section 11.253 and the progress of each campus toward those  
 12-40 objectives, which shall be available to the public;

12-41 (2) the academic performance rating for the district  
 12-42 and each campus in the district as provided under Section 39.072  
 12-43 [~~39.072(a) and the performance rating of each campus in the~~  
 12-44 ~~district as provided under Section 39.072(c)];~~

12-45 (3) the district's current special education  
 12-46 compliance status with the agency;

12-47 (4) a statement of the number, rate, and type of  
 12-48 violent or criminal incidents that occurred on each district  
 12-49 campus, to the extent permitted under the Family Educational Rights  
 12-50 and Privacy Act of 1974 (20 U.S.C. Section 1232g);

12-51 (5) information concerning school violence prevention  
 12-52 and violence intervention policies and procedures that the district  
 12-53 is using to protect students; ~~and~~

12-54 (6) the findings that result from evaluations  
 12-55 conducted under the Safe and Drug-Free Schools and Communities Act  
 12-56 of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent~~  
 12-57 ~~amendments]; and~~

12-58 (7) information received under Section 51.403(e) for  
 12-59 each high school campus in the district, presented in a form  
 12-60 determined by the commissioner.

12-61 SECTION 1.26. Section 39.055, Education Code, is amended to  
 12-62 read as follows:

12-63 Sec. 39.055. [ANNUAL] AUDIT OF DROPOUT RECORDS; REPORT.  
 12-64 (a) The commissioner shall develop a process for auditing school  
 12-65 district dropout records electronically. The commissioner shall  
 12-66 also develop a system and standards for review of the audit or use  
 12-67 systems already available at the agency. The system must be  
 12-68 designed to identify districts that are at high risk of having  
 12-69 inaccurate dropout records and that, as a result, may be subject to

13-1 a special accreditation investigation under Section 39.075  
 13-2 ~~[require on-site monitoring of dropout records. If the electronic~~  
 13-3 ~~audit of a district's dropout records indicates that a district is~~  
 13-4 ~~not at high risk of having inaccurate dropout records, the district~~  
 13-5 ~~may not be subject to on-site monitoring under this subsection. If~~  
 13-6 ~~the risk-based system indicates that a district is at high risk of~~  
 13-7 ~~having inaccurate dropout records, the district is entitled to an~~  
 13-8 ~~opportunity to respond to the commissioner's determination before~~  
 13-9 ~~on-site monitoring may be conducted. The district must respond not~~  
 13-10 ~~later than the 30th day after the date the commissioner notifies the~~  
 13-11 ~~district of the commissioner's determination. If the district's~~  
 13-12 ~~response does not change the commissioner's determination that the~~  
 13-13 ~~district is at high risk of having inaccurate dropout records or if~~  
 13-14 ~~the district does not respond in a timely manner, the commissioner~~  
 13-15 ~~shall order agency staff to conduct on-site monitoring of the~~  
 13-16 ~~district's dropout records].~~

13-17 (b) ~~[(e)]~~ The commissioner shall notify the superintendent  
 13-18 ~~[board of trustees]~~ of a school district of any objection the  
 13-19 commissioner has to the district's dropout data, any violation of  
 13-20 sound accounting practices or of a law or rule revealed by the data,  
 13-21 or any recommendation by the commissioner concerning the data. If  
 13-22 the data reflect that a penal law has been violated, the  
 13-23 commissioner shall notify the county attorney, district attorney,  
 13-24 or criminal district attorney, as appropriate, and the attorney  
 13-25 general. The commissioner is entitled to access to all district  
 13-26 records the commissioner considers necessary or appropriate for the  
 13-27 review, analysis, or approval of district dropout data.

13-28 SECTION 1.27. Sections 39.071 and 39.072, Education Code,  
 13-29 are amended to read as follows:

13-30 Sec. 39.071. ACCREDITATION. (a) Accreditation of a school  
 13-31 district is determined in accordance with this section  
 13-32 ~~[subchapter].~~

13-33 (b) Each year, the commissioner shall determine the  
 13-34 accreditation status of each school district. In determining  
 13-35 accreditation status, the commissioner:

13-36 (1) shall evaluate and consider the performance of the  
 13-37 district under:

13-38 (A) the academic accountability system under  
 13-39 Section 39.072; and

13-40 (B) the applicable financial accountability  
 13-41 system under Section 12.005 or Subchapter I;

13-42 (2) shall evaluate and consider:

13-43 (A) the results of any special accreditation  
 13-44 investigation under Section 39.075; and

13-45 (B) the district's current special education  
 13-46 monitoring or compliance status with the agency; and

13-47 (3) may consider:

13-48 (A) the district's compliance with statutory  
 13-49 requirements and requirements imposed by rule of the commissioner  
 13-50 or State Board of Education under specific statutory authority that  
 13-51 relate to:

13-52 (i) reporting data through the Public  
 13-53 Education Information Management System (PEIMS) or other reports  
 13-54 required by state or federal law or court order;

13-55 (ii) the high school graduation  
 13-56 requirements under Section 28.025; or

13-57 (iii) an item listed under Sections  
 13-58 7.056(e)(3)(C)-(I) that applies to the district;

13-59 (B) the effectiveness of the district's programs  
 13-60 for special populations; and

13-61 (C) the effectiveness of the district's career  
 13-62 and technology program.

13-63 (c) Based on a school district's performance under  
 13-64 Subsection (b), the commissioner shall:

13-65 (1) assign a district an accreditation status of:

13-66 (A) accredited;

13-67 (B) accredited-warned; or

13-68 (C) accredited-probation; or

13-69 (2) revoke the accreditation of the district and order

14-1 closure of the district under Section 39.1332.

14-2 (d) The commissioner shall notify a school district that  
 14-3 receives an accreditation status of accredited-warned or  
 14-4 accredited-probation that the performance of the district is below  
 14-5 a standard required under this section. The commissioner shall  
 14-6 require the district to notify the parents of students enrolled in  
 14-7 the district and property owners in the district of the district's  
 14-8 accreditation status and the implications of that accreditation  
 14-9 status.

14-10 (e) A school district that is not accredited may not  
 14-11 receive funds from the agency or hold itself out as operating a  
 14-12 public school of this state.

14-13 (f) This chapter may not be construed to invalidate a  
 14-14 diploma awarded, course credit earned, or grade promotion granted  
 14-15 by a school district before the commissioner revoked the district's  
 14-16 accreditation.

14-17 Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [ACCREDITATION  
 14-18 STANDARDS]. (a) The commissioner [State Board of Education] shall  
 14-19 adopt rules for assigning [to evaluate the performance of school  
 14-20 districts and to assign] to each school district and campus a  
 14-21 performance rating as follows:

14-22 (1) exemplary (meets or exceeds state exemplary  
 14-23 standards);

14-24 (2) recognized (meets or exceeds required improvement  
 14-25 or [and] within 10 percent of state exemplary standards);

14-26 (3) academically acceptable (below the exemplary and  
 14-27 recognized standards but exceeds the academically unacceptable  
 14-28 standards); or

14-29 (4) academically unacceptable (below the state  
 14-30 clearly unacceptable performance standard and does not meet  
 14-31 required improvement).

14-32 (b) The academic excellence indicators adopted under  
 14-33 Section 39.051(b) [Sections 39.051(b)(1) through (7) and the  
 14-34 district's current special education compliance status with the  
 14-35 agency] shall be the main considerations of the agency in the rating  
 14-36 of a school [the] district or campus under this section.  
 14-37 [Additional criteria in the rules may include consideration of:

14-38 (1) compliance with statutory requirements and  
 14-39 requirements imposed by rule of the State Board of Education under  
 14-40 specific statutory authority that relate to:

14-41 (A) reporting data through the Public Education  
 14-42 Information Management System (PEIMS);

14-43 (B) the high school graduation requirements  
 14-44 under Section 28.025; or

14-45 (C) an item listed in Sections  
 14-46 7.056(e)(3)(C)-(I) that applies to the district;

14-47 (2) the effectiveness of the district's programs for  
 14-48 special populations; and

14-49 (3) the effectiveness of the district's career and  
 14-50 technology programs.]

14-51 (c) The agency shall evaluate [against state standards] and  
 14-52 [shall], not later than August 15 [1] of each year, report the  
 14-53 performance of each school [campus in a] district and campus [each  
 14-54 open-enrollment charter school on the basis of the campus's  
 14-55 performance on the indicators adopted under Sections 39.051(b)(1)  
 14-56 through (7). Consideration of the effectiveness of district  
 14-57 programs under Subsection (b)(2) or (3) must be based on data  
 14-58 collected through the Public Education Information Management  
 14-59 System for purposes of accountability under this chapter and  
 14-60 include the results of assessments required under Section 39.023].

14-61 (d) The agency shall annually review the performance of each  
 14-62 school district and campus and determine if a change in the academic  
 14-63 performance rating of the district or campus is warranted. The  
 14-64 commissioner may determine how the indicators adopted under Section  
 14-65 39.051(b) may be used to determine academic performance ratings and  
 14-66 to select districts and campuses for acknowledgment.

14-67 (e) Each annual review shall include an analysis of the  
 14-68 indicators under Section 39.051(b) to determine district and campus  
 14-69 performance in relation to:

15-1 (1) state standards established for each indicator;  
 15-2 (2) required improvement as defined under Section  
 15-3 39.051(c); and

15-4 (3) comparable improvement as determined under  
 15-5 Section 39.051(c).

15-6 (f) The academic performance rating of a school district may  
 15-7 be raised or lowered based on the district's performance or may be  
 15-8 lowered based on the unacceptable performance of one or more  
 15-9 campuses in the district. The academic performance rating of a  
 15-10 school district may also be lowered based on a determination that  
 15-11 data provided to the agency by the district that is necessary for  
 15-12 conducting an annual review under this section is unreliable.

15-13 (g) The commissioner shall notify a school district if the  
 15-14 performance of the district or a campus in the district is below a  
 15-15 standard required under this section. The commissioner shall  
 15-16 require the school district to notify the parents of students who  
 15-17 are enrolled in the district and property owners in the district of  
 15-18 the academic performance rating and the implications of that  
 15-19 rating.

15-20 (h) Notwithstanding any other provision of this code, for  
 15-21 purposes of determining the performance of a school district or  
 15-22 open-enrollment charter school under this chapter, including the  
 15-23 academic performance rating [~~accreditation status~~] of the district  
 15-24 or school, a student attending a campus that is a [~~confined by court~~  
 15-25 ~~order in a residential program or~~] facility operated by or under  
 15-26 contract with the Texas Youth Commission, a pre-adjudication secure  
 15-27 detention facility or a post-adjudication secure correctional  
 15-28 facility that is registered with the Texas Juvenile Probation  
 15-29 Commission, or a residential facility is not considered to be a  
 15-30 student of the school district or open-enrollment charter school  
 15-31 serving the student [~~in which the program or facility is physically~~  
 15-32 ~~located~~]. The performance of a student who attends such a campus  
 15-33 [~~student~~] on an assessment instrument or other academic excellence  
 15-34 indicator adopted under Section 39.051 shall be determined and [7]  
 15-35 reported, but may not be used to determine the rating of the school  
 15-36 district or open-enrollment charter school unless the campus is the  
 15-37 only campus operated by the district or school [~~and considered~~  
 15-38 ~~separately from the performance of students attending a school of~~  
 15-39 ~~the district in which the program or facility is physically~~  
 15-40 ~~located~~].

15-41 SECTION 1.28. Subsection (a), Section 39.075, Education  
 15-42 Code, is amended to read as follows:

15-43 (a) The commissioner may [~~shall~~] authorize special  
 15-44 accreditation investigations to be conducted:

15-45 (1) when excessive numbers of absences of students  
 15-46 eligible to be tested on state assessment instruments are  
 15-47 determined;

15-48 (2) when excessive numbers of allowable exemptions  
 15-49 from the required state assessment instrument are determined;

15-50 (3) in response to complaints submitted to the agency  
 15-51 with respect to alleged violations of civil rights or other  
 15-52 requirements imposed on the state by federal law or court order;

15-53 (4) in response to established monitoring or  
 15-54 compliance reviews of the district's financial accounting  
 15-55 practices and state and federal program requirements;

15-56 (5) when extraordinary numbers of student placements  
 15-57 in alternative education programs, other than placements under  
 15-58 Sections 37.006 and 37.007, are determined;

15-59 (6) in response to an allegation involving a conflict  
 15-60 between members of the board of trustees or between the board and  
 15-61 the district administration if it appears that the conflict  
 15-62 involves a violation of a role or duty of the board members or the  
 15-63 administration clearly defined by this code;

15-64 (7) when excessive numbers of students in special  
 15-65 education programs under Subchapter A, Chapter 29, are assessed  
 15-66 through assessment instruments developed or adopted under Section  
 15-67 39.023(b); [~~or~~]

15-68 (8) in response to questions concerning a program,  
 15-69 including special education, required by federal law or for which

16-1 the district receives federal funds;

16-2 (9) when an annual review indicates the academically  
 16-3 unacceptable performance under Section 39.072 of one or more  
 16-4 campuses in a district, except that the resulting investigation is  
 16-5 limited to those campuses;

16-6 (10) in response to concerns regarding the integrity  
 16-7 of data submitted to the agency;

16-8 (11) in response to allegations of a violation of  
 16-9 student assessment procedures for assessment instruments adopted  
 16-10 under Section 39.023; or

16-11 (12) as the commissioner otherwise determines  
 16-12 necessary.

16-13 SECTION 1.29. Subsection (c), Section 39.075, Education  
 16-14 Code, as amended by Chapters 396 and 931, Acts of the 76th  
 16-15 Legislature, Regular Session, 1999, is reenacted and amended to  
 16-16 read as follows:

16-17 (c) Based on the results of a special accreditation  
 16-18 investigation, the commissioner may:

16-19 (1) take appropriate action under Subchapter G;

16-20 (2) raise or lower the district's accreditation status  
 16-21 [rating]; or

16-22 (3) take action under both Subdivisions (1) and (2).

16-23 SECTION 1.30. Section 39.076, Education Code, is amended by  
 16-24 amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3),  
 16-25 and (c) to read as follows:

16-26 (a) The agency shall adopt written procedures for  
 16-27 conducting ~~[on-site]~~ investigations under this subchapter. The  
 16-28 agency shall make the procedures available to the complainant, the  
 16-29 alleged violator, and the public. Agency staff must be trained in  
 16-30 the procedures and must follow the procedures in conducting the  
 16-31 investigation.

16-32 (a-1) An investigation conducted under this subchapter may  
 16-33 be an on-site, desk, or data-based investigation as determined by  
 16-34 the commissioner.

16-35 (a-2) If conducting an on-site investigation, the  
 16-36 investigators may obtain information from administrators,  
 16-37 teachers, or parents of students enrolled in the school district.  
 16-38 The commissioner shall adopt rules for:

16-39 (1) obtaining information from parents and using that  
 16-40 information in the investigator's report; and

16-41 (2) obtaining information from teachers in a manner  
 16-42 that prevents a campus or district from screening the information.

16-43 (a-3) The agency may give written notice of any impending  
 16-44 on-site investigation to the superintendent and the board of  
 16-45 trustees of a school district.

16-46 (c) The investigators conducting an on-site investigation  
 16-47 shall report the results of the investigation orally and in writing  
 16-48 to the board of trustees of the district and, as appropriate, to  
 16-49 campus administrators, and shall make recommendations concerning  
 16-50 any necessary improvements or sources of aid, such as regional  
 16-51 education service centers.

16-52 SECTION 1.31. Subchapter D, Chapter 39, Education Code, is  
 16-53 amended by adding Sections 39.077 and 39.078 to read as follows:

16-54 Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A  
 16-55 school district, open-enrollment charter school, or other person  
 16-56 that wishes to challenge a decision to assign or lower an  
 16-57 accreditation status, an academic performance rating, or a  
 16-58 financial accountability rating must petition for an informal  
 16-59 review as provided by Section 7.0571.

16-60 (b) A final decision by the commissioner to assign or lower  
 16-61 an accreditation status, an academic performance rating, or a  
 16-62 financial accountability rating following a review under Section  
 16-63 7.0571 is final and may not be appealed.

16-64 Sec. 39.078. RULES. The commissioner may adopt rules as  
 16-65 necessary to administer this subchapter.

16-66 SECTION 1.32. Sections 39.131, 39.132, and 39.133,  
 16-67 Education Code, are amended to read as follows:

16-68 Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school  
 16-69 district does not satisfy the accreditation criteria under Section



17-1 39.071, the academic performance standards under Section 39.072, or  
 17-2 any financial accountability standard as determined by  
 17-3 commissioner rule, the commissioner shall take any of the following  
 17-4 actions[~~, listed in order of severity,~~] to the extent the  
 17-5 commissioner determines necessary:

17-6 (1) issue public notice of the deficiency to the board  
 17-7 of trustees;

17-8 (2) order a hearing conducted by the board of trustees  
 17-9 of the district for the purpose of notifying the public of the  
 17-10 unacceptable performance, the improvements in performance expected  
 17-11 by the agency, and the sanctions that may be imposed under this  
 17-12 section if the performance does not improve;

17-13 (3) order the preparation of a student achievement  
 17-14 improvement plan that addresses each academic excellence indicator  
 17-15 for which the district's performance is unacceptable, the  
 17-16 submission of the plan to the commissioner for approval, and  
 17-17 implementation of the plan;

17-18 (4) order a hearing to be held before the commissioner  
 17-19 or the commissioner's designee at which the president of the board  
 17-20 of trustees of the district and the superintendent shall appear and  
 17-21 explain the district's low performance, lack of improvement, and  
 17-22 plans for improvement;

17-23 (5) arrange an on-site investigation of the district;

17-24 (6) appoint an agency monitor to participate in and  
 17-25 report to the agency on the activities of the board of trustees or  
 17-26 the superintendent;

17-27 (7) appoint a conservator to oversee the operations of  
 17-28 the district;

17-29 (8) appoint a management team to direct the operations  
 17-30 of the district in areas of unacceptable performance or require the  
 17-31 district to obtain certain services under a contract with another  
 17-32 person;

17-33 (9) if a district has a current accreditation status  
 17-34 of accredited-warned or accredited-probation, is ~~been~~ rated ~~as~~  
 17-35 academically unacceptable, or fails to satisfy financial  
 17-36 accountability standards as determined by commissioner rule ~~[for a~~  
 17-37 ~~period of one year or more]~~, appoint a board of managers to exercise  
 17-38 the powers and duties of the board of trustees;

17-39 (10) if for two consecutive school years, including  
 17-40 the current school year, a district has received an accreditation  
 17-41 status of accredited-warned or accredited-probation, has been  
 17-42 rated academically unacceptable, or has failed to satisfy financial  
 17-43 accountability standards as determined by commissioner rule,  
 17-44 revoke the district's accreditation and ~~been rated as academically~~  
 17-45 ~~unacceptable for a period of two years or more]~~:

17-46 (A) order closure of the district and annex the  
 17-47 district to one or more adjoining districts under Section 13.054;  
 17-48 or

17-49 (B) in the case of a home-rule school district or  
 17-50 open-enrollment charter school, order closure of all programs  
 17-51 operated under the district's or school's charter; or

17-52 (11) if a district has been rated ~~as~~ academically  
 17-53 unacceptable for ~~[a period of]~~ two consecutive school years,  
 17-54 including the current school year, ~~[or more]~~ due to the district's  
 17-55 dropout rates, impose sanctions designed to improve high school  
 17-56 completion rates, including:

17-57 (A) ordering the development of a dropout  
 17-58 prevention plan for approval by the commissioner;

17-59 (B) restructuring the district or appropriate  
 17-60 school campuses to improve identification of and service to  
 17-61 students who are at risk of dropping out of school, as defined by  
 17-62 Section 29.081;

17-63 (C) ordering lower student-to-counselor ratios  
 17-64 on school campuses with high dropout rates; and

17-65 (D) ordering the use of any other intervention  
 17-66 strategy effective in reducing dropout rates, including mentor  
 17-67 programs and flexible class scheduling.

17-68 (b) This subsection applies regardless of whether a  
 17-69 district has satisfied the accreditation criteria. If for two

18-1 consecutive school years, including the current school year, [~~a~~  
 18-2 ~~period of one year or more~~] a district has had a conservator or  
 18-3 management team assigned, the commissioner may appoint a board of  
 18-4 managers, a majority of whom must be residents of the district, to  
 18-5 exercise the powers and duties of the board of trustees.

18-6 Sec. 39.132. SANCTIONS FOR CAMPUSES. (a) If a campus  
 18-7 receives an academic performance rating of academically  
 18-8 unacceptable under Section 39.072 [~~is below any standard under~~  
 18-9 ~~Section 39.073(b)~~], the [~~campus is considered a low-performing~~  
 18-10 ~~campus. The~~] commissioner may permit the campus to participate in  
 18-11 an innovative redesign of the campus to improve campus performance  
 18-12 or may take any of the other following actions[, ~~listed in order of~~  
 18-13 ~~severity~~], to the extent the commissioner determines necessary:

18-14 (1) issue public notice of the deficiency to the board  
 18-15 of trustees;

18-16 (2) order a hearing conducted by the board of trustees  
 18-17 at the campus for the purpose of:

18-18 (A) notifying the public of the unacceptable  
 18-19 performance, the improvements in performance expected by the  
 18-20 agency, and the sanctions that may be imposed under this section if  
 18-21 the performance does not improve within a designated period of  
 18-22 time; and

18-23 (B) soliciting public comment on the initial  
 18-24 steps being taken to improve performance;

18-25 (3) order the preparation of a report regarding the  
 18-26 parental involvement program at the campus and a plan describing  
 18-27 strategies for improving parental involvement at the campus;

18-28 (4) order the preparation of a report regarding the  
 18-29 effectiveness of the district- and campus-level planning and  
 18-30 decision-making committees established under Subchapter F, Chapter  
 18-31 11, and a plan describing strategies for improving the  
 18-32 effectiveness of those committees;

18-33 (5) order the preparation of a student achievement  
 18-34 improvement plan that addresses each academic excellence indicator  
 18-35 for which the campus's performance is unacceptable, the submission  
 18-36 of the plan to the commissioner for approval, and implementation of  
 18-37 the plan;

18-38 (6) order a hearing to be held before the commissioner  
 18-39 or the commissioner's designee at which the president of the board  
 18-40 of trustees, the superintendent, and the campus principal shall  
 18-41 appear and explain the campus's low performance, lack of  
 18-42 improvement, and plans for improvement;

18-43 (7) appoint a special campus intervention team to:  
 18-44 (A) conduct a comprehensive on-site evaluation  
 18-45 of the campus to determine the cause for the campus's low  
 18-46 performance and lack of progress;

18-47 (B) recommend actions, including reallocation of  
 18-48 resources and technical assistance, changes in school procedures or  
 18-49 operations, staff development for instructional and administrative  
 18-50 staff, intervention for individual administrators or teachers,  
 18-51 waivers from state statute or rule, or other actions the team  
 18-52 considers appropriate;

18-53 (C) assist in the development of a campus plan  
 18-54 for student achievement; and

18-55 (D) assist the commissioner in monitoring the  
 18-56 progress of the campus in implementing the campus plan for  
 18-57 improvement of student achievement; [~~or~~]

18-58 (8) appoint an agency monitor to participate in and  
 18-59 report to the agency on activities relating to operation of the  
 18-60 campus; or

18-61 (9) if a campus is currently rated academically  
 18-62 unacceptable [~~has been a low-performing campus for a period of one~~  
 18-63 ~~year or more~~], appoint a board of managers composed of residents of  
 18-64 the district to exercise the powers and duties of the board of  
 18-65 trustees of the district in relation to the campus.

18-66 (b) If a campus has been rated academically unacceptable [~~a~~  
 18-67 ~~low-performing campus~~] for [~~a period of~~] two or more consecutive  
 18-68 school years, including the current school year [~~or more~~], the  
 18-69 commissioner shall order the closure of the district or charter

19-1 program on the campus or reconstitute the campus. In  
 19-2 reconstituting the campus, a special campus intervention team shall  
 19-3 be assembled for the purpose of deciding which educators may be  
 19-4 retained at that campus. If an educator is not retained, the  
 19-5 educator may be assigned to another position in the district.

19-6 Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall  
 19-7 review annually the performance of a district or campus subject to a  
 19-8 sanction under this subchapter to determine the appropriate actions  
 19-9 to be implemented under this subchapter. The determination shall  
 19-10 take into account the number, severity, and duration of the  
 19-11 problems identified [The commissioner must review at least annually  
 19-12 the performance of a district for which the accreditation rating  
 19-13 has been lowered due to unacceptable student performance and may  
 19-14 not raise the rating until the district has demonstrated improved  
 19-15 student performance]. If the review reveals a lack of improvement,  
 19-16 the commissioner shall increase the level of state intervention and  
 19-17 sanction unless the commissioner finds good cause for maintaining  
 19-18 the current status.

19-19 (b) The commissioner shall review at least annually the  
 19-20 performance of a school district for which the academic performance  
 19-21 rating has been lowered due to unacceptable student performance and  
 19-22 may not raise the rating until the district has demonstrated  
 19-23 improved student performance.

19-24 SECTION 1.33. Subchapter G, Chapter 39, Education Code, is  
 19-25 amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as  
 19-26 follows:

19-27 Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In  
 19-28 addition to other sanctions authorized under Sections 39.131 and  
 19-29 39.132, the commissioner may order a school district or campus to  
 19-30 acquire professional services at the expense of the district or  
 19-31 campus to address the applicable financial, assessment, data  
 19-32 quality, program, or governance deficiency. The commissioner's  
 19-33 order may require the district or campus to:

19-34 (1) select an external auditor, data quality expert,  
 19-35 professional authorized to monitor district assessment instrument  
 19-36 administration, or curriculum or program expert; or

19-37 (2) provide for the appropriate training of district  
 19-38 staff or board of trustees members in the case of a district, or  
 19-39 campus staff, in the case of a campus.

19-40 Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS.  
 19-41 (a) The commissioner may revoke the accreditation of a school  
 19-42 district and order the closure of the district or a campus, as  
 19-43 appropriate, under the following circumstances:

19-44 (1) the commissioner is authorized to close the  
 19-45 district or campus under Section 39.131(a)(10) or 39.132(b);

19-46 (2) the commissioner determines that the district is  
 19-47 insolvent and unable to complete the school year; or

19-48 (3) the commissioner determines that the district has  
 19-49 ceased operations for 11 or more instructional days during the  
 19-50 current or most recent scheduled school year without the  
 19-51 commissioner's authorization.

19-52 (b) The commissioner shall issue an order of closure under  
 19-53 this section that includes provisions necessary for the  
 19-54 continuation of the education of students enrolled in the district  
 19-55 or campus, including annexation to one or more adjoining districts  
 19-56 as provided by Section 13.054. An order of closure may:

19-57 (1) establish an effective date for accreditation  
 19-58 revocation and closure that is not later than the first anniversary  
 19-59 of the date of the order;

19-60 (2) provide for an interim board of managers to  
 19-61 exercise the duties of the board of trustees of the district as  
 19-62 designated by the commissioner;

19-63 (3) require enrollment or student services to be  
 19-64 provided by another district as necessary to allow students  
 19-65 enrolled in the closed district to complete a school year, and make  
 19-66 adjustments in the state and federal funding to which the district  
 19-67 would otherwise be entitled as determined by the commissioner; and

19-68 (4) require the preservation, transfer, or surrender  
 19-69 of all student records and other records required for an audit of

20-1 any state and federal funding provided to the district.

20-2 (c) A person who intentionally destroys, conceals, or  
 20-3 tampers with a record that is required to be preserved,  
 20-4 transferred, or surrendered under Subsection (b)(4) commits an  
 20-5 offense punishable under Section 37.10(c)(2), Penal Code.

20-6 (d) A board of managers exercising authority under  
 20-7 Subsection (b)(2) may exercise the authority of the board of  
 20-8 trustees with regard to financial management of the district and  
 20-9 personnel actions. The board of managers is not required to be  
 20-10 composed of residents of the district.

20-11 (e) An open-enrollment charter school ordered closed under  
 20-12 this section is not entitled to a separate hearing concerning the  
 20-13 revocation or nonrenewal of the charter under Section 12.116.

20-14 Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A  
 20-15 school district, open-enrollment charter school, or other person  
 20-16 that wishes to challenge a decision to impose a sanction under this  
 20-17 subchapter, including a decision to close a district, school, or  
 20-18 campus under Section 39.1332, must petition for an informal review  
 20-19 as provided by Section 7.0571.

20-20 (b) A final decision by the commissioner to impose a  
 20-21 sanction under this subchapter, including a decision to close a  
 20-22 school district or a campus under Section 39.1332, following a  
 20-23 review under Section 7.0571 is final and may not be appealed.

20-24 (c) A school district may not collaterally contest an  
 20-25 academic performance rating or other accreditation standard as part  
 20-26 of the review of a sanction under this subchapter if a review  
 20-27 opportunity has already been provided for the academic performance  
 20-28 rating.

20-29 SECTION 1.34. Section 39.134, Education Code, is amended to  
 20-30 read as follows:

20-31 Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing  
 20-32 a monitor, conservator, management team, ~~or~~ special campus  
 20-33 intervention team, or service provider under Section 39.1331 shall  
 20-34 be paid by the district. If the district fails or refuses to pay the  
 20-35 costs in a timely manner, the commissioner may:

20-36 (1) pay the costs using amounts withheld from any  
 20-37 funds to which the district is otherwise entitled; or

20-38 (2) recover the amount of the costs in the manner  
 20-39 provided for recovery of an overallocation of state funds under  
 20-40 Section 42.258.

20-41 SECTION 1.35. Section 39.182, Education Code, is amended by  
 20-42 adding Subsections (b-1), (b-2), and (b-3) to read as follows:

20-43 (b-1) The report must include a summary of:

20-44 (1) investigations authorized by the agency into  
 20-45 inappropriate administrations of assessment instruments under  
 20-46 Section 39.023; and

20-47 (2) the efforts the agency has made under Section  
 20-48 39.0232 to ensure the appropriate administration of assessment  
 20-49 instruments and to protect the integrity of the assessment program  
 20-50 established under Subchapter B.

20-51 (b-2) The report must include an assessment of the impact of  
 20-52 the performance-based grant system developed under Subchapter E,  
 20-53 Chapter 7, on student academic performance, including:

20-54 (1) an analysis of performance and spending  
 20-55 information relating to grants administered by the agency; and

20-56 (2) recommendations on any statutory changes needed  
 20-57 for the agency to more effectively administer grant programs,  
 20-58 including recommendations on whether to eliminate or modify  
 20-59 inefficient grant programs, expand effective grant programs, or  
 20-60 consolidate similar grant programs to maximize the effectiveness  
 20-61 and efficiencies of those programs.

20-62 (b-3) Subsection (b-2) applies beginning January 1, 2009.  
 20-63 This subsection expires February 1, 2009.

20-64 SECTION 1.36. Subchapter C, Chapter 45, Education Code, is  
 20-65 amended by adding Section 45.0561 to read as follows:

20-66 Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In  
 20-67 determining which bonds to approve for guarantee under this  
 20-68 subchapter, the commissioner shall give priority to a school  
 20-69 district that has had bonds refunded and defeased under Subchapter

21-1 D, Chapter 46.

21-2 (b) The commissioner may adopt rules to administer this  
21-3 section.

21-4 SECTION 1.37. Chapter 46, Education Code, is amended by  
21-5 adding Subchapter D to read as follows:

21-6 SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

21-7 Sec. 46.091. DEFINITIONS. In this subchapter:

21-8 (1) "Allocated revenue" means that portion of state  
21-9 assistance under Subchapter A or B equal to the scheduled debt  
21-10 service payments in effect immediately before the refunding on  
21-11 eligible bonds being refunded under this subchapter.

21-12 (2) "Authority" means the Texas Public Finance  
21-13 Authority.

21-14 (3) "Authority obligation" means any type of revenue  
21-15 obligation, including a bond, note, certificate, or other  
21-16 instrument issued under this subchapter. The term includes an  
21-17 obligation issued to refund an obligation issued under this  
21-18 subchapter.

21-19 (4) "Credit agreement" has the meaning assigned by  
21-20 Section 1371.001, Government Code.

21-21 (5) "Obligation administrative expenses" means  
21-22 expenses incurred in administering authority obligations,  
21-23 including fees for:

21-24 (A) paying agents, trustees, and attorneys;  
21-25 (B) other professional services necessary to  
21-26 ensure compliance with applicable state or federal law; and

21-27 (C) for a school district with eligible bonds  
21-28 refunded under this subchapter, professional expenses in an amount  
21-29 approved by the commissioner.

21-30 Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If  
21-31 the commissioner determines it is feasible to refund eligible  
21-32 school district bonds as provided by this subchapter, the  
21-33 commissioner may request that the authority issue authority  
21-34 obligations necessary to accomplish the refunding. On request of  
21-35 the commissioner, the authority shall issue authority obligations,  
21-36 in accordance with Title 9, Government Code, in an amount  
21-37 sufficient to:

21-38 (1) refund eligible bonds;  
21-39 (2) pay all obligation administrative expenses;  
21-40 (3) pay the costs of issuing the authority  
21-41 obligations;

21-42 (4) pay the costs of any credit agreement; and  
21-43 (5) provide any reserve funds.

21-44 (b) Authority obligations and any related credit agreements  
21-45 must be secured by allocated revenue.

21-46 (c) The commissioner's request for the issuance of  
21-47 authority obligations must state:

21-48 (1) the maximum principal amount of bonds to be  
21-49 refunded under this subchapter;

21-50 (2) the maximum term of bonds to be refunded; and

21-51 (3) the amount of state assistance under Subchapter A  
21-52 or B to support the payment of the bonds to be refunded.

21-53 (d) To best achieve the economic goals of this subchapter  
21-54 and accomplish the borrowing at the lowest practicable cost, the  
21-55 authority may determine:

21-56 (1) the method of sale of authority obligations;

21-57 (2) the type and form of obligation;

21-58 (3) the maximum interest rates and other terms of  
21-59 authority obligations; and

21-60 (4) the need for related credit agreements.

21-61 (e) The authority shall certify to the commissioner that  
21-62 each series of authority obligations issued under this subchapter  
21-63 will result in an aggregate present value savings.

21-64 (f) Section 46.007 does not apply to the issuance of  
21-65 authority obligations under this subchapter.

21-66 Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School  
21-67 district bonds are eligible for refunding under this subchapter if:

21-68 (1) the district receives state assistance for payment  
21-69 of the bonds under Subchapter A or B; and

22-1 (2) the principal and interest of the bonds are  
 22-2 guaranteed by the permanent school fund under Subchapter C, Chapter  
 22-3 45.

22-4 Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO  
 22-5 SCHOOL DISTRICTS. (a) If the commissioner determines it is  
 22-6 feasible to refund eligible school district bonds as provided by  
 22-7 this subchapter, the commissioner shall periodically identify  
 22-8 which outstanding school bonds are eligible for refunding under  
 22-9 this subchapter. The commissioner shall notify the school  
 22-10 districts issuing the bonds that:

22-11 (1) the bonds are subject to being refunded and  
 22-12 defeased through the issuance of authority obligations; and

22-13 (2) a school district whose bonds are refunded under  
 22-14 this subchapter is entitled to priority in the allocation of  
 22-15 resulting increases in the capacity of the permanent school fund to  
 22-16 guarantee school district bonds under Subchapter C, Chapter 45, as  
 22-17 provided by Section 45.0561.

22-18 (b) Not later than the 45th day after the date the  
 22-19 commissioner notifies a school district under Subsection (a), the  
 22-20 district may direct the commissioner to remove any of the  
 22-21 district's eligible bonds from consideration for refunding under  
 22-22 this subchapter. If the district does not direct the commissioner  
 22-23 to remove the district's bonds from consideration for refunding  
 22-24 within the time prescribed by this subsection, the district is  
 22-25 deemed to have consented to having the bonds refunded.

22-26 (c) Notice under Subsection (a) must:

22-27 (1) identify the bonds the commissioner proposes to  
 22-28 refund under this subchapter;

22-29 (2) state that the school district may direct the  
 22-30 commissioner to remove any of the district's bonds from  
 22-31 consideration for refunding;

22-32 (3) state the date by which the district must direct  
 22-33 the commissioner to remove the district's bonds from consideration  
 22-34 for refunding;

22-35 (4) state that the district's failure to timely direct  
 22-36 the commissioner to remove the district's bonds from consideration  
 22-37 for refunding is deemed to be consent to having the bonds refunded;  
 22-38 and

22-39 (5) advise the district of:

22-40 (A) the effect of consenting, or being deemed to  
 22-41 have consented, to having the bonds considered for refunding; and

22-42 (B) the effect of directing the commissioner to  
 22-43 remove the bonds from consideration for refunding.

22-44 Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY.

22-45 (a) To permit the authority to pledge allocated revenue to the  
 22-46 payment of authority obligations, the commissioner shall enter into  
 22-47 an agreement with the authority under which:

22-48 (1) the commissioner, acting on behalf of each school  
 22-49 district whose bonds are being refunded under this subchapter, may  
 22-50 pledge the allocated revenue to secure the payment of the principal  
 22-51 of and interest and premium on authority obligations; and

22-52 (2) each school year, the commissioner shall allocate  
 22-53 and distribute to the authority allocated revenue equal to the  
 22-54 scheduled debt service payments for that year on the bonds being  
 22-55 refunded.

22-56 (b) An agreement under this section must state that the  
 22-57 funding for allocated revenue is subject to legislative  
 22-58 appropriation. A distribution to the authority under the agreement  
 22-59 is considered to be a distribution for purposes of Section 46.009.  
 22-60 If the commissioner determines that the amount appropriated for any  
 22-61 year for allocated revenue is insufficient, the commissioner may  
 22-62 act under Section 46.009(b) to ensure the sufficiency of allocated  
 22-63 revenue.

22-64 Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS.

22-65 (a) The authority shall use the proceeds of authority obligations,  
 22-66 less the cost of issuing those obligations, to refund and defease  
 22-67 eligible bonds as requested by the commissioner. To accomplish the  
 22-68 refunding and defeasance:

22-69 (1) the commissioner, on behalf of the school

23-1 districts issuing the bonds, may:

23-2 (A) exercise any reserved right of optional  
 23-3 redemption; and

23-4 (B) issue any required notice of redemption and  
 23-5 defeasance; and

23-6 (2) the authority, on behalf of the districts issuing  
 23-7 the bonds, may enter into escrow agreements and purchase escrow  
 23-8 securities as provided by Chapter 1207, Government Code, with the  
 23-9 same effect under that chapter as if the authority were the issuer  
 23-10 of the bonds being refunded and defeased.

23-11 (b) The authority shall provide to a school district whose  
 23-12 bonds are refunded under this subchapter appropriate documentation  
 23-13 showing that the bonds have been refunded and defeased.

23-14 Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE  
 23-15 EXPENSES. After paying the current debt service on authority  
 23-16 obligations, the authority may use allocated revenue to pay  
 23-17 obligation administrative expenses.

23-18 Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF  
 23-19 DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the  
 23-20 commissioner allocates and distributes to the authority allocated  
 23-21 revenue for a school district's bonds refunded under this  
 23-22 subchapter in an amount in excess of the state assistance to which  
 23-23 the district is entitled in connection with all of the district's  
 23-24 bonds, the district shall reimburse the commissioner in the amount  
 23-25 of the excess.

23-26 (b) If a school district elects not to reimburse the  
 23-27 commissioner in the amount of excess state assistance as required  
 23-28 under Subsection (a), the commissioner shall direct the comptroller  
 23-29 to withhold the amount of the excess from the succeeding payment of  
 23-30 state assistance payable to the school district and credit the  
 23-31 amount to the account or accounts from which the excess payment was  
 23-32 made.

23-33 (c) A school may reimburse the commissioner under this  
 23-34 section from any lawfully available source.

23-35 (d) A reimbursement by a school district under this section  
 23-36 is considered to be debt service attributable to the debt  
 23-37 originally created by the school district's bonds that were  
 23-38 refunded by the authority obligations.

23-39 (e) On a pledge of allocated revenue to the authority  
 23-40 obligations issued for the purpose of refunding school district  
 23-41 bonds, the commissioner is subrogated to the rights of the holders  
 23-42 of the refunded bonds as to entitlement to payment by each district  
 23-43 that issued refunded bonds, notwithstanding the defeasance of the  
 23-44 refunded bonds.

23-45 Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The  
 23-46 authority may issue authority obligations to refund any previously  
 23-47 issued authority obligations if the authority by resolution  
 23-48 determines that the issuance of refunding obligations will result  
 23-49 in the lowest practicable borrowing cost to the state and school  
 23-50 districts with outstanding eligible bonds.

23-51 Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S  
 23-52 CREDIT. (a) Authority obligations and any related credit  
 23-53 agreements are not:

23-54 (1) a debt of the state, a state agency, or a political  
 23-55 subdivision of the state; or

23-56 (2) a pledge of the faith and credit or taxing power of  
 23-57 the state, a state agency, or a political subdivision of the state.

23-58 (b) Authority obligations and any related credit agreements  
 23-59 are payable solely from allocated revenue pledged to the payment of  
 23-60 those obligations.

23-61 (c) Subject to the limitations of Subsection (a), as long as  
 23-62 authority obligations are outstanding, the state may not:

23-63 (1) take any action to limit or restrict the  
 23-64 authority's responsibility to pay the authority obligations; or

23-65 (2) in any way impair the rights and remedies of the  
 23-66 owners of authority obligations.

23-67 (d) The reallocation of allocated revenue to secure  
 23-68 authority obligations to refund school district bonds is:

23-69 (1) consistent with the original authorization,

24-1 allocation, and application of state assistance under Subchapter A  
 24-2 or B;

24-3 (2) in furtherance of any covenants, agreements, or  
 24-4 undertakings by school districts or the commissioner to cause  
 24-5 allocated revenue to be credited to debt service funds for school  
 24-6 district bonds; and

24-7 (3) consistent with all statutory and regulatory  
 24-8 dedications and restrictions on the allocated revenue.

24-9 SECTION 1.38. Subsection (c), Section 2175.304, Government  
 24-10 Code, is amended to read as follows:

24-11 (c) The procedures established under Subsection (b) must  
 24-12 give preference to transferring the property directly to a public  
 24-13 school or school district or to an assistance organization  
 24-14 designated by the school district before disposing of the property  
 24-15 in another manner. If more than one public school or school  
 24-16 district or assistance organization seeks to acquire the same  
 24-17 property on substantially the same terms, the system, institution,  
 24-18 or agency shall give preference to a public school that is rated  
 24-19 academically unacceptable under Section 39.072, Education Code,  
 24-20 [considered low-performing by the commissioner of education] or to  
 24-21 a school district that has a taxable wealth per student that  
 24-22 entitles the district to an allotment of state funds under  
 24-23 Subchapter F, Chapter 42, Education Code, or to the assistance  
 24-24 organization designated by such a school district.

24-25 SECTION 1.39. Subsection (c), Section 302.006, Labor Code,  
 24-26 is amended to read as follows:

24-27 (c) To be eligible to receive a scholarship awarded under  
 24-28 this section, a person must:

24-29 (1) be employed in a child-care facility, as defined  
 24-30 by Section 42.002, Human Resources Code;

24-31 (2) intend to obtain a credential, certificate, or  
 24-32 degree specified in Subsection (b);

24-33 (3) agree to work for at least 18 additional months in  
 24-34 a child-care facility, as defined by Section 42.002, Human  
 24-35 Resources Code, that accepts federal Child Care Development Fund  
 24-36 subsidies and that, at the time the person begins to fulfill the  
 24-37 work requirement imposed by this subdivision, is located:

24-38 (A) within the attendance zone of a public school  
 24-39 campus that is rated academically unacceptable [~~considered~~  
 24-40 ~~low-performing~~] under Section 39.072 [~~39.132~~], Education Code; or

24-41 (B) in an economically disadvantaged community,  
 24-42 as determined by the commission; and

24-43 (4) satisfy any other requirements adopted by the  
 24-44 commission.

24-45 SECTION 1.40. Section 8.010, Subsections (d) and (e),  
 24-46 Section 31.1011, Subsection (d), Section 39.051, and Sections  
 24-47 39.073 and 39.074, Education Code, are repealed.

24-48 SECTION 1.41. Not later than September 1, 2007, the Texas  
 24-49 Education Agency shall complete the requirements under Section  
 24-50 29.258, Education Code, as added by this Act.

24-51 SECTION 1.42. (a) Except as otherwise provided by this  
 24-52 section, this article applies beginning with the 2005-2006 school  
 24-53 year.

24-54 (b) Subchapter F, Chapter 33, Education Code, as added by  
 24-55 this article, applies beginning with the 2006-2007 school year.

24-56 ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

24-57 SECTION 2.01. Section 1001.001, Education Code, is amended  
 24-58 by amending Subdivisions (2) through (5) and adding Subdivision  
 24-59 (13-a) to read as follows:

24-60 (2) "Approved driving safety course" means a driving  
 24-61 safety course approved by the department [~~commissioner~~].

24-62 (3) "Commission" [~~"Commissioner"~~] means the Texas  
 24-63 Commission of Licensing and Regulation [~~commissioner of~~  
 24-64 ~~education~~].

24-65 (4) "Course provider" means an enterprise that:

24-66 (A) maintains a place of business or solicits  
 24-67 business in this state;

24-68 (B) is operated by an individual, association,  
 24-69 partnership, or corporation; and



25-1 (C) has received an approval for a driving safety  
 25-2 course from the department [~~commissioner~~] or has been designated by  
 25-3 a person who has received that approval to conduct business and  
 25-4 represent the person in this state.

25-5 (5) "Department" means the Texas Department of  
 25-6 Licensing and Regulation [~~Public Safety~~].

25-7 (13-a) "Executive director" means the executive  
 25-8 director of the department.

25-9 SECTION 2.02. Subsection (c), Section 1001.002, Education  
 25-10 Code, is amended to read as follows:

25-11 (c) A driver education course is exempt from this chapter,  
 25-12 other than Section 1001.055, if the course is:

25-13 (1) conducted by a vocational driver training school  
 25-14 operated to train or prepare a person for a field of endeavor in a  
 25-15 business, trade, technical, or industrial occupation;

25-16 (2) conducted by a school or training program that  
 25-17 offers only instruction of purely avocational or recreational  
 25-18 subjects as determined by the department [~~commissioner~~];

25-19 (3) sponsored by an employer to train its own  
 25-20 employees without charging tuition;

25-21 (4) sponsored by a recognized trade, business, or  
 25-22 professional organization with a closed membership to instruct the  
 25-23 members of the organization; or

25-24 (5) conducted by a school regulated and approved under  
 25-25 another law of this state.

25-26 SECTION 2.03. Sections 1001.003 and 1001.004, Education  
 25-27 Code, are amended to read as follows:

25-28 Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL  
 25-29 BUSINESSES. It is the intent of the legislature that commission  
 25-30 [~~agency~~] rules that affect driver training schools that qualify as  
 25-31 small businesses be adopted and administered so as to have the least  
 25-32 possible adverse economic effect on the schools.

25-33 Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of  
 25-34 administering this chapter shall be included in the state budget  
 25-35 allowance for the department [~~agency~~].

25-36 SECTION 2.04. Sections 1001.051 and 1001.052, Education  
 25-37 Code, are amended to read as follows:

25-38 Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department  
 25-39 [~~agency~~] has jurisdiction over and control of driver training  
 25-40 schools regulated under this chapter.

25-41 Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt  
 25-42 [~~and administer~~] comprehensive rules governing driving safety  
 25-43 courses, including rules to ensure the integrity of approved  
 25-44 driving safety courses and enhance program quality.

25-45 SECTION 2.05. The heading to Section 1001.053, Education  
 25-46 Code, is amended to read as follows:

25-47 Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT  
 25-48 [~~COMMISSIONER~~].

25-49 SECTION 2.06. Subsection (a), Section 1001.053, Education  
 25-50 Code, is amended to read as follows:

25-51 (a) The department [~~commissioner~~] shall:

25-52 (1) administer [~~the policies of~~] this chapter;

25-53 (2) enforce minimum standards for driver training  
 25-54 schools under this chapter;

25-55 (3) [~~adopt and~~] enforce rules adopted by the  
 25-56 commission necessary to administer this chapter; and

25-57 (4) inspect [~~visit~~] a driver training school or course  
 25-58 provider and reexamine the school or course provider for compliance  
 25-59 with this chapter.

25-60 SECTION 2.07. The heading to Section 1001.054, Education  
 25-61 Code, is amended to read as follows:

25-62 Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR~~  
 25-63 ~~COMPETITIVE BIDDING~~].

25-64 SECTION 2.08. Subsection (c), Section 1001.054, Education  
 25-65 Code, is amended to read as follows:

25-66 (c) The commission [~~commissioner~~] by rule may restrict  
 25-67 advertising by a branch location of a driver training school so that  
 25-68 the location adequately identifies the primary location of the  
 25-69 school in a solicitation.

26-1 SECTION 2.09. Section 1001.055, Education Code, is amended  
26-2 to read as follows:

26-3 Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The  
26-4 department [agency] shall print and supply to each licensed or  
26-5 exempt driver education school driver education certificates to be  
26-6 used for certifying completion of an approved driver education  
26-7 course to satisfy the requirements of Section 521.204(a)(2),  
26-8 Transportation Code. The certificates must be numbered serially.

26-9 (b) The commission [agency] by rule shall provide for the  
26-10 design and distribution of the certificates in a manner that, to the  
26-11 greatest extent possible, prevents the unauthorized reproduction  
26-12 or misuse of the certificates.

26-13 (c) The department [agency] may charge a fee of not more  
26-14 than \$4 for each certificate.

26-15 SECTION 2.10. Subsections (b) through (e) and (g), Section  
26-16 1001.056, Education Code, are amended to read as follows:

26-17 (b) The department [agency] shall print and supply to each  
26-18 licensed course provider uniform certificates of course  
26-19 completion. The certificates must be numbered serially.

26-20 (c) The commission [agency] by rule shall provide for the  
26-21 design and distribution of the certificates in a manner that, to the  
26-22 greatest extent possible, prevents the unauthorized production or  
26-23 misuse of the certificates.

26-24 (d) A certificate under this section must:

26-25 (1) be in a form required by the department [agency];  
26-26 and

26-27 (2) include an identifying number by which the  
26-28 department [agency], a court, or the Department of Public Safety  
26-29 [~~department~~] may verify its authenticity with the course provider.

26-30 (e) The department [agency] may charge a fee of not more  
26-31 than \$4 for each certificate. A course provider shall charge an  
26-32 operator a fee equal to the amount of the fee paid to the department  
26-33 [~~agency~~] for a certificate.

26-34 (g) The department [agency] shall issue duplicate  
26-35 certificates. The commission [commissioner] by rule shall  
26-36 determine the amount of the fee for issuance of a duplicate  
26-37 certificate.

26-38 SECTION 2.11. Section 1001.057, Education Code, is amended  
26-39 to read as follows:

26-40 Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY  
26-41 COURSE INFORMATION. The department [agency] shall investigate  
26-42 options to develop and implement procedures to electronically  
26-43 transmit information relating to driving safety courses to  
26-44 municipal and justice courts.

26-45 SECTION 2.12. Subchapter B, Chapter 1001, Education Code,  
26-46 is amended by adding Section 1001.058 to read as follows:

26-47 Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER.  
26-48 The executive director may designate a person knowledgeable in the  
26-49 administration of regulating driver training schools to administer  
26-50 this chapter for the department.

26-51 SECTION 2.13. Sections 1001.101 and 1001.102, Education  
26-52 Code, are amended to read as follows:

26-53 Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND  
26-54 TEXTBOOKS. The commission [commissioner] by rule shall establish  
26-55 the curriculum and designate the textbooks to be used in a driver  
26-56 education course.

26-57 Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The  
26-58 commission [agency] by rule shall require that information relating  
26-59 to alcohol awareness and the effect of alcohol on the effective  
26-60 operation of a motor vehicle be included in the curriculum of any  
26-61 driver education course or driving safety course.

26-62 (b) In developing rules under this section, the commission  
26-63 [~~agency~~] shall consult with the Department of Public Safety  
26-64 [~~department~~].

26-65 SECTION 2.14. Subsections (b), (d), and (e), Section  
26-66 1001.103, Education Code, are amended to read as follows:

26-67 (b) The department [agency] shall develop standards for a  
26-68 separate school certification and approve curricula for drug and  
26-69 alcohol driving awareness programs that include one or more

27-1 courses. Except as provided by commission [~~agency~~] rule, a program  
27-2 must be offered in the same manner as a driving safety course.

27-3 (d) In accordance with Section 461.013(b), Health and  
27-4 Safety Code, the department [~~agency~~] and the Texas Commission on  
27-5 Alcohol and Drug Abuse shall enter into a memorandum of  
27-6 understanding for the interagency approval of the required  
27-7 curricula.

27-8 (e) ~~The commission [Notwithstanding Section 1001.056,~~  
27-9 ~~Subchapter D, and Sections 1001.213 and 1001.303, the commissioner]~~  
27-10 may establish fees in connection with the programs under this  
27-11 section. The fees must be in amounts reasonable and necessary to  
27-12 administer the department's [~~agency's~~] duties under this section.

27-13 SECTION 2.15. Sections 1001.104 and 1001.105, Education  
27-14 Code, are amended to read as follows:

27-15 Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES.

27-16 (a) The department [~~agency~~] shall enter into a memorandum of  
27-17 understanding with the Texas Rehabilitation Commission and the  
27-18 Department of Public Safety [~~department~~] for the interagency  
27-19 development of curricula and licensing criteria for hospital and  
27-20 rehabilitation facilities that teach driver education.

27-21 (b) The department [~~agency~~] shall administer comprehensive  
27-22 rules governing driver education courses adopted by mutual  
27-23 agreement among the commission [~~agency~~], the Texas Rehabilitation  
27-24 Commission, and the Department of Public Safety [~~department~~].

27-25 Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The  
27-26 commission [~~agency~~] shall enter into a memorandum of understanding  
27-27 with the Texas Department of Insurance for the interagency  
27-28 development of a curriculum for driving safety courses.

27-29 SECTION 2.16. Subsections (b), (c), and (d), Section  
27-30 1001.106, Education Code, are amended to read as follows:

27-31 (b) The commission [~~commissioner~~] by rule shall provide  
27-32 minimum standards of curriculum relating to operation of vehicles  
27-33 at railroad and highway grade crossings.

27-34 (c) Subchapter F, Chapter 51, Occupations Code, Section  
27-35 51.353, Occupations Code, and Section [~~Sections 1001.454,~~  
27-36 ~~1001.456 of this code[, and 1001.553]~~] do not apply to a violation of  
27-37 this section or a rule adopted under this section.

27-38 (d) Section 51.352, Occupations Code, and Sections  
27-39 [1001.455(a)(6), 1001.501[, 1001.551, 1001.552,] and 1001.554 of  
27-40 this code do not apply to a violation of this section.

27-41 SECTION 2.17. Section 1001.107, Education Code, is amended  
27-42 to read as follows:

27-43 Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION.

27-44 (a) The commission [~~commissioner~~] by rule shall require that  
27-45 information relating to litter prevention be included in the  
27-46 curriculum of each driver education and driving safety course.

27-47 (b) In developing rules under this section, the commission  
27-48 [~~commissioner~~] shall consult the Department of Public Safety  
27-49 [~~department~~].

27-50 SECTION 2.18. Subsections (a) and (c), Section 1001.108,  
27-51 Education Code, are amended to read as follows:

27-52 (a) The commission [~~commissioner~~] by rule shall require  
27-53 that information relating to anatomical gifts be included in the  
27-54 curriculum of each driver education course and driving safety  
27-55 course.

27-56 (c) In developing rules under this section, the commission  
27-57 [~~commissioner~~] shall consult with the Department of Public Safety  
27-58 [~~department~~] and the [~~Texas~~] Department of State Health Services.

27-59 SECTION 2.19. Section 1001.151, Education Code, is amended  
27-60 to read as follows:

27-61 Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION  
27-62 FEES. (a) The commission [~~commissioner~~] shall establish

27-63 [~~collect~~] application, license, and registration fees. The fees  
27-64 must be in amounts sufficient to cover administrative costs and are  
27-65 nonrefundable. The department shall collect the application,  
27-66 license, and registration fees.

27-67 (b) The commission shall establish a fee for:

27-68 (1) an initial driver education school license and [is  
27-69 \$1,000 plus \$850] for each branch location; [+

28-1 (2) [~~(c)~~ The fee for] an initial driving safety school  
 28-2 license; [~~is an appropriate amount established by the commissioner~~  
 28-3 ~~not to exceed \$200.~~]

28-4 (3) [~~(d)~~ The fee for] an initial course provider  
 28-5 license [~~is an appropriate amount established by the commissioner~~  
 28-6 ~~not to exceed \$2,000~~], except that the commission [~~agency~~] may  
 28-7 waive the fee if revenue received from the course provider is  
 28-8 sufficient to cover the cost of licensing the course provider; [~~-~~]

28-9 (4) the [~~(e)~~ The] annual renewal [~~fee~~] for a course  
 28-10 provider, driving safety school, driver education school, or branch  
 28-11 location [~~is an appropriate amount established by the commissioner~~  
 28-12 ~~not to exceed \$200~~], except that the commission [~~agency~~] may waive  
 28-13 the fee if revenue generated by the issuance of uniform  
 28-14 certificates of course completion and driver education  
 28-15 certificates is sufficient to cover the cost of administering this  
 28-16 chapter and Article 45.0511, Code of Criminal Procedure; [~~-~~]

28-17 (5) [~~(f)~~ The fee for] a change of address of [~~+~~  
 28-18 [~~(1)~~] a driver education school, [~~is \$180~~; and  
 28-19 [~~(2)~~] a driving safety school, or course provider; [~~is~~  
 28-20 ~~\$50.~~]

28-21 (6) [~~(g)~~ The fee for] a change of name of:  
 28-22 (A) [~~(1)~~] a driver education school or course  
 28-23 provider or an owner of a driver education school or course provider  
 28-24 [~~is \$100~~]; or [~~and~~]

28-25 (B) [~~(2)~~] a driving safety school or owner of a  
 28-26 driving safety school; [~~is \$50.~~]

28-27 (7) [~~(h)~~ The application fee for] each additional  
 28-28 driver education or driving safety course at a driver training  
 28-29 school; [~~is \$25.~~]

28-30 (8) an [~~(i)~~ The] application of a [~~fee for:~~  
 28-31 [~~(1)~~ each] director, [~~is \$30~~; and  
 28-32 [~~(2)~~ each] assistant director, or administrative  
 28-33 staff member; and [~~is \$15.~~]

28-34 (9) an [~~(j)~~ Each] application for approval of a  
 28-35 driving safety course that has not been evaluated by the department  
 28-36 [~~commissioner must be accompanied by a nonrefundable fee of~~  
 28-37 ~~\$9,000~~].

28-38 (c) [~~(k)~~] An application for an original driver education  
 28-39 or driving safety instructor license must be accompanied by a  
 28-40 processing fee [~~of \$50~~] and an annual license fee [~~of \$25~~], except  
 28-41 that the department [~~commissioner~~] may not collect the processing  
 28-42 fee from an applicant for a driver education instructor license who  
 28-43 is currently teaching a driver education course in a public school  
 28-44 in this state.

28-45 (d) [~~(l)~~] The commission [~~commissioner~~] shall establish the  
 28-46 amount of the fee for a duplicate license.

28-47 SECTION 2.20. Section 1001.153, Education Code, is amended  
 28-48 to read as follows:

28-49 Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The  
 28-50 commission [~~commissioner~~] shall establish the amount of the fee to  
 28-51 investigate a driver training school or course provider to resolve  
 28-52 a complaint against the school or course provider.

28-53 (b) The fee may be charged only if:

28-54 (1) the complaint could not have been resolved solely  
 28-55 by telephone or in writing;

28-56 (2) a representative of the department [~~agency~~]  
 28-57 visited the school or course provider as a part of the complaint  
 28-58 resolution process; and

28-59 (3) the school or course provider was found to be at  
 28-60 fault.

28-61 SECTION 2.21. Subsection (b), Section 1001.202, Education  
 28-62 Code, is amended to read as follows:

28-63 (b) A driving safety school may use multiple classroom  
 28-64 locations to teach a driving safety course if each location:

28-65 (1) is approved by the parent school and the  
 28-66 department [~~agency~~];

28-67 (2) has the same name as the parent school; and

28-68 (3) has the same ownership as the parent school.

28-69 SECTION 2.22. Sections 1001.203 through 1001.206,

29-1 Education Code, are amended to read as follows:

29-2 Sec. 1001.203. APPLICATION. To operate or do business in  
29-3 this state, a driver training school must apply to the department  
29-4 [~~commissioner~~] for the appropriate license. The application must:

- 29-5 (1) be in writing;  
29-6 (2) be in the form prescribed by the department  
29-7 [~~commissioner~~];  
29-8 (3) include all required information; and  
29-9 (4) be verified.

29-10 Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL  
29-11 LICENSE. The department [~~commissioner~~] shall approve an  
29-12 application for a driver education school license if, on  
29-13 investigation of the premises of the school, it is determined that  
29-14 the school:

29-15 (1) has courses, curricula, and instruction of a  
29-16 quality, content, and length that reasonably and adequately achieve  
29-17 the stated objective for which the courses, curricula, and  
29-18 instruction are offered;

29-19 (2) has adequate space, equipment, instructional  
29-20 material, and instructors to provide training of good quality in  
29-21 the classroom and behind the wheel;

29-22 (3) has directors, instructors, and administrators  
29-23 who have adequate educational qualifications and experience;

29-24 (4) provides to each student before enrollment:

- 29-25 (A) a copy of:  
29-26 (i) the refund policy;  
29-27 (ii) the schedule of tuition, fees, and  
29-28 other charges; and  
29-29 (iii) the regulations relating to absence,  
29-30 grading policy, and rules of operation and conduct; and

29-31 (B) the department's name, mailing address,  
29-32 [~~and~~] telephone number, and Internet website address [~~of the~~  
29-33 ~~agency~~] for the purpose of directing complaints to the department  
29-34 [~~agency~~];

29-35 (5) maintains adequate records as prescribed by the  
29-36 department [~~commissioner~~] to show attendance and progress or grades  
29-37 and enforces satisfactory standards relating to attendance,  
29-38 progress, and conduct;

29-39 (6) on completion of training, issues each student a  
29-40 certificate indicating the course name and satisfactory  
29-41 completion;

29-42 (7) complies with all county, municipal, state, and  
29-43 federal regulations, including fire, building, and sanitation  
29-44 codes and assumed name registration;

29-45 (8) is financially sound and capable of fulfilling its  
29-46 commitments for training;

29-47 (9) has administrators, directors, owners, and  
29-48 instructors who are of good reputation and character;

29-49 (10) maintains and publishes as part of its student  
29-50 enrollment contract the proper policy for the refund of the unused  
29-51 portion of tuition, fees, and other charges if a student fails to  
29-52 take the course or withdraws or is discontinued from the school at  
29-53 any time before completion;

29-54 (11) does not use erroneous or misleading advertising,  
29-55 either by actual statement, omission, or intimation, as determined  
29-56 by the department [~~commissioner~~];

29-57 (12) does not use a name similar to the name of another  
29-58 existing school or tax-supported educational institution in this  
29-59 state, unless specifically approved in writing by the executive  
29-60 director [~~commissioner~~];

29-61 (13) submits to the department [~~agency~~] for approval  
29-62 the applicable course hour lengths and curriculum content for each  
29-63 course offered by the school;

29-64 (14) does not owe an administrative penalty for a  
29-65 violation of [~~under~~] this chapter; and

29-66 (15) meets any additional criteria required by the  
29-67 department [~~agency~~].

29-68 Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL  
29-69 LICENSE. The department [~~commissioner~~] shall approve an

30-1 application for a driving safety school license if on investigation  
 30-2 the department [~~agency~~] determines that the school:

30-3 (1) has driving safety courses, curricula, and  
 30-4 instruction of a quality, content, and length that reasonably and  
 30-5 adequately achieve the stated objective for which the course,  
 30-6 curricula, and instruction are developed by the course provider;

30-7 (2) has adequate space, equipment, instructional  
 30-8 material, and instructors to provide training of good quality;

30-9 (3) has instructors and administrators who have  
 30-10 adequate educational qualifications and experience;

30-11 (4) maintains adequate records as prescribed by the  
 30-12 department [~~commissioner~~] to show attendance and progress or grades  
 30-13 and enforces satisfactory standards relating to attendance,  
 30-14 progress, and conduct;

30-15 (5) complies with all county, municipal, state, and  
 30-16 federal laws, including fire, building, and sanitation codes and  
 30-17 assumed name registration;

30-18 (6) has administrators, owners, and instructors who  
 30-19 are of good reputation and character;

30-20 (7) does not use erroneous or misleading advertising,  
 30-21 either by actual statement, omission, or intimation, as determined  
 30-22 by the department [~~commissioner~~];

30-23 (8) does not use a name similar to the name of another  
 30-24 existing school or tax-supported educational establishment in this  
 30-25 state, unless specifically approved in writing by the executive  
 30-26 director [~~commissioner~~];

30-27 (9) maintains and uses the approved contract and  
 30-28 policies developed by the course provider;

30-29 (10) does not owe an administrative penalty for a  
 30-30 violation of [~~under~~] this chapter;

30-31 (11) will not provide a driving safety course to a  
 30-32 person for less than \$25; and

30-33 (12) meets additional criteria required by the  
 30-34 department [~~commissioner~~].

30-35 Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE.  
 30-36 The department [~~commissioner~~] shall approve an application for a  
 30-37 course provider license if on investigation the department [~~agency~~]  
 30-38 determines that:

30-39 (1) the course provider has an approved course that at  
 30-40 least one licensed driving safety school is willing to offer;

30-41 (2) the course provider has adequate educational  
 30-42 qualifications and experience;

30-43 (3) the course provider will:

30-44 (A) develop and provide to each driving safety  
 30-45 school that offers the approved course a copy of:

30-46 (i) the refund policy; and

30-47 (ii) the regulations relating to absence,  
 30-48 grading policy, and rules of operation and conduct; and

30-49 (B) provide to the driving safety school the  
 30-50 department's name, mailing address, [~~and~~] telephone number, and  
 30-51 Internet website address [~~of the agency~~] for the purpose of  
 30-52 directing complaints to the department [~~agency~~];

30-53 (4) a copy of the information provided to each driving  
 30-54 safety school under Subdivision (3) will be provided to each  
 30-55 student by the school before enrollment;

30-56 (5) not later than the 15th working day after the date  
 30-57 the person successfully completes the course, the course provider  
 30-58 will mail a uniform certificate of course completion to the person  
 30-59 indicating the course name and successful completion;

30-60 (6) the course provider maintains adequate records as  
 30-61 prescribed by the department [~~commissioner~~] to show attendance and  
 30-62 progress or grades and enforces satisfactory standards relating to  
 30-63 attendance, progress, and conduct;

30-64 (7) the course provider complies with all county,  
 30-65 municipal, state, and federal laws, including assumed name  
 30-66 registration and other applicable requirements;

30-67 (8) the course provider is financially sound and  
 30-68 capable of fulfilling its commitments for training;

30-69 (9) the course provider is of good reputation and

31-1 character;

31-2 (10) the course provider maintains and publishes as a  
31-3 part of its student enrollment contract the proper policy for the  
31-4 refund of the unused portion of tuition, fees, and other charges if  
31-5 a student fails to take the course or withdraws or is discontinued  
31-6 from the school at any time before completion;

31-7 (11) the course provider does not use erroneous or  
31-8 misleading advertising, either by actual statement, omission, or  
31-9 intimation, as determined by the department [~~commissioner~~];

31-10 (12) the course provider does not use a name similar to  
31-11 the name of another existing school or tax-supported educational  
31-12 institution in this state, unless specifically approved in writing  
31-13 by the executive director [~~commissioner~~];

31-14 (13) the course provider does not owe an  
31-15 administrative penalty for a violation of [~~under~~] this chapter; and

31-16 (14) the course provider meets additional criteria  
31-17 required by the department [~~commissioner~~].

31-18 SECTION 2.23. Subsections (a) and (b), Section 1001.207,  
31-19 Education Code, are amended to read as follows:

31-20 (a) Before a driver education school may be issued a  
31-21 license, the school must file a corporate surety bond with the  
31-22 department [~~commissioner~~] in the amount of:

31-23 (1) \$10,000 for the primary location of the school;  
31-24 and

31-25 (2) \$5,000 for each branch location.

31-26 (b) A bond issued under Subsection (a) must be:

31-27 (1) issued in a form approved by the department  
31-28 [~~commissioner~~];

31-29 (2) issued by a company authorized to do business in  
31-30 this state;

31-31 (3) payable to the state to be used only for payment of  
31-32 a refund due to a student or potential student;

31-33 (4) conditioned on the compliance of the school and  
31-34 its officers, agents, and employees with this chapter and rules  
31-35 adopted under this chapter; and

31-36 (5) issued for a period corresponding to the term of  
31-37 the license.

31-38 SECTION 2.24. Subsection (b), Section 1001.209, Education  
31-39 Code, is amended to read as follows:

31-40 (b) A bond issued under Subsection (a) must be:

31-41 (1) issued by a company authorized to do business in  
31-42 this state;

31-43 (2) payable to the state to be used:

31-44 (A) for payment of a refund due a student of the  
31-45 course provider's approved course;

31-46 (B) to cover the payment of unpaid fees or  
31-47 penalties assessed by the department [~~agency~~]; or

31-48 (C) to recover the cost of uniform certificates  
31-49 of course completion the department [~~agency~~] demands be returned or  
31-50 any cost associated with the certificates;

31-51 (3) conditioned on the compliance of the course  
31-52 provider and its officers, agents, and employees with this chapter  
31-53 and rules adopted under this chapter; and

31-54 (4) issued for a period corresponding to the term of  
31-55 the license.

31-56 SECTION 2.25. Section 1001.210, Education Code, is amended  
31-57 to read as follows:

31-58 Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the  
31-59 bond required by Section 1001.207 or 1001.209, a driver education  
31-60 school or course provider may provide another form of security that  
31-61 is:

31-62 (1) [~~(A)~~] approved by the department [~~commissioner~~];  
31-63 and

31-64 (2) [~~(B)~~] in the amount required for a comparable bond  
31-65 under Section 1001.207 or 1001.209.

31-66 SECTION 2.26. Subsections (a) and (b), Section 1001.211,  
31-67 Education Code, are amended to read as follows:

31-68 (a) The department [~~commissioner~~] shall issue a license to  
31-69 an applicant for a license under this subchapter if:

32-1 (1) the application is submitted in accordance with  
32-2 this subchapter; and

32-3 (2) the applicant meets the requirements of this  
32-4 chapter.

32-5 (b) A license must be in a form determined by the department  
32-6 [~~commissioner~~] and must show in a clear and conspicuous manner:

32-7 (1) the date of issuance, effective date, and term of  
32-8 the license;

32-9 (2) the name and address of the driver training school  
32-10 or course provider;

32-11 (3) the authority for and conditions of approval;

32-12 (4) the executive director's [~~commissioner's~~]  
32-13 signature; and

32-14 (5) any other fair and reasonable representation that  
32-15 is consistent with this chapter and that the department  
32-16 [~~commissioner~~] considers necessary.

32-17 SECTION 2.27. Section 1001.212, Education Code, is amended  
32-18 to read as follows:

32-19 Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department  
32-20 [~~commissioner~~] shall provide a person whose application for a  
32-21 license under this subchapter is denied a written statement of the  
32-22 reasons for the denial.

32-23 SECTION 2.28. Subsections (c) and (d), Section 1001.213,  
32-24 Education Code, are amended to read as follows:

32-25 (c) The commission may establish [~~Instead of the~~] fees  
32-26 [~~required by Section 1001.151, the fee~~] for a new driver education  
32-27 school or course provider license under Subsection (b) and [~~is~~  
32-28 ~~\$500, plus \$200~~] for each branch location that are different from  
32-29 the amounts established under Section 1001.151[~~7~~] if:

32-30 (1) the new owner is substantially similar to the  
32-31 previous owner; and

32-32 (2) there is no significant change in the management  
32-33 or control of the driver education school or course provider.

32-34 (d) The department [~~commissioner~~] is not required to  
32-35 reinspect a school or a branch location after a change of ownership.

32-36 SECTION 2.29. Section 1001.214, Education Code, is amended  
32-37 to read as follows:

32-38 Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may  
32-39 be issued to a driver training school or course provider if:

32-40 (1) the original license is lost or destroyed; and

32-41 (2) an affidavit of that fact is filed with the  
32-42 department [~~agency~~].

32-43 SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253,  
32-44 Education Code, are amended to read as follows:

32-45 Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A  
32-46 person may not teach or provide driver education, either as an  
32-47 individual or in a driver education school, or conduct any phase of  
32-48 driver education, unless the person holds a driver education  
32-49 instructor license issued by the department [~~agency~~].

32-50 (b) A person may not teach or provide driving safety  
32-51 training, either as an individual or in a driving safety school, or  
32-52 conduct any phase of driving safety education, unless the person  
32-53 holds a driving safety instructor license issued by the department  
32-54 [~~agency~~]. This subsection does not apply to an instructor of a  
32-55 driving safety course that does not provide a uniform certificate  
32-56 of course completion to its graduates.

32-57 Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A  
32-58 license under this subchapter must be signed by the executive  
32-59 director [~~commissioner~~].

32-60 Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING.  
32-61 (a) The department [~~commissioner~~] shall establish standards for  
32-62 certification of professional and paraprofessional personnel who  
32-63 conduct driver education programs in driver education schools.

32-64 (b) A driver education instructor license authorizing a  
32-65 person to teach or provide behind-the-wheel training may not be  
32-66 issued unless the person has successfully completed six semester  
32-67 hours of driver and traffic safety education or a program of study  
32-68 in driver education approved by the department [~~commissioner~~] from  
32-69 an approved driver education school.



33-1 (c) A person who holds a driver education instructor license  
 33-2 authorizing behind-the-wheel training may not be approved to assist  
 33-3 a classroom instructor in the classroom phase of driver education  
 33-4 unless the person has successfully completed the three additional  
 33-5 semester hours of training required for a classroom instructor or a  
 33-6 program of study in driver education approved by the department  
 33-7 [~~commissioner~~].

33-8 (d) Except as provided by Section 1001.254, a driver  
 33-9 education instructor license authorizing a person to teach or  
 33-10 provide classroom training may not be issued unless the person:

33-11 (1) has completed nine semester hours of driver and  
 33-12 traffic safety education or a program of study in driver education  
 33-13 approved by the department [~~commissioner~~] from an approved driver  
 33-14 education school; and

33-15 (2) holds a teaching certificate and any additional  
 33-16 certification required to teach driver education.

33-17 (e) A driver education instructor who has completed the  
 33-18 educational requirements prescribed by Subsection (d)(1) may not  
 33-19 teach instructor training classes unless the instructor has  
 33-20 successfully completed a supervising instructor development  
 33-21 program consisting of at least six additional semester hours or a  
 33-22 program of study in driver education approved by the department  
 33-23 [~~commissioner~~] that includes administering driver education  
 33-24 programs and supervising and administering traffic safety  
 33-25 education.

33-26 (f) A driver education school may submit for department  
 33-27 [~~agency~~] approval a curriculum for an instructor development  
 33-28 program for driver education instructors. The program must:

33-29 (1) be taught by a person who has completed a  
 33-30 supervising instructor development program under Subsection (e);  
 33-31 and

33-32 (2) satisfy the requirements of this section for the  
 33-33 particular program or type of training to be provided.

33-34 SECTION 2.31. Subsection (a), Section 1001.254, Education  
 33-35 Code, is amended to read as follows:

33-36 (a) A temporary driver education instructor license may be  
 33-37 issued authorizing a person to teach or provide classroom driver  
 33-38 education training if the person:

33-39 (1) has completed the educational requirements  
 33-40 prescribed by Section 1001.253(d)(1);

33-41 (2) holds a Texas teaching certificate with an  
 33-42 effective date before February 1, 1986;

33-43 (3) meets all license requirements, other than  
 33-44 successful completion of the examination required under rules  
 33-45 adopted by the State Board for Educator Certification to revalidate  
 33-46 the teaching certificate; and

33-47 (4) demonstrates, in a manner prescribed by the  
 33-48 department [~~commissioner~~], the intention to comply with the  
 33-49 examination requirement at the first available opportunity.

33-50 SECTION 2.32. Subsections (a), (b), and (c), Section  
 33-51 1001.255, Education Code, are amended to read as follows:

33-52 (a) The department [~~agency~~] shall regulate as a driver  
 33-53 education school a driver education instructor who:

33-54 (1) teaches driver education courses in a county  
 33-55 having a population of 50,000 or less; and

33-56 (2) does not teach more than 200 students annually.

33-57 (b) An instructor described by Subsection (a) must submit to  
 33-58 the department [~~agency~~] an application for an initial or renewal  
 33-59 driver education school license, together with all required  
 33-60 documentation and information.

33-61 (c) The department [~~commissioner~~] may waive initial or  
 33-62 renewal driver education school license fees or the fee for a  
 33-63 director or administrative staff member.

33-64 SECTION 2.33. Section 1001.256, Education Code, is amended  
 33-65 to read as follows:

33-66 Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may  
 33-67 be issued to a driver education instructor or driving safety  
 33-68 instructor if:

33-69 (1) the original license is lost or destroyed; and

34-1 (2) an affidavit of that fact is filed with the  
34-2 department [agency].

34-3 SECTION 2.34. The heading to Subchapter G, Chapter 1001,  
34-4 Education Code, is amended to read as follows:

34-5 SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

34-6 SECTION 2.35. Subsection (b), Section 1001.351, Education  
34-7 Code, is amended to read as follows:

34-8 (b) A course provider shall electronically submit to the  
34-9 department [agency] in the manner established by the department  
34-10 [agency] data identified by the department [agency] relating to  
34-11 uniform certificates of course completion.

34-12 SECTION 2.36. Subsections (a) and (b), Section 1001.354,  
34-13 Education Code, are amended to read as follows:

34-14 (a) A driving safety course may be taught at a driving  
34-15 safety school if the school is approved by the department [agency].

34-16 (b) A driving safety school may teach an approved driving  
34-17 safety course by an alternative method that does not require  
34-18 students to be present in a classroom if the department  
34-19 [commissioner] approves the alternative method. The department  
34-20 [commissioner] may approve the alternative method if:

34-21 (1) the department [commissioner] determines that the  
34-22 approved driving safety course can be taught by the alternative  
34-23 method; and

34-24 (2) the alternative method includes testing and  
34-25 security measures that are at least as secure as the measures  
34-26 available in the usual classroom setting.

34-27 SECTION 2.37. Subsections (b) and (c), Section 1001.404,  
34-28 Education Code, are amended to read as follows:

34-29 (b) The department [commissioner] shall establish annually  
34-30 the rate of interest for a refund at a rate sufficient to provide a  
34-31 deterrent to the retention of student money.

34-32 (c) The department [agency] may except a driver education  
34-33 school or course provider from the payment of interest if the school  
34-34 or course provider makes a good-faith effort to refund tuition,  
34-35 fees, and other charges but is unable to locate the student to whom  
34-36 the refund is owed. On request of the department [agency], the  
34-37 school or course provider shall document the effort to locate a  
34-38 student.

34-39 SECTION 2.38. Sections 1001.451 and 1001.452, Education  
34-40 Code, are amended to read as follows:

34-41 Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

34-42 (1) use advertising designed to mislead or deceive a  
34-43 prospective student;

34-44 (2) fail to notify the department [commissioner] of  
34-45 the discontinuance of the operation of a driver training school  
34-46 before the fourth working day after the date of cessation of classes  
34-47 and make available accurate records as required by this chapter;

34-48 (3) issue, sell, trade, or transfer:

34-49 (A) a uniform certificate of course completion or  
34-50 driver education certificate to a person or driver training school  
34-51 not authorized to possess the certificate;

34-52 (B) a uniform certificate of course completion to  
34-53 a person who has not successfully completed an approved, six-hour  
34-54 driving safety course; or

34-55 (C) a driver education certificate to a person  
34-56 who has not successfully completed a department-approved  
34-57 [commissioner-approved] driver education course;

34-58 (4) negotiate a promissory instrument received as  
34-59 payment of tuition or another charge before the student completes  
34-60 75 percent of the course, except that before that time the  
34-61 instrument may be assigned to a purchaser who becomes subject to any  
34-62 defense available against the school named as payee; or

34-63 (5) conduct any part of an approved driver education  
34-64 course or driving safety course without having an instructor  
34-65 physically present in appropriate proximity to the student for the  
34-66 type of instruction being given.

34-67 Sec. 1001.452. COURSE OF INSTRUCTION. A driver training  
34-68 school may not maintain, advertise, solicit for, or conduct a  
34-69 course of instruction in this state before the later of:

35-1 (1) the 30th day after the date the school applies for  
 35-2 a driver training school license; or

35-3 (2) the date the school receives a driver training  
 35-4 school license from the department [~~commissioner~~].

35-5 SECTION 2.39. Subsections (d) and (e), Section 1001.453,  
 35-6 Education Code, are amended to read as follows:

35-7 (d) Subchapter F, Chapter 51, Occupations Code, Section  
 35-8 51.353, Occupations Code, and Section [~~Sections 1001.454,~~  
 35-9 1001.456(a) of this code [~~, and 1001.553~~] do not apply to a violation  
 35-10 of this section or a rule adopted under this section.

35-11 (e) Section 51.352, Occupations Code, and Sections  
 35-12 [~~1001.455(a)(6),~~] 1001.501 [~~, 1001.551, 1001.552,~~] and 1001.554 of  
 35-13 this code do not apply to a violation of this section.

35-14 SECTION 2.40. Section 1001.456, Education Code, is amended  
 35-15 to read as follows:

35-16 Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the  
 35-17 department [~~agency~~] believes that a driver education school or  
 35-18 instructor has violated this chapter or a rule or order of the  
 35-19 commission or executive director [~~adopted under this chapter~~], the  
 35-20 department [~~agency~~] may, without notice:

- 35-21 (1) order a peer review;
- 35-22 (2) suspend the enrollment of students in the school  
 35-23 or the offering of instruction by the instructor; or
- 35-24 (3) suspend the right to purchase driver education  
 35-25 certificates.

35-26 (b) If the department [~~agency~~] believes that a course  
 35-27 provider, driving safety school, or driving safety instructor has  
 35-28 violated this chapter or a rule or order of the commission or  
 35-29 executive director [~~adopted under this chapter~~], the department  
 35-30 [~~agency~~] may, without notice:

- 35-31 (1) order a peer review of the course provider,  
 35-32 driving safety school, or driving safety instructor;
- 35-33 (2) suspend the enrollment of students in the school  
 35-34 or the offering of instruction by the instructor; or
- 35-35 (3) suspend the right to purchase uniform certificates  
 35-36 of course completion.

35-37 (c) A peer review ordered under this section must be  
 35-38 conducted by a team of knowledgeable persons selected by the  
 35-39 department [~~agency~~]. The team shall provide the department  
 35-40 [~~agency~~] with an objective assessment of the content of the  
 35-41 school's or course provider's curriculum and its application. The  
 35-42 school or course provider shall pay the costs of the peer review.

35-43 (d) A suspension of enrollment under Subsection (a)(2) or  
 35-44 (b)(2) means a ruling by the executive director [~~commissioner~~] that  
 35-45 restricts a school from:

- 35-46 (1) accepting enrollments or reenrollments;
- 35-47 (2) advertising;
- 35-48 (3) soliciting; or
- 35-49 (4) directly or indirectly advising prospective  
 35-50 students of its program or course offerings.

35-51 SECTION 2.41. The heading to Subchapter L, Chapter 1001,  
 35-52 Education Code, is amended to read as follows:

35-53 SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

35-54 SECTION 2.42. Subsection (b), Section 1001.555, Education  
 35-55 Code, is amended to read as follows:

35-56 (b) The department [~~agency~~] shall contract with the  
 35-57 Department of Public Safety [~~department~~] to provide undercover and  
 35-58 investigative assistance in the enforcement of Subsection (a).

35-59 SECTION 2.43. Subsection (b), Article 45.0511, Code of  
 35-60 Criminal Procedure, is amended to read as follows:

35-61 (b) The judge shall require the defendant to successfully  
 35-62 complete a driving safety course approved by the Texas Department  
 35-63 of Licensing and Regulation [~~Education Agency~~] or a course under  
 35-64 the motorcycle operator training and safety program approved by the  
 35-65 designated state agency under Chapter 662, Transportation Code, if:

- 35-66 (1) the defendant elects driving safety course or  
 35-67 motorcycle operator training course dismissal under this article;
- 35-68 (2) the defendant has not completed an approved  
 35-69 driving safety course or motorcycle operator training course, as

36-1 appropriate, within the 12 months preceding the date of the  
36-2 offense;

36-3 (3) the defendant enters a plea under Article 45.021  
36-4 in person or in writing of no contest or guilty on or before the  
36-5 answer date on the notice to appear and:

36-6 (A) presents in person or by counsel to the court  
36-7 a request to take a course; or

36-8 (B) sends to the court by certified mail, return  
36-9 receipt requested, postmarked on or before the answer date on the  
36-10 notice to appear, a written request to take a course;

36-11 (4) the defendant has a valid Texas driver's license or  
36-12 permit;

36-13 (5) the defendant is charged with an offense to which  
36-14 this article applies, other than speeding 25 miles per hour or more  
36-15 over the posted speed limit; and

36-16 (6) the defendant provides evidence of financial  
36-17 responsibility as required by Chapter 601, Transportation Code.

36-18 SECTION 2.44. Section 51.308, Education Code, is amended to  
36-19 read as follows:

36-20 Sec. 51.308. DRIVER EDUCATION. A driver education course  
36-21 for the purpose of preparing students to obtain a driver's license  
36-22 may be offered by an institution of higher education, as defined by  
36-23 Section 61.003, with the approval of the Texas Department of  
36-24 Licensing and Regulation [~~Central Education Agency~~].

36-25 SECTION 2.45. Subsection (a), Section 521.1655,  
36-26 Transportation Code, is amended to read as follows:

36-27 (a) A driver education school licensed under Chapter 1001,  
36-28 Education Code, [~~the Texas Driver and Traffic Safety Education Act~~  
36-29 ~~(Article 4413(29c), Vernon's Texas Civil Statutes)] may administer~~  
36-30 to a student of that school the vision, highway sign, and traffic  
36-31 law parts of the examination required by Section 521.161.

36-32 SECTION 2.46. Section 521.203, Transportation Code, is  
36-33 amended to read as follows:

36-34 Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The  
36-35 department may not issue a Class A or Class B driver's license to a  
36-36 person who:

36-37 (1) is under 17 years of age;

36-38 (2) is under 18 years of age unless the person has  
36-39 completed a driver training course approved by the Texas Department  
36-40 of Licensing and Regulation [~~Central Education Agency~~]; or

36-41 (3) has not provided the department with an affidavit,  
36-42 on a form prescribed by the department, that states that no vehicle  
36-43 that the person will drive that requires a Class A or Class B  
36-44 license is a commercial motor vehicle as defined by Section  
36-45 522.003.

36-46 SECTION 2.47. Subsections (b) and (d), Section 521.205,  
36-47 Transportation Code, are amended to read as follows:

36-48 (b) The department may not approve a course unless it  
36-49 determines that the course materials are at least equal to those  
36-50 required in a course approved by the Texas Department of Licensing  
36-51 and Regulation [~~Education Agency~~], except that the department may  
36-52 not require that:

36-53 (1) the classroom instruction be provided in a room  
36-54 with particular characteristics or equipment; or

36-55 (2) the vehicle used for the behind-the-wheel  
36-56 instruction have equipment other than the equipment otherwise  
36-57 required by law for operation of the vehicle on a highway while the  
36-58 vehicle is not being used for driver training.

36-59 (d) Completion of a driver education course approved under  
36-60 this section has the same effect under this chapter as completion of  
36-61 a driver education course approved by the Texas Department of  
36-62 Licensing and Regulation [~~Education Agency~~].

36-63 SECTION 2.48. Subdivision (1), Section 1001.001,  
36-64 Subsections (b) and (c), Section 1001.053, Subsections (a) and (b),  
36-65 Section 1001.054, and Sections 1001.152, 1001.303, 1001.304,  
36-66 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460,  
36-67 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and  
36-68 Subchapter B, Chapter 543, Transportation Code, are repealed.

36-69 SECTION 2.49. (a) As soon as practicable after the

37-1 effective date of this Act, the Texas Education Agency and the Texas  
 37-2 Department of Licensing and Regulation shall develop a transition  
 37-3 plan for transferring the functions performed by the Texas  
 37-4 Education Agency under Chapter 1001, Education Code, to the Texas  
 37-5 Department of Licensing and Regulation. The transition plan must  
 37-6 include a timetable with specific steps and deadlines needed to  
 37-7 complete the transfer.

37-8 (b) In accordance with the transition plan developed by the  
 37-9 Texas Education Agency and the Texas Department of Licensing and  
 37-10 Regulation under Subsection (a) of this section, on September 1,  
 37-11 2005:

37-12 (1) all functions and activities relating to Chapter  
 37-13 1001, Education Code, performed by the Texas Education Agency  
 37-14 immediately before that date are transferred to the Texas  
 37-15 Department of Licensing and Regulation;

37-16 (2) a rule or form adopted by the commissioner of  
 37-17 education that relates to Chapter 1001, Education Code, is a rule or  
 37-18 form of the Texas Commission of Licensing and Regulation or the  
 37-19 Texas Department of Licensing and Regulation, as applicable, and  
 37-20 remains in effect until amended or replaced by that commission or  
 37-21 department;

37-22 (3) a reference in law to or an administrative rule of  
 37-23 the Texas Education Agency that relates to Chapter 1001, Education  
 37-24 Code, means the Texas Commission of Licensing and Regulation or the  
 37-25 Texas Department of Licensing and Regulation, as applicable;

37-26 (4) a complaint, investigation, or other proceeding  
 37-27 before the Texas Education Agency that is related to Chapter 1001,  
 37-28 Education Code, is transferred without change in status to the  
 37-29 Texas Department of Licensing and Regulation, and the Texas  
 37-30 Department of Licensing and Regulation assumes, as appropriate and  
 37-31 without a change in status, the position of the Texas Education  
 37-32 Agency in an action or proceeding to which the Texas Education  
 37-33 Agency is a party;

37-34 (5) all money, contracts, leases, property, and  
 37-35 obligations of the Texas Education Agency related to Chapter 1001,  
 37-36 Education Code, are transferred to the Texas Department of  
 37-37 Licensing and Regulation;

37-38 (6) all property in the custody of the Texas Education  
 37-39 Agency related to Chapter 1001, Education Code, is transferred to  
 37-40 the Texas Department of Licensing and Regulation; and

37-41 (7) the unexpended and unobligated balance of any  
 37-42 money appropriated by the legislature for the Texas Education  
 37-43 Agency related to Chapter 1001, Education Code, is transferred to  
 37-44 the Texas Department of Licensing and Regulation.

37-45 (c) In accordance with the transition plan developed by the  
 37-46 Texas Education Agency and the Texas Department of Licensing and  
 37-47 Regulation under Subsection (a) of this section, on September 1,  
 37-48 2005, all full-time equivalent employee positions at the Texas  
 37-49 Education Agency that primarily concern the administration of  
 37-50 Chapter 1001, Education Code, become positions at the Texas  
 37-51 Department of Licensing and Regulation. When filling the  
 37-52 positions, the Texas Department of Licensing and Regulation shall  
 37-53 give first consideration to an applicant who, as of August 31, 2005,  
 37-54 was a full-time employee at the Texas Education Agency primarily  
 37-55 involved in administering Chapter 1001, Education Code.

37-56 (d) Before September 1, 2005, the Texas Education Agency may  
 37-57 agree with the Texas Department of Licensing and Regulation to  
 37-58 transfer any property of the Texas Education Agency to the Texas  
 37-59 Department of Licensing and Regulation to implement the transfer  
 37-60 required by this Act.

37-61 (e) In the period beginning with the effective date of this  
 37-62 Act and ending on September 1, 2005, the Texas Education Agency  
 37-63 shall continue to perform functions and activities under Chapter  
 37-64 1001, Education Code, as if that chapter had not been amended by  
 37-65 this Act, and the former law is continued in effect for that  
 37-66 purpose.

37-67 (f) If this Act does not take effect immediately, an action  
 37-68 required to be taken under this section on or before September 1,  
 37-69 2005, by the Texas Education Agency or the Texas Department of

38-1 Licensing and Regulation shall be taken as soon as practicable  
38-2 after the effective date of this Act, but not later than November 1,  
38-3 2005.

38-4 SECTION 2.50. The changes in law made by this article apply  
38-5 only to a fee charged on or after September 1, 2005. A fee charged  
38-6 before September 1, 2005, is governed by the law in effect  
38-7 immediately before that date, and the former law is continued in  
38-8 effect for that purpose.

38-9 SECTION 2.51. The changes in law made by this article apply  
38-10 only to a license issued or renewed on or after September 1, 2005.  
38-11 An issuance or renewal that occurs before September 1, 2005, is  
38-12 governed by the law in effect immediately before that date, and the  
38-13 former law is continued in effect for that purpose.

38-14 ARTICLE 3. EFFECTIVE DATE

38-15 SECTION 3.01. This Act takes effect immediately if it  
38-16 receives a vote of two-thirds of all the members elected to each  
38-17 house, as provided by Section 39, Article III, Texas Constitution.  
38-18 If this Act does not receive the vote necessary for immediate  
38-19 effect, this Act takes effect September 1, 2005.

38-20

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