

Amend CSHB 2237 (Senate committee printing) as follows:

(1) In SECTION 1 of the bill, in amended Subsection (b), Section 7.009, Education Code (page 1, line 30), strike "open-enrollment charter schools" and substitute "public charter districts [~~open-enrollment charter schools~~]".

(2) Add the following appropriately numbered SECTIONS to the bill and renumber the remaining SECTIONS of the bill accordingly:

SECTION _____. (a) Effective August 1, 2008, Subchapter D, Chapter 12, Education Code, is repealed.

(b) Except as provided by Section 11A.1041, Education Code, as added by this Act, each open-enrollment charter school operating or holding a charter to operate on August 1, 2008, shall be dissolved in accordance with Subchapter J, Chapter 11A, Education Code, as added by this Act.

SECTION _____. Subtitle C, Title 2, Education Code, is amended by adding Chapter 11A to read as follows:

CHAPTER 11A. PUBLIC CHARTER DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 11A.001. DEFINITIONS. In this chapter:

(1) "Charter holder" means the entity to which a charter is granted under this chapter.

(2) "Governing body of a charter holder" means the board of directors, board of trustees, or other governing body of a charter holder.

(3) "Governing body of a public charter district" means the board of directors, board of trustees, or other governing body of a public charter district. The term includes the governing body of a charter holder if that body acts as the governing body of the public charter district.

(4) "Management company" means a person, other than a charter holder, who provides management services for a public charter district.

(5) "Management services" means services related to the management or operation of a public charter district, including:

(A) planning, operating, supervising, and

evaluating the public charter district's educational programs, services, and facilities;

(B) making recommendations to the governing body of the public charter district relating to the selection of school personnel;

(C) managing the public charter district's day-to-day operations as its administrative manager;

(D) preparing and submitting to the governing body of the public charter district a proposed budget;

(E) recommending policies to be adopted by the governing body of the public charter district, developing appropriate procedures to implement policies adopted by the governing body of the public charter district, and overseeing the implementation of adopted policies; and

(F) providing leadership for the attainment of student performance at the public charter district based on the indicators adopted under Section 39.051 or by the governing body of the public charter district.

(6) "Officer of a public charter district" means:

(A) the principal, director, or other chief operating officer of a public charter district or campus; or

(B) a person charged with managing the finances of a public charter district.

Sec. 11A.002. AUTHORIZATION. (a) In accordance with this chapter, the State Board of Education may grant a charter on the application of an eligible entity for a public charter district to operate in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. In this subsection, "eligible entity" means:

(1) an institution of higher education as defined under Section 61.003;

(2) a private or independent institution of higher education as defined under Section 61.003;

(3) an organization that is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; or

(4) a governmental entity in this state.

(b) The State Board of Education may grant a charter for a public charter district only to an applicant that meets all financial, governing, and operational standards adopted by the commissioner under this chapter.

(c) The State Board of Education may not grant more than a total of 215 charters for public charter districts.

(d) An educator employed by a school district before the effective date of a charter for a public charter district operated at a school district facility may not be transferred to or employed by the public charter district over the educator's objection.

Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter district:

(1) shall provide instruction to and assess a number of students at a number of elementary or secondary grade levels, as provided by the charter, sufficient to permit the agency to assign an accountability rating under Chapter 39;

(2) is governed under the governing structure required by this chapter and described by the charter;

(3) retains authority to operate under the charter contingent on satisfactory student performance as provided by the charter in accordance with Section 11A.103; and

(4) does not have authority to impose taxes.

Sec. 11A.004. STATUS. A public charter district or campus is part of the public school system of this state.

Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related to operation of a public charter district, a public charter district is immune from liability to the same extent as a school district, and its employees and volunteers are immune from liability to the same extent as school district employees and volunteers. Except as provided by Section 11A.154, a member of the governing body of a public charter district or of a charter holder is immune from liability to the same extent as a school district trustee.

Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL. A reference in law to an open-enrollment charter school means a public charter district or public charter campus, as applicable.

[Sections 11A.007-11A.050 reserved for expansion]

SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided by Subsection (b) or (c), a public charter district is subject to federal and state laws and rules governing public schools and to municipal zoning ordinances governing public schools.

(b) A public charter district is subject to this code and rules adopted under this code only to the extent the applicability to a public charter district of a provision of this code or a rule adopted under this code is specifically provided.

(c) Notwithstanding Subsection (a), a campus of a public charter district located in whole or in part in a municipality with a population of 20,000 or less is not subject to a municipal zoning ordinance governing public schools.

Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public charter district has the powers granted to schools under this title.

(b) A public charter district is subject to:

(1) a provision of this title establishing a criminal offense; and

(2) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) under Section 42.006;

(B) reporting an educator's misconduct under Section 21.006;

(C) criminal history records under Subchapter C, Chapter 22;

(D) reading instruments and accelerated reading instruction programs under Section 28.006;

(E) satisfactory performance on assessment instruments and accelerated instruction under Section 28.0211;

(F) intensive programs of instruction under Section 28.0213;

(G) high school graduation under Section 28.025;

(H) special education programs under Subchapter

A, Chapter 29, including a requirement that special education teachers obtain appropriate certification;

(I) bilingual education under Subchapter B, Chapter 29, including a requirement that bilingual education teachers obtain appropriate certification;

(J) prekindergarten programs under Subchapter E, Chapter 29;

(K) extracurricular activities under Section 33.081;

(L) discipline management practices or behavior management techniques under Section 37.0021;

(M) health and safety under Chapter 38; and

(N) public school accountability under Subchapters B, C, D, G, and I, Chapter 39.

(c) A public charter district is entitled to the same level of services provided to school districts by regional education service centers. The commissioner shall adopt rules that provide for the representation of public charter districts on the boards of directors of regional education service centers.

(d) The commissioner may by rule permit a public charter district to voluntarily participate in any state program available to school districts, including a purchasing program, if the public charter district complies with all terms of the program.

(e) Chapter 26 applies to a public charter district and a parent of a student enrolled in the public charter district in the same manner as a school district or parent of a student enrolled in the school district. In this subsection, "parent" has the meaning assigned by Section 26.002.

Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC INFORMATION LAWS. (a) With respect to the operation of a public charter district, the governing body of a charter holder and the governing body of a public charter district are considered to be governmental bodies for purposes of Chapters 551 and 552, Government Code.

(b) With respect to the operation of a public charter district, any requirement in Chapter 551 or 552, Government Code, that applies to a school district, the board of trustees of a school

district, or public school students applies to a public charter district, the governing body of a charter holder, the governing body of a public charter district, or students in attendance at a public charter district campus.

Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL GOVERNMENT RECORDS. (a) With respect to the operation of a public charter district, a public charter district is considered to be a local government for purposes of Subtitle C, Title 6, Local Government Code, and Subchapter J, Chapter 441, Government Code.

(b) Records of a public charter district, a charter holder, or a management company that relate to a public charter district are government records for all purposes under state law.

(c) Any requirement in Subtitle C, Title 6, Local Government Code, or Subchapter J, Chapter 441, Government Code, that applies to a school district, the board of trustees of a school district, or an officer or employee of a school district applies to a public charter district or management company, the governing body of a charter holder, the governing body of a public charter district, or an officer or employee of a public charter district or management company except that the records of a public charter district or management company that ceases to operate shall be transferred in the manner prescribed by Subsection (d).

(d) The records of a public charter district or management company that ceases to operate shall be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. The commissioner may designate any appropriate entity to serve as custodian, including the agency, a regional education service center, or a school district. In designating a custodian, the commissioner shall ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of:

(1) maintaining the records;
(2) making the records readily accessible to students, parents, former school employees, and other persons entitled to access; and

(3) complying with applicable state or federal law restricting access to the records.

(e) If the charter holder of a public charter district that ceases to operate or an officer or employee of the district or a management company refuses to transfer school records in the manner specified by the commissioner under Subsection (d), the commissioner may ask the attorney general to petition a court for recovery of the records. If the court grants the petition, the court shall award attorney's fees and court costs to the state.

(f) A record described by this section is a public school record for purposes of Section 37.10(c)(2), Penal Code.

Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC PURCHASING AND CONTRACTING. (a) This section applies to a public charter district unless the district's charter otherwise describes procedures for purchasing and contracting and the procedures are approved by the State Board of Education.

(b) A public charter district is considered to be:

(1) a governmental entity for purposes of:

(A) Subchapter D, Chapter 2252, Government Code;

(B) Subchapter A, Chapter 2254, Government Code;

and

(C) Subchapter B, Chapter 271, Local Government Code; and

(2) a local government for purposes of Sections 2256.009-2256.016, Government Code.

(c) To the extent consistent with this section, a requirement in a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF INTEREST. (a) A member of the governing body of a charter holder, a member of the governing body of a public charter district, or an officer of a public charter district is considered to be a local public official for purposes of Chapter 171, Local Government Code. For purposes of that chapter:

(1) a member of the governing body of a charter holder or a member of the governing body or officer of a public charter district is considered to have a substantial interest in a business

entity if a person related to the member or officer in the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest in the business entity under Section 171.002, Local Government Code; and

(2) a teacher at a public charter district may serve as a member of the governing body of the charter holder or the governing body of the public charter district if the teachers serving on the governing body:

(A) do not constitute a quorum of the governing body or any committee of the governing body; and

(B) comply with the requirements of Sections 171.003-171.007, Local Government Code.

(b) To the extent consistent with this section, a requirement of a law listed in this section that applies to a school district or the board of trustees of a school district applies to a public charter district, the governing body of a charter holder, or the governing body of a public charter district.

(c) An employee who is not a teacher may serve as a member of the governing body of a charter holder or the governing body of a public charter district if:

(1) the charter holder operating the public charter district where the individual is employed and serves as a member of the governing body operated an open-enrollment charter school under Subchapter D, Chapter 12, on August 31, 2007;

(2) the individual was employed by the charter holder and serving as a member of the governing body on August 31, 2007, in compliance with former Section 12.1054;

(3) the individual had been continuously so employed and serving since a date on or before January 1, 2007; and

(4) the charter holder meets or exceeds the fiscal and academic standards described by Section 11A.1041(a)(1) for the preceding school year, as determined by the commissioner.

(d) If under Subsection (c) an individual continues to be employed and serve as a member of the governing body, the individual may not participate in any deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in the status,

compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees. In addition, the individual may not hear, consider, or act on any grievance or complaint concerning the individual or a matter with which the individual has dealt in the individual's capacity as an employee.

Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A public charter district, including the governing body of a public charter district and any district employee with final authority to hire a district employee, is subject to a prohibition, restriction, or requirement, as applicable, imposed by state law or by a rule adopted under state law, relating to nepotism under Chapter 573, Government Code.

(b) Notwithstanding Subsection (a), a member of the governing body of a charter holder or public charter district may not be related in the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to another member of the governing body of the charter holder or public charter district.

(c) This section does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if:

(1) the charter holder operating the public charter district where the individual is employed or serves as a member of the governing body operated an open-enrollment charter school under Subchapter D, Chapter 12, on August 31, 2007;

(2) the individual was employed or serving in the position on August 31, 2007, in compliance with former Section 12.1055;

(3) the individual has been continuously employed or serving since a date on or before January 1, 2007; and

(4) the charter holder meets or exceeds the fiscal and academic standards described by Section 11A.1041(a)(1) for the preceding school year, as determined by the commissioner.

(d) If, under Subsection (c), an individual continues to be employed or serve in a position, the public official to whom the individual is related in a prohibited degree may not participate in

any deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.

[Sections 11A.058-11A.100 reserved for expansion]

SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

Sec. 11A.101. APPLICATION. (a) The State Board of Education shall adopt:

(1) an application form and a procedure that must be used to apply for a charter for a public charter district; and

(2) criteria to use in selecting a program for which to grant a charter.

(b) The application form must provide for including the information required under Section 11A.103 to be contained in a charter.

(c) The State Board of Education may approve or deny an application based on criteria it adopts and on financial, governing, and operational standards adopted by the commissioner under this chapter. The criteria the board adopts must include:

(1) criteria relating to improving student performance and encouraging innovative programs; and

(2) criteria relating to the educational benefit for students residing in the geographic area to be served by the proposed public charter district, as compared to any significant financial difficulty that a loss in enrollment may have on any school district whose enrollment is likely to be affected by the public charter district.

(d) A public charter district may not begin operating under this chapter unless the commissioner has certified that the applicant has acceptable administrative and accounting systems and procedures in place for the operation of the proposed public charter district.

Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The commissioner by rule shall adopt a procedure for providing notice to each member of the legislature that represents the geographic area to be served by the proposed public charter district, as

determined by the commissioner, on receipt by the State Board of Education of an application for a charter for a public charter district under Section 11A.101.

Sec. 11A.103. CONTENT. (a) Each charter granted under this chapter must:

(1) describe the educational program to be offered, which must include the required curriculum as provided by Section 28.002;

(2) establish educational goals, which must include acceptable student performance as determined under Chapter 39;

(3) specify the grade levels to be offered, which must be sufficient to permit the agency to assign an accountability rating under Chapter 39;

(4) describe the facilities to be used;

(5) describe the geographical area served by the program, which may not be statewide; and

(6) specify any type of enrollment criteria to be used.

(b) A charter holder of a public charter district shall consider including in the district's charter a requirement that the district develop and administer personal graduation plans under Section 28.0212.

(c) The terms of a charter may not include plans for future increases in student enrollment, grade levels, campuses, or geographical area, except that:

(1) the charter may contain a plan for adding grade levels as necessary to comply with Section 11A.253(c) or (d); and

(2) the commissioner may approve such an increase in a charter revision request under Section 11A.106.

Sec. 11A.104. FORM. A charter for a public charter district shall be in the form of a license issued by the State Board of Education to the charter holder.

Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN ENTITIES. (a) Notwithstanding Section 11A.101, the commissioner shall immediately grant a charter under this chapter to the following entities on or before August 1, 2008:

(1) an eligible entity, other than an eligible entity

described by Subdivision (2) or (3), holding a charter under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2007, if:

(A) for fiscal year 2006, the annual audit report for the entity was timely filed in compliance with Section 44.008 and reported:

(i) total assets that exceeded or equaled total liabilities; or

(ii) total liabilities that exceeded total assets by not more than 20 percent of total expenditures;

(B) except as provided by Subsection (c) or (d), at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (l) performed satisfactorily on the assessment instrument in mathematics, as determined by the school's assessment instrument results for the 2006-2007 school year; and

(C) except as provided by Subsection (c) or (d), at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (l) performed satisfactorily on the assessment instrument in reading or English language arts, as applicable, as determined by the school's assessment instrument results for the 2006-2007 school year;

(2) a governmental entity holding a charter under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2007; and

(3) an eligible entity holding a charter under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2007, if at least 85 percent of students enrolled in the school reside in a residential facility.

(b) For purposes of Subsection (a)(1)(A), an entity that fails to submit an audit report under Section 44.008 for fiscal year 2006 before September 1, 2007, is considered for fiscal year 2006 to have total liabilities that exceed total assets by more than 20 percent of total expenditures, unless the commissioner determines that unusual circumstances contributed to the failure to submit a

report and allows submission after September 1, 2007.

(c) If an eligible entity described by Subsection (a)(1) does not meet the academic performance requirements of Subsections (a)(1)(B) and (C), the commissioner shall immediately grant a charter under this chapter to the entity on or before August 1, 2008, if:

(1) at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (1) performed satisfactorily on the assessment instrument in mathematics, as determined by averaging the school's assessment instrument results for the 2005-2006 and 2006-2007 school years; and

(2) at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (1) performed satisfactorily on the assessment instrument in reading or English language arts, as applicable, as determined by averaging the school's assessment instrument results for the 2005-2006 and 2006-2007 school years.

(d) If an eligible entity described by Subsection (a)(1) does not meet the academic performance requirements of Subsections (a)(1)(B) and (C) or Subsection (c), and the entity's open-enrollment charter school is located in a county designated by the Federal Emergency Management Agency as a disaster area that qualified for public assistance due to Hurricane Rita and was closed for 10 or more instructional days between September 21, 2005, and November 3, 2005, the commissioner shall immediately grant a charter under this chapter to the entity on or before August 1, 2008, if:

(1) at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (1) performed satisfactorily on the assessment instrument in mathematics as determined by averaging the school's assessment instrument results for the 2004-2005 and 2006-2007 school years; and

(2) at least 25 percent of all students enrolled at the entity's open-enrollment charter school and administered an assessment instrument under Section 39.023(a), (c), or (l) performed satisfactorily on the assessment instrument in reading or English language arts, as applicable, as determined by averaging the school's assessment instrument results for the 2004-2005 and 2006-2007 school years.

(e) Assessment instrument results for fewer than five students are not considered for purposes of Subsection (a)(1)(B) or (C).

(f) The commissioner shall determine which entities are eligible for a charter under this section as soon as practicable.

(g) The content and terms of a charter granted to an eligible entity under this section must be the same as those under which the entity operated under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2007, except that where the terms conflict with this chapter, this chapter prevails.

(h) An eligible entity holding multiple charters before January 1, 2007, may not combine those charters into one charter for a public charter district but must retain each of those charters. Each charter retained under this subsection counts towards the limit imposed under Section 11A.002(c).

(i) Section 11A.157 does not apply to an entity granted a charter under this section.

(j) A decision of the commissioner under this section is not subject to an appeal to a district court.

(k) This section expires January 1, 2010.

Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

(a) For purposes of Section 11A.1041(a), the commissioner shall compute the percentage of students who performed satisfactorily on an assessment instrument in a manner consistent with this section.

(b) The commissioner may only consider the performance of a student who was enrolled as of the date for reporting enrollment for the fall semester under the Public Education Information Management System (PEIMS). This subsection does not prevent the commissioner from considering the performance of a student who retakes an exit-level assessment instrument under Section 39.023(c) in grade

11 or 12 regardless of whether the student was enrolled as of the date for reporting enrollment for the fall semester.

(c) In computing performance under this section, the commissioner must:

(1) add the results for third through 11th grade assessment instruments in English and third through sixth grade assessment instruments in Spanish across grade levels tested at all campuses operated by the charter holder and evaluate those results for all students;

(2) combine the results for third through ninth grade assessment instruments in reading and 10th and 11th grade assessment instruments in English language arts and evaluate those results as a single subject;

(3) separately determine student performance for reading and mathematics as a percentage equal to the sum of students who performed satisfactorily on the specific subject area assessment instrument in all grade levels tested at all campuses operated by the charter holder divided by the number of students who took the specific subject area assessment instrument in grade levels tested at all campuses operated by the charter holder; and

(4) include the results, as applicable, for a subsequent administration of an exit-level assessment instrument under Section 39.023(c) to a student in grade 11 or 12.

(d) To the extent consistent with this section, the commissioner shall use the methodology used to compute passing rates for reading and mathematics assessment instruments for purposes of determining accountability ratings under Chapter 39 for the 2006-2007 school year.

(e) This section expires January 1, 2010.

Sec. 11A.105. CHARTER GRANTED. Each charter the State Board of Education grants for a public charter district must:

(1) satisfy this chapter; and

(2) include the information that is required under Section 11A.103 consistent with the information provided in the application and any modification the board requires.

Sec. 11A.106. REVISION. (a) A revision of a charter of a public charter district may be made only with the approval of the

commissioner.

(b) Not more than once each year, a public charter district may request approval to revise the maximum student enrollment described by the district's charter.

(c) The commissioner may not approve a charter revision that increases a public charter district's enrollment, increases the grade levels offered, increases the number of campuses, or changes the boundaries of the geographic area served by the program unless the commissioner determines that:

(1) the public charter district has operated one or more campuses for at least three school years;

(2) the public charter district is not rated accredited-warned or accredited-probation under Subchapter D, Chapter 39;

(3) each campus operated by the charter holder of the public charter district has been rated at least academically acceptable under Subchapter D, Chapter 39, for each of its most recent three years of operation;

(4) no campus operated by the public charter district has been identified as needing technical assistance under Section 39.1322 for its most recent two years of operation;

(5) the public charter district has been rated superior, above standard, standard, or the equivalent, under the financial accountability system under Subchapter I, Chapter 39; and

(6) the charter revision is in the best interest of students of this state.

(d) In making a determination under Subsection (c)(6), the commissioner shall review all available information relating to the charter holder, including the charter holder's:

(1) academic and financial performance;

(2) history of compliance with applicable laws;

(3) staffing, financial, and organizational data; and

(4) other information regarding the charter holder's capacity to successfully implement the requested charter revision.

(e) The commissioner may not approve a charter revision that proposes an increase in:

(1) a public charter district's enrollment, unless the

charter holder adopts a business plan for implementing the enrollment increase that includes components identified by the commissioner; or

(2) the grade levels offered by a public charter district, unless the charter holder adopts an educational plan for the additional grade levels that includes components identified by the commissioner.

(f) The commissioner may approve a charter revision authorizing a public charter district to serve students in a geographical area that is not contiguous with the existing boundaries of the district, but may not approve a statewide geographical boundary.

(g) Subsections (c), (d), and (e) do not apply to a request under Subsection (b) by a public charter district operated by a governmental entity that provides instructional services within a residential detention, treatment, or adjudication facility. This subsection does not otherwise affect the commissioner's authority to grant or deny a request for a charter revision made by an entity to which this subsection applies.

Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. (a) The commissioner may modify, place on probation, or revoke the charter of a public charter district if the commissioner determines under Section 11A.108 that the charter holder:

(1) committed a material violation of the charter;

(2) failed to satisfy generally accepted accounting standards of fiscal management;

(3) failed to protect the health, safety, welfare, or best interests of the students enrolled at the public charter district; or

(4) failed to comply with this chapter or another applicable law or rule.

(b) The commissioner shall revoke the charter of a public charter district without a hearing if all campuses operated by the public charter district have been ordered closed under Section 39.131(a) or 39.1324(d), (e), or (f).

Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON

PROBATION, OR REVOCATION. (a) The commissioner shall adopt a procedure to be used for modifying, placing on probation, or revoking the charter of a public charter district under Section 11A.107(a).

(b) The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder.

Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON PROBATION, OR REVOCATION. A charter holder may appeal a modification, placement on probation, or revocation under this subchapter only in the manner provided by the applicable procedures adopted by the commissioner under Section 11A.108. The charter holder may not otherwise appeal to the commissioner and may not appeal to a district court.

Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER. If the commissioner revokes a charter of a public charter district, if a district is ordered closed under Chapter 39, or if a public charter district surrenders its charter, the district may not:

- (1) continue to operate under this chapter; or
- (2) receive state funds under this chapter.

[Sections 11A.111-11A.150 reserved for expansion]

SUBCHAPTER D. GOVERNING BODIES OF CHARTER HOLDERS, PUBLIC CHARTER DISTRICTS, AND MANAGEMENT COMPANIES

Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT. The governing body of a charter holder is responsible for the management, operation, and accountability of the public charter district, regardless of whether the governing body delegates the governing body's powers and duties to another person.

Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER HOLDER. The governing body of a charter holder must be composed of at least five members.

Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS OFFICER OR EMPLOYEE. (a) Except as provided by Subsection (b), a person may not serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the person:

(1) has been convicted of a felony or a misdemeanor involving moral turpitude;

(2) has been convicted of an offense listed in Section 37.007(a);

(3) has been convicted of an offense listed in Article 62.001(5), Code of Criminal Procedure; or

(4) has a substantial interest in a management company.

(b) A person who has been convicted of an offense described by Subsection (a)(1), (2), or (3) may serve as a member of the governing body of a charter holder, as a member of the governing body of a public charter district, or as an officer or employee of a public charter district if the commissioner determines that the person is fit to serve in that capacity. In making a determination under this subsection, the commissioner shall consider:

(1) the factors described by Section 53.022, Occupations Code, for determining the extent to which a conviction relates to an occupation;

(2) the factors described by Section 53.023, Occupations Code, for determining the fitness of a person to perform the duties and discharge the responsibilities of an occupation; and

(3) other appropriate factors, as determined by the commissioner.

(c) For purposes of Subsection (a)(4), a person has a substantial interest in a management company if the person or a relative within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code:

(1) has a controlling interest in the company;

(2) owns more than 10 percent of the voting interest in the company;

(3) owns more than \$25,000 of the fair market value of the company;

(4) has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains of the company;

(5) is a member of the board of directors or other governing body of the company;

(6) serves as an elected officer of the company; or

(7) is an employee of the company.

Sec. 11A.154. LIABILITY OF MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) Notwithstanding the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), Chapter 22, Business Organizations Code, or other law, on request of the commissioner, the attorney general shall bring suit against a member of the governing body of a charter holder for breach of a fiduciary duty by the member, including misapplication of public funds.

(b) The attorney general may bring suit under Subsection (a) for:

(1) damages;

(2) injunctive relief; or

(3) any other equitable remedy determined to be appropriate by the court.

(c) This section is cumulative of all other remedies.

Sec. 11A.155. TRAINING FOR MEMBERS OF GOVERNING BODY OF CHARTER HOLDER. (a) The commissioner shall adopt rules prescribing training for members of governing bodies of charter holders.

(b) The rules adopted under Subsection (a) may:

(1) specify the minimum amount and frequency of the training;

(2) require the training to be provided by:

(A) the agency and regional education service centers;

(B) entities other than the agency and service centers, subject to approval by the commissioner; or

(C) both the agency, service centers, and other entities; and

(3) require training to be provided concerning:

(A) basic school law, including school finance;

(B) health and safety issues;

(C) accountability requirements related to the

use of public funds; and

(D) other requirements relating to accountability to the public, such as open meetings requirements under Chapter 551, Government Code, and public information requirements under Chapter 552, Government Code.

Sec. 11A.156. BYLAWS; ANNUAL REPORT. (a) A charter holder shall file with the commissioner a copy of its articles of incorporation and bylaws, or comparable documents if the charter holder does not have articles of incorporation or bylaws, within the period and in the manner prescribed by the commissioner.

(b) Each public charter district shall file annually with the commissioner the following information in a form prescribed by the commissioner:

(1) the name, address, and telephone number of each officer and member of the governing body of the charter holder; and

(2) the amount of annual compensation the public charter district pays to each officer and member of the governing body.

Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During a public charter district's first year of operation, the charter holder shall submit quarterly financial reports to the commissioner. The commissioner by rule shall determine the form and content of the financial reports under this section.

Sec. 11A.158. PEIMS INFORMATION. The governing body of a public charter district shall comply with Section 42.006.

Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A management company that provides management services to a public charter district is liable for damages incurred by the state or a school district as a result of the failure of the company to comply with its contractual or other legal obligation to provide services to the district.

(b) On request of the commissioner, the attorney general may bring suit on behalf of the state against a management company liable under Subsection (a) for:

(1) damages, including any state funding received by the company and any consequential damages suffered by the state;

(2) injunctive relief; or

(3) any other equitable remedy determined to be appropriate by the court.

(c) This section is cumulative of all other remedies and does not affect:

(1) the liability of a management company to the charter holder; or

(2) the liability of a charter holder, a member of the governing body of a charter holder, or a member of the governing body of a public charter district to the state.

Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.

(a) The charter holder or the governing body of a public charter district may not accept a loan from a management company that has a contract to provide management services to:

(1) the district; or

(2) another public charter district that operates under a charter granted to the charter holder.

(b) A charter holder or the governing body of a public charter district that accepts a loan from a management company may not enter into a contract with that management company to provide management services to the district.

Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any contract, including a contract renewal, between a public charter district and a management company proposing to provide management services to the district must require the management company to maintain all records related to the management services separately from any other records of the management company.

Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS PROHIBITED. The commissioner may prohibit, deny renewal of, suspend, or revoke a contract between a public charter district and a management company providing management services to the district if the commissioner determines that the management company has:

(1) failed to provide educational or related services in compliance with the company's contractual or other legal obligation to any public charter district in this state or to any other similar entity in another state;

(2) failed to protect the health, safety, or welfare of the students enrolled at a public charter district served by the

company;

(3) violated this chapter or a rule adopted under this chapter; or

(4) otherwise failed to comply with any contractual or other legal obligation to provide services to the district.

[Sections 11A.163-11A.200 reserved for expansion]

SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

Sec. 11A.201. STATE FUNDING. (a) To the extent consistent with Subsection (c), a charter holder is entitled to receive for the public charter district funding under Chapter 42 as if the public charter district were a school district without a local share for purposes of Section 42.252 and without any local revenue ("LR") for purposes of Section 42.302. In determining funding for a public charter district, adjustments under Sections 42.102, 42.103, and 42.105 and the district enrichment tax rate ("DTR") under Section 42.302 are based on the average adjustment and average district enrichment tax rate for the state.

(b) To the extent consistent with Subsection (c), a public charter district is entitled to funds that are available to school districts from the agency or the commissioner, including grants and other discretionary funding, unless the statute authorizing the funding explicitly provides that a public charter district is not entitled to the funding.

(c) A charter holder is entitled to receive for a public charter district funding under this section only if the holder:

(1) provides information for the Public Education Information Management System (PEIMS) as required by this chapter;

(2) submits to the commissioner appropriate fiscal and financial records as required by this chapter and the commissioner; and

(3) receives an annual unqualified opinion in the standard audit report filed pursuant to Section 11A.210.

(d) The commissioner shall suspend the funding of a charter holder that fails to comply with Subsection (c) until the commissioner determines that the charter holder is in compliance or has cured any noncompliance and has adopted adequate procedures to prevent future noncompliance.

(e) The commissioner may adopt rules to provide and account for state funding of public charter districts under this section. A rule adopted under this section may be similar to a provision of this code that is not similar to a provision listed in Section 11A.052(b) if the commissioner determines that the rule is related to financing of public charter districts and is necessary or prudent to provide or account for state funds.

Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS.

(a) In this section, "instructional facility" has the meaning assigned by Section 46.001.

(b) In accordance with this section, a charter holder is initially eligible for instructional facilities allotments for a campus of a public charter district for which the charter holder has been granted a charter if:

(1) the campus has for the two preceding school years been rated recognized or exemplary under Subchapter D, Chapter 39; and

(2) on the most recent audit of the financial operations of the district conducted pursuant to Section 11A.210, the district has satisfied generally accepted accounting standards of fiscal management as evidenced by an unqualified opinion in the standard audit report issued and filed pursuant to Section 11A.210.

(c) Once a public charter district campus satisfies the initial eligibility requirements under Subsection (b)(1) and receives an allotment under this section, the campus continues to remain eligible until the campus receives an accountability rating of academically acceptable for three consecutive school years under Subchapter D, Chapter 39, at which point the campus is again subject to the eligibility requirements of Subsection (b)(1).

(d) The commissioner annually shall review the eligibility of a public charter district campus for purposes of this section.

(e) Except as otherwise provided by this section, a charter holder that is eligible for an allotment under this section is entitled to an annual allotment in an amount determined by the commissioner, not to exceed \$1,000 or a different amount provided by appropriation, for each student in average daily attendance during the preceding year at a public charter district campus that

satisfies the initial eligibility requirements under Subsection (b)(1).

(f) A charter holder who receives funds under this section may use the funds only for a public charter district campus for which the funds were paid under Subsection (e) and only to:

(1) purchase real property on which to construct an instructional facility for the campus;

(2) purchase, lease, construct, expand, or renovate instructional facilities for the campus;

(3) pay debt service in connection with instructional facilities purchased or improved for the campus; or

(4) maintain and operate instructional facilities for the campus.

(g) A decision of the commissioner under Subsection (e) is final and may not be appealed.

(h) The commissioner shall by rule establish procedures to ensure that funds a charter holder claims to be using for purposes of Subsection (f)(3) are used only for that purpose.

Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received under Section 11A.201 or 11A.202 by a charter holder:

(1) are considered to be public funds for all purposes under state law;

(2) are held in trust by the charter holder for the benefit of this state and the students of the public charter district;

(3) may be used only for a purpose for which a school may use local funds under Section 45.105(c) in the case of funds received under Section 11A.201, and may be used only for a purpose specified under Section 11A.202(f) in the case of funds received under Section 11A.202; and

(4) pending their use, must be deposited into a bank, as defined by Section 45.201, with which the charter holder has entered into a depository contract under Section 11A.204.

(b) Funds deposited under Subsection (a)(4) may be directly deposited into an account controlled by a bond trustee acting for the charter holder pursuant to a bond indenture agreement requiring direct deposit.

(c) The commissioner shall adopt rules for identifying public funds in accordance with Subsection (a).

(d) The commissioner may bring an action in district court in Travis County for injunctive or other relief to enforce this section. In identifying public funds held by a charter holder, the court shall use the criteria adopted by the commissioner under Subsection (c). Except as otherwise provided by this subsection, the court shall enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of the students of a public charter district. In the case of a public charter district that has ceased to operate, the court shall enter any order under this subsection concerning public funds held by the charter holder necessary to best serve the interests of this state.

Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank selected as a school depository for a public charter district and the charter holder shall enter into a depository contract, bond, or other necessary instrument setting forth the duties and agreements pertaining to the depository, in a form and with the content prescribed by the State Board of Education.

(b) The depository bank shall attach to the contract and file with the charter holder a bond in an initial amount equal to the estimated highest daily balance, determined by the charter holder, of all deposits that the charter holder will have in the depository during the term of the contract, less any applicable Federal Deposit Insurance Corporation insurance. The bond must be payable to the charter holder and must be signed by the depository bank and by a surety company authorized to engage in business in this state. The depository bank shall increase the amount of the bond if the charter holder determines the increase is necessary to adequately protect the funds of the charter holder deposited with the depository bank.

(c) The bond shall be conditioned on:

(1) the faithful performance of all duties and obligations imposed by law on the depository;

(2) the payment on presentation of all checks or drafts on order of the charter holder, in accordance with its orders

entered by the charter holder according to law;

(3) the payment on demand of any demand deposit in the depository;

(4) the payment, after the expiration of the period of notice required, of any time deposit in the depository;

(5) the faithful keeping of school funds by the depository and the accounting for the funds according to law; and

(6) the faithful paying over to the successor depository all balances remaining in the accounts.

(d) The bond and the surety on the bond must be approved by the charter holder. A premium on the depository bond may not be paid out of charter holder funds related to operation of the public charter district.

(e) The charter holder shall file a copy of the depository contract and bond with the agency.

(f) Instead of the bond required under Subsection (b), the depository bank may deposit or pledge, with the charter holder or with a trustee designated by the charter holder, approved securities, as defined by Section 45.201, in an amount sufficient to adequately protect the funds of the charter holder deposited with the depository bank. A depository bank may give a bond and deposit or pledge approved securities in an aggregate amount sufficient to adequately protect the funds of the charter holder deposited with the depository bank. The charter holder shall periodically designate the amount of approved securities or the aggregate amount of the bond and approved securities necessary to adequately protect the charter holder. The charter holder may not designate an amount less than the balance of charter holder funds on deposit with the depository bank from day to day, less any applicable Federal Deposit Insurance Corporation insurance. The depository bank may substitute approved securities on obtaining the approval of the charter holder. For purposes of this subsection, the approved securities are valued at their market value.

Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter holder who accepts state funds under Section 11A.201 or 11A.202 agrees to be subject to all requirements, prohibitions, and sanctions authorized under this chapter.

Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE FUNDS. (a) Property purchased or leased with funds received by a charter holder under Section 11A.201 or 11A.202:

(1) is considered to be public property for all purposes under state law;

(2) is held in trust by the charter holder for the benefit of this state and the students of the public charter district; and

(3) may be used only for a purpose for which a school district may use school district property.

(b) The commissioner shall:

(1) take possession and assume control of the property described by Subsection (a) of a public charter district that ceases to operate; and

(2) supervise the disposition of the property in accordance with law.

(c) This section does not affect the priority of a security interest in or lien on property established by a creditor in compliance with law if the security interest or lien arose in connection with the sale or lease of the property to the charter holder.

(d) The commissioner shall adopt rules for identifying public property in accordance with Subsection (a).

(e) The commissioner may bring an action in district court in Travis County for injunctive or other relief to enforce this section. In identifying public property held by a charter holder, the court shall use the criteria adopted by the commissioner under Subsection (d). Except as otherwise provided by this subsection, the court shall enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of the students of a public charter district. In the case of a public charter district that has ceased to operate, the court shall enter any order under this subsection concerning public property held by the charter holder necessary to best serve the interests of this state. The court may order title to real or personal public property held by the charter holder transferred to a trust established for the purpose of managing the property or may

make other disposition of the property necessary to best serve the interests of this state.

Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER DISTRICT LAND OR FACILITIES. A municipality to which a charter is granted under this chapter may borrow funds, issue obligations, or otherwise spend its funds to acquire land or acquire, construct, expand, or renovate school buildings or facilities and related improvements for its public charter district within the city limits of the municipality in the same manner the municipality is authorized to borrow funds, issue obligations, or otherwise spend its funds in connection with any other public works project.

Sec. 11A.208. TEXTBOOKS; FUNDING FOR TECHNOLOGY. A public charter district is entitled to textbooks under Chapter 31 and funding for technology under Subchapter A, Chapter 32, and is subject to those provisions as if the public charter district were a school district.

Sec. 11A.209. ANNUAL BUDGET. The governing body of a charter holder shall annually adopt a budget for the district.

Sec. 11A.210. ANNUAL AUDIT. The governing body of a charter holder shall conduct an annual audit in a manner that complies with Section 44.008.

Sec. 11A.211. STATE FUNDING UNDER CERTAIN SCHOOL DISTRICT AGREEMENTS. Notwithstanding any other provision of Chapter 41 or 42, and in addition to any other funds to which a school district may be entitled, a school district that enters into an agreement with a charter school operating under a charter granted under this chapter to provide education services to a student enrolled in the school district is entitled to receive the greater of the following amounts of state funding:

(1) the amount the charter school would receive under Section 11A.201 if the student were enrolled in the charter school;
or

(2) the amount to which the school district is entitled under Chapters 41 and 42 for the student.

[Sections 11A.212-11A.250 reserved for expansion]

SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

Sec. 11A.251. ADMISSION POLICY. (a) Except as provided by

this section, a public charter district may not discriminate in admission policy on the basis of sex, national origin, ethnicity, religion, disability, or academic, artistic, or athletic ability or the district the child would otherwise attend in accordance with this code.

(b) A public charter district is not required to admit a person if the person:

(1) has engaged in conduct or misbehavior within the preceding year that has resulted in:

(A) removal to a disciplinary alternative education program; or

(B) expulsion;

(2) has engaged in delinquent conduct or conduct in need of supervision and is on probation or other conditional release for the conduct; or

(3) has been convicted of a criminal offense and is on probation or other conditional release.

(c) A public charter district admission policy may require a student to demonstrate artistic ability if the school specializes in performing arts.

Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to a public charter district campus, the governing body of the district shall:

(1) require the applicant to complete and submit an application not later than a reasonable deadline the district establishes; and

(2) on receipt of more acceptable applications for admission under this section than available positions in the school:

(A) fill the available positions by lottery; or

(B) subject to Subsection (b), fill the available positions in the order in which applications received before the application deadline were received.

(b) A public charter district may fill applications for admission under Subsection (a)(2)(B) only if the district published a notice of the opportunity to apply for admission to the district. A notice published under this subsection must:

(1) state the application deadline;

(2) be published in a newspaper of general circulation in the community in which the district campus is located not later than the seventh day before the application deadline; and

(3) be made available on the public charter district's Internet website, if available.

(c) A public charter district may exempt an applicant from the requirements of Subsection (a)(2) if the applicant is:

(1) the child or grandchild of a member of the governing body of the charter holder at the time the district's charter was first granted;

(2) the child of an employee of the district or the charter holder; or

(3) a sibling of a student who is enrolled in the district.

(d) A public charter district that specializes in one or more performing arts may require an applicant to audition for admission to the school.

Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided by Subsection (b) or as otherwise determined impracticable by the commissioner, during a public charter district's first year of operation, the district must have a student enrollment of at least 100 and not more than 500 at any time during the school year.

(b) A public charter district may have a student enrollment of less than 100 if approved by the commissioner.

(c) Not later than a public charter district's third year of operation, at least 25 percent of the district's students must be enrolled in one or more grade levels for which assessment instruments are administered under Sections 39.023(a), (c), and (1).

(d) The commissioner may grant a waiver from the requirements of Subsection (c) for a public charter district that opens a campus serving prekindergarten or kindergarten students and agrees to:

(1) add at least one higher grade level class each school year after opening the campus; and

(2) until the campus complies with Subsection (c),

adopt accountability measures to assess the performance of the students not assessed under Section 39.023(a).

(e) The commissioner may grant a waiver from the requirements of Subsection (c) for a public charter district that was operating an open-enrollment charter school campus on January 1, 2007, serving prekindergarten, kindergarten, and first, second, and third grade students if the public charter district:

(1) adopts one or more nationally norm-referenced assessment instruments approved by the commissioner;

(2) administers the assessment instruments to its second grade students at intervals and in the manner specified by commissioner rule; and

(3) meets the applicable standards for student performance on the assessment instruments, as determined by commissioner rule.

(f) The commissioner shall adopt rules necessary to implement this section.

Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public charter district may not charge tuition to an eligible student who applies for admission to the district under this chapter.

(b) The governing body of a public charter district may require a student to pay any fee that the board of trustees of a school district may charge under Section 11.158(a). The governing body may not require a student to pay a fee that the board of trustees of a school district may not charge under Section 11.158(b).

Sec. 11A.255. TRANSPORTATION. A public charter district shall provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.

Sec. 11A.256. REMOVAL OF STUDENTS TO DISCIPLINARY ALTERNATIVE EDUCATION PROGRAM; EXPULSION OF STUDENTS. (a) The governing body of a public charter district shall adopt a code of conduct for the district or for each campus in the district.

(b) The code of conduct must include:

(1) standards for student behavior, including the types of prohibited behaviors and the possible consequences of

misbehavior; and

(2) the district's due process procedures regarding expulsion of a student.

(c) A final decision of the governing body of a public charter district regarding action taken under the code of conduct may not be appealed.

(d) A public charter district may not expel a student for:

(1) low academic performance; or

(2) a reason that is not authorized by Section 37.007 or specified in the district's code of conduct as conduct that may result in expulsion.

(e) Section 37.002 does not apply to a public charter district except to the extent specified by the governing body of the public charter district in the district's code of conduct.

Sec. 11A.257. IMPROVED LEARNING ENVIRONMENT. A public charter district may, if the district determines that the rule would improve the learning environment at a district campus, adopt a rule that:

(1) requires students at a district campus to wear school uniforms; or

(2) establishes a same-sex campus or classroom.

[Sections 11A.258-11A.300 reserved for expansion]

SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. A person employed as a teacher by a public charter district must hold a baccalaureate degree.

Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE QUALIFICATIONS. (a) Each public charter district shall provide to the parent or guardian of each student enrolled at a campus in the district written notice of the qualifications of each professional employee, including each teacher, employed at the campus.

(b) The notice must include:

(1) any professional or educational degree held by the employee;

(2) a statement of any certification under Subchapter B, Chapter 21, held by the employee; and

(3) any relevant experience of the employee.

Sec. 11A.303. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF TEXAS. (a) An employee of a public charter district who qualifies for membership in the Teacher Retirement System of Texas shall be covered under the system to the same extent a qualified employee of a school district is covered.

(b) For each employee of a public charter district covered under the system, the public charter district is responsible for making any contribution that otherwise would be the legal responsibility of a school district, and the state is responsible for making contributions to the same extent it would be legally responsible if the employee were a school district employee.

Sec. 11A.304. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

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

(b) Each school year, using state funds received by the charter holder for that purpose under Subsection (e), a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for classroom teachers, full-time librarians, full-time counselors, and full-time school nurses who are employed by the charter holder and who would be entitled to a minimum salary under Section 21.402 if employed by a school district, in an amount at least equal to \$2,500.

(c) Using state funds received by the charter holder for that purpose under Subsection (f), a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in average compensation increases as follows:

(1) for full-time employees other than employees who would be entitled to a minimum salary under Section 21.402 if employed by a school district, an average increase at least equal to

\$500; and

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

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

(e) Each school year, in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder at a public charter district campus.

(f) In addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the sum of:

(1) the product of \$500 multiplied by the number of full-time employees other than employees who would be entitled to a minimum salary under Section 21.402 if employed by a school district; and

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

(g) Each school year, in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that did not participate in the program under Chapter 1579,

Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the product of \$2,000 multiplied by the number of classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder at a public charter district campus.

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

[Sections 11A.305-11A.350 reserved for expansion]

SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

Sec. 11A.351. AUDIT. (a) To the extent consistent with this section, the commissioner may audit the records of:

- (1) a public charter district or campus;
- (2) a charter holder; and
- (3) a management company.

(b) An audit under Subsection (a) must be limited to matters directly related to the management or operation of a public charter district, including any financial, student, and administrative records.

(c) Unless the commissioner has specific cause to conduct an additional audit, the commissioner may not conduct more than one on-site audit of a public charter district under this section during any fiscal year, including any audit of financial, student, and administrative records. For purposes of this subsection, an audit of a charter holder or management company associated with a public charter district is not considered an audit of the district.

Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a subpoena to compel the attendance and testimony of a witness or the production of materials relevant to an audit or investigation under this chapter.

(b) A subpoena may be issued throughout the state and may be served by any person designated by the commissioner.

(c) If a person fails to comply with a subpoena issued under this section, the commissioner, acting through the attorney general, may file suit to enforce the subpoena in a district court in Travis County or in the county in which the audit or

investigation is conducted. The court shall order compliance with the subpoena if the court finds that good cause exists to issue the subpoena.

(d) This section expires September 1, 2009.

Sec. 11A.353. SANCTIONS. (a) The commissioner shall take any of the actions described by Subsection (b) or by Section 39.131(a), to the extent the commissioner determines necessary, if a public charter district, as determined by a report issued under Section 39.076(b):

(1) commits a material violation of the district's charter;

(2) fails to satisfy generally accepted accounting standards of fiscal management; or

(3) fails to comply with this chapter or another applicable rule or law.

(b) The commissioner may temporarily withhold funding, suspend the authority of a public charter district to operate, or take any other reasonable action the commissioner determines necessary to protect the health, safety, or welfare of students enrolled at a district campus based on evidence that conditions at the district campus present a danger to the health, safety, or welfare of the students.

(c) After the commissioner acts under Subsection (b), the public charter district may not receive funding and may not resume operating until a determination is made that:

(1) despite initial evidence, the conditions at the district campus do not present a danger of material harm to the health, safety, or welfare of students; or

(2) the conditions at the district campus that presented a danger of material harm to the health, safety, or welfare of students have been corrected.

(d) Not later than the third business day after the date the commissioner acts under Subsection (b), the commissioner shall provide the charter holder an opportunity for a hearing. This subsection does not apply to an action taken by the commissioner under Chapter 39.

(e) Immediately after a hearing under Subsection (d), the

commissioner must cease the action under Subsection (b) or initiate action under Section 11A.108.

Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The commissioner shall periodically consult with representatives of charter holders regarding the duties and mission of the agency relating to the operation of public charter districts. The commissioner shall determine the frequency of the consultations.

Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing in this chapter limits the commissioner's authority under Chapter 39.

Sec. 11A.356. RULES. The commissioner may adopt rules for the administration of this chapter.

[Sections 11A.357-11A.400 reserved for expansion]

SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

Sec. 11A.401. DEFINITIONS. In this subchapter:

(1) "Blue ribbon charter campus" and "campus" mean the public school formed when an eligible entity is granted a blue ribbon charter under this subchapter.

(2) "Eligible entity" means an organization that is exempt from taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code.

Sec. 11A.402. AUTHORIZATION. (a) In accordance with this subchapter, the commissioner may authorize not more than three charter holders to grant a charter to an eligible entity to operate a blue ribbon charter campus if:

(1) the charter holder proposes to grant the blue ribbon charter to replicate a distinctive education program;

(2) the charter holder has demonstrated the ability to replicate the education program;

(3) the education program has been implemented by the charter holder for at least seven school years; and

(4) the charter school in which the charter holder has implemented the program has been rated recognized or exemplary under Subchapter D, Chapter 39, for at least five school years.

(b) A charter holder that assumed operation of an existing charter school program during the seven years preceding the

proposed authorization under Subsection (a) may be authorized to grant a blue ribbon charter under Subsection (a) if:

(1) the performance level of the program at a campus before and after the charter holder assumed operation of the program meets the qualifications described by Subsection (a); and

(2) the charter holder has met the qualifications described by Subsection (a) since assuming operation of the program.

(c) A charter holder may grant a blue ribbon charter only to an eligible entity that meets any financial, governing, and operational standards adopted by the commissioner under this subchapter.

(d) A charter holder may grant not more than two blue ribbon charters under this subchapter.

Sec. 11A.403. APPLICABILITY OF CERTAIN LAWS. (a) A blue ribbon charter campus is considered a public charter district campus for purposes of state and federal law.

(b) A blue ribbon charter granted under this subchapter is not considered for purposes of the limit on the number of public charter districts imposed by Section 11A.002.

Sec. 11A.404. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE RIBBON CHARTER CAMPUS. (a) The governing body of the charter holder authorizing a blue ribbon charter is responsible for the management and operation of the campus operated under a blue ribbon charter. A blue ribbon charter campus is subject to the rules and policies of the governing body of the charter holder that granted the blue ribbon charter.

(b) For purposes of academic and financial accountability and all other purposes under this chapter and Chapter 39, a blue ribbon charter campus is considered a campus of the public charter district operated by the charter holder that granted the blue ribbon charter.

(c) A charter holder is entitled to receive funding for a blue ribbon charter campus as if the blue ribbon charter campus were a campus of the public charter district operated by the charter holder.

Sec. 11A.405. APPLICATION FOR AUTHORIZATION. (a) The

commissioner by rule shall adopt an application form and procedures for a charter holder to apply for authorization to grant a blue ribbon charter to an eligible entity under this subchapter.

(b) The application must specify:

(1) the criteria that will be used to grant blue ribbon charters;

(2) procedures for governance and management of campuses operating under a blue ribbon charter; and

(3) the performance standard by which continuation of a blue ribbon charter will be determined.

(c) A determination by the commissioner regarding an application under this section is final and may not be appealed.

Sec. 11A.406. REVOCATION OF AUTHORIZATION. (a) The commissioner may revoke a charter holder's authorization to grant a blue ribbon charter or operate a campus granted a blue ribbon charter if the commissioner determines that the purposes of this subchapter are not being satisfied.

(b) On revocation of a charter holder's authority under this section, the charter holder shall:

(1) operate a campus granted a blue ribbon charter as a standard campus of the charter holder under this chapter; or

(2) close the campus effective at the end of the school year in which the commissioner revokes the authorization.

Sec. 11A.407. CONTENT. (a) Each blue ribbon charter granted under this subchapter must:

(1) describe the educational program to be offered, which may be a general or specialized education program;

(2) provide that continuation of the charter is contingent on satisfactory student performance under Subchapter B, Chapter 39, and on compliance with other applicable accountability provisions under Chapter 39;

(3) specify any basis, in addition to a basis specified by this subchapter, on which the charter may be placed on probation or revoked;

(4) prohibit discrimination in admission on the basis of national origin, ethnicity, race, religion, or disability;

(5) describe the governing structure of the blue

ribbon charter campus;

(6) specify any procedure or requirement, in addition to those under Chapter 38, that the campus will follow to ensure the health and safety of students and employees; and

(7) describe the manner in which the campus and charter holder granting the blue ribbon charter will comply with financial and operational requirements, including requirements related to the Public Education Information Management System (PEIMS) under Section 11A.158 and the audit requirements under Section 11A.210.

(b) A charter holder may reserve the right to approve contracts, governance alterations, personnel decisions, and other matters affecting the operation of the blue ribbon charter campus.

(c) A blue ribbon charter must specify the basis and procedure to be used by the charter holder for placing the blue ribbon charter campus on probation or revoking the charter, which must include an opportunity for an informal review of the blue ribbon charter campus and governing body of the campus by the charter holder. A charter holder's decision to place on probation or revoke a blue ribbon charter is final and may not be appealed.

Sec. 11A.408. FORM. A blue ribbon charter issued under this subchapter must be in the form and substance of a written contract signed by the president or equivalent officer of the governing body of the charter holder granting the blue ribbon charter and the president or equivalent officer of the governing body of the eligible entity to which the blue ribbon charter is granted.

Sec. 11A.409. REVISION. A blue ribbon charter granted under this subchapter may be revised with the approval of the charter holder that granted the charter.

[Sections 11A.410-11A.450 reserved for expansion]

SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER SCHOOLS

Sec. 11A.451. DEFINITIONS. In this subchapter:

(1) "Assets" means:

(A) public funds, as determined under Section 12.107, as that section existed on January 1, 2007; and

(B) public property, as determined under Section

12.128, as that section existed on January 1, 2007.

(2) "Records" means government records, as determined under Section 12.1052, as that section existed on January 1, 2007.

Sec. 11A.452. APPLICABILITY. The commissioner shall appoint a receiver under this subchapter for each open-enrollment charter school that on April 1, 2007, was operating under a charter issued under Subchapter D, Chapter 12, as that subchapter existed on January 1, 2007, and:

(1) is not authorized to operate as a public charter district under this chapter; or

(2) elects not to operate as a public charter district under this chapter.

Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED.

(a) The commissioner shall appoint a receiver to protect the assets and direct the dissolution of open-enrollment charter schools subject to this subchapter.

(b) The receiver shall execute a bond in an amount set by the commissioner to ensure the proper performance of the receiver's duties.

(c) Until discharged by the commissioner, the receiver shall perform the duties that the commissioner directs to preserve the assets and direct the dissolution of the open-enrollment charter school under this subchapter.

Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After appointment and execution of bond under Section 11A.453, the receiver shall take possession of:

(1) assets and records in the possession of the open-enrollment charter school specified by the commissioner; and

(2) any Foundation School Program funds and any other public funds received by the school's charter holder.

(b) On request of the receiver, the attorney general shall file a suit for attachment, garnishment, or involuntary bankruptcy and take any other action necessary for the dissolution of an open-enrollment charter school under this subchapter.

(c) If the charter holder of an open-enrollment charter school or an officer or employee of such a school refuses to transfer school assets or records to a receiver under this

subsection, the receiver may ask the attorney general to petition a court for recovery of the assets or records. If the court grants the petition, the court shall award attorney's fees and court costs to the state.

(d) A record described by this section is a public school record for purposes of Section 37.10(c)(2), Penal Code.

Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall wind up the affairs of an open-enrollment charter school and, except as provided by Subsection (b), reduce its assets to cash for the purpose of discharging all existing liabilities and obligations of the school. In winding up the affairs of a school, the receiver shall cooperate in any bankruptcy proceeding affecting the school. The receiver shall distribute any remaining balance to the commissioner.

(b) A receiver shall offer free of charge any equipment and supplies of an open-enrollment charter school dissolved under this subchapter to school districts, giving priority to districts based on the percentage of the charter school's students that reside in the districts.

(c) The commissioner shall use money in the foundation school fund and money received under this section to pay the costs described by Section 11A.458 and discharge liabilities and obligations of open-enrollment charter schools under this subchapter. The commissioner shall deposit any remaining balance in the foundation school fund.

Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of an open-enrollment charter school subject to this subchapter shall be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. The commissioner may designate any appropriate entity to serve as custodian of records, including the agency, a regional education service center, or a school district. In designating a custodian, the commissioner shall ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of:

(1) maintaining the records;

(2) making the records readily accessible to students, parents, former school employees, and other persons entitled to

access; and

(3) complying with applicable state or federal law restricting access to the records.

(b) The commissioner is entitled to access to any records transferred to a custodian under this section as the commissioner determines necessary for auditing, investigative, or monitoring purposes.

Sec. 11A.457. LIABILITY. A receiver is not personally liable for actions taken by the receiver under this subchapter.

Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may authorize reimbursement of reasonable costs related to the receivership, including:

(1) payment of fees to the receiver for the receiver's services; and

(2) payment of fees to attorneys, accountants, or any other person that provides goods or services necessary to the operation of the receivership.

Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The competitive bidding requirements of this code and the contracting requirements of Chapter 2155, Government Code, do not apply to the appointment of a receiver, attorney, accountant, or other person appointed under this subchapter.

SECTION _____. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1058 to read as follows:

Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT PROVISIONS. (a) An open-enrollment charter school is subject to Sections 11A.201, 11A.204, 11A.205, 11A.206, and 11A.210.

(b) The commissioner may bring an action for injunctive or other relief as provided by Section 11A.203(d) to enforce Section 12.107.

(c) For purposes of this section, a reference in a law described by this section to a public charter district means an open-enrollment charter school.

SECTION _____. Subchapter E, Chapter 12, Education Code, is amended by amending Sections 12.151, 12.152, and 12.156 and adding Section 12.157 to read as follows:

Sec. 12.151. DEFINITIONS [~~DEFINITION~~]. In this subchapter,

"institution of higher education" and "public senior college or university" have [has] the meanings [meaning] assigned by Section 61.003.

Sec. 12.152. AUTHORIZATION. [~~(a)~~] In accordance with this subchapter and Chapter 11A [~~Subchapter D~~], the State Board of Education may grant a charter on the application of a public senior college or university for a public [~~an open-enrollment~~] charter district [~~school~~] to operate on the campus of the public senior college or university or in the same county in which the campus of the public senior college or university is located.

Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS.

(a) Except as otherwise provided by this subchapter, Chapter 11A [~~Subchapter D~~] applies to a college or university charter school as though the college or university charter school were granted a charter under that chapter [~~subchapter~~].

(b) A charter granted under this subchapter is not considered for purposes of the limit on the number of public [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section 11A.002 [~~12.101(b)~~].

(c) A college or university charter school is not subject to a prohibition, restriction, or requirement relating to:

(1) open meetings and public information under Section 11A.053;

(2) maintenance of records under Section 11A.054;

(3) purchasing and contracting under Section 11A.055;

(4) conflict of interest under Section 11A.056;

(5) nepotism under Section 11A.057;

(6) composition of a governing body under Section 11A.152;

(7) restrictions on serving as a member of a governing body or as an officer or employee under Section 11A.153;

(8) liability of members of a governing body under Section 11A.154;

(9) training for members of a governing body under Section 11A.155;

(10) bylaws and annual reports under Section 11A.156;

(11) quarterly financial reports under Section

11A.157; and

(12) depository bond and security requirements under Section 11A.204.

(d) A college or university charter school and the governing body of the school are subject to regulations and procedures that govern a public senior college or university relating to open meetings, records retention, purchasing, contracting, conflicts of interest, and nepotism.

Sec. 12.157. ADVANCED TECHNICAL ACADEMIES. (a) A college or university charter school may operate as an advanced technical academy. The school's educational program must:

(1) focus on advanced career and technology education;

(2) provide for a course of study that enables a participating student to combine high school courses and college-level courses during grade levels nine through 12;

(3) allow a participating student to complete high school and, on or before the fifth anniversary of the date of the student's first day of high school, receive a high school diploma and either:

(A) an associate's degree or a certificate for a trade or occupation; or

(B) at least 60 semester credit hours toward a baccalaureate degree;

(4) include articulation agreements with other institutions of higher education to provide a participating student access to postsecondary educational and training opportunities at the institution of higher education;

(5) provide a participating student flexibility in class scheduling and academic mentoring;

(6) include input from employers in the program's design; and

(7) incorporate partnerships with one or more of the following to provide paid internship opportunities for a participating student:

(A) local chambers of commerce;

(B) local employers;

(C) the Texas Workforce Commission through local

workforce development boards; and

(D) members of an industry cluster identified under Section 481.0295, Government Code.

(b) Each articulation agreement under Subsection (a)(4) must address:

(1) curriculum alignment;

(2) instructional materials;

(3) the instructional calendar;

(4) courses of study;

(5) eligibility of students for higher education financial assistance;

(6) student enrollment and attendance;

(7) grading periods and policies; and

(8) administration of statewide assessment instruments under Subchapter B, Chapter 39.

(c) The P-16 Council established under Section 61.076 shall provide guidance in case of any conflict that arises between parties to an articulation agreement under Subsection (a)(4).

(d) A college or university charter school operating as an advanced technical academy under this section is entitled to receive funding under Section 11A.201 in proportion to the amount of time spent by the student on courses for which the student will receive credit toward a high school diploma, in accordance with rules adopted by the commissioner, while completing the course of study established by the applicable articulation agreement under Subsection (a)(4).

SECTION _____. Section 5.001, Education Code, is amended by adding Subdivision (5-a) and amending Subdivision (6) to read as follows:

(5-a) "Public charter campus" means a campus operated by a public charter district.

(6) "Public charter district [~~Open-enrollment charter school~~]" means a public school authorized by [~~that has been granted~~] a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].

SECTION _____. Section 7.003, Education Code, is amended to read as follows:

Sec. 7.003. LIMITATION ON AUTHORITY. An educational

function not specifically delegated to the agency or the board under this code is reserved to and shall be performed by school districts or [~~open-enrollment~~] charter schools.

SECTION _____. Subsections (b) and (d), Section 7.010, Education Code, are amended to read as follows:

(b) Each school district, public charter district [~~open-enrollment charter school~~], and institution of higher education shall participate in an electronic student records system that satisfies standards approved by the commissioner of education and the commissioner of higher education.

(d) The commissioner of education or the commissioner of higher education may solicit and accept grant funds to maintain the electronic student records system and to make the system available to school districts, public charter districts [~~open-enrollment charter schools~~], and institutions of higher education.

SECTION _____. Subsection (b), Section 7.028, Education Code, is amended to read as follows:

(b) The board of trustees of a school district or the governing body of a public charter district [~~an open-enrollment charter school~~] has primary responsibility for ensuring that the district [~~or school~~] complies with all applicable requirements of state educational programs.

SECTION _____. Subchapter B, Chapter 7, Education Code, is amended by adding Section 7.029 to read as follows:

Sec. 7.029. STUDY OF DROPOUT RECOVERY CHARTER SCHOOLS.

(a) The agency shall:

(1) study innovative dropout recovery charter schools in this state and other states; and

(2) prepare a report regarding the findings of the study.

(b) The report required under Subsection (a) must:

(1) identify any highly effective dropout recovery charter schools;

(2) identify the areas of the state with the highest number of students identified as at risk of dropping out of school, as defined by Section 29.081(d), and establish locations where dropout recovery charter schools will have the greatest impact on

recovering dropouts in those areas;

(3) identify possible incentives for public charter districts and campuses that enroll dropouts;

(4) identify possible incentives for businesses that cooperate with public charter districts to establish opportunities for employment, including internship programs, for students enrolled in a dropout recovery charter school;

(5) identify persons involved in dropout recovery programs and what those persons determine are key components of an effective dropout recovery program;

(6) provide results of the effectiveness of the following on the success of a dropout recovery program:

(A) open entry and exit into and out of the program, with a student able to master course curriculum at the student's pace;

(B) flexible scheduling and a year-round program;

(C) teachers trained to handle the academic and emotional needs of the student;

(D) a career-oriented course curriculum with a focus on the practical application of the curriculum;

(E) a clear code of student conduct and consistent enforcement of the rules of that code;

(F) extensive support services offered for the health and welfare of the student;

(G) employment opportunities arranged through the program for the benefit of the student's schedule; and

(H) multiple options for a student to choose in tailoring the program to the needs of the student; and

(7) recommend legislation or other actions necessary to implement a dropout recovery charter school pilot program in the areas of the state with the highest number of students identified as at risk of dropping out of school and in other areas determined by the agency to have a need for the program.

(c) Not later than December 1, 2008, the agency shall deliver the report produced under Subsection (a) to the governor, the lieutenant governor, the speaker of the house of

representatives, and the presiding officers of the standing committees of each house of the legislature with primary jurisdiction over public education.

(d) This section expires January 1, 2009.

SECTION _____. Subdivision (17), Subsection (b), Section 7.055, Education Code, is amended to read as follows:

(17) The commissioner shall distribute funds to public charter districts [~~open-enrollment charter schools~~] as required under Chapter 11A [~~Subchapter D, Chapter 12~~].

SECTION _____. Subdivision (9), Subsection (c), Section 7.102, Education Code, is amended to read as follows:

(9) The board may grant a charter for a public charter district [~~an open-enrollment charter or approve a charter revision~~] as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

SECTION _____. Subsection (e), Section 11.003, Education Code, is amended to read as follows:

(e) The commissioner may require a public charter district [~~an open-enrollment charter school~~] to enter into a cooperative shared services arrangement for administrative services if the commissioner determines, after an audit conducted under Section 11A.351 [~~12.1163~~], that such a cooperative shared services arrangement would promote the efficient operation of the district [~~school~~].

SECTION _____. Section 12.002, Education Code, is amended to read as follows:

Sec. 12.002. CLASSES OF CHARTER. The classes of charter under this chapter are:

(1) a home-rule school district charter as provided by Subchapter B;

(2) a campus or campus program charter as provided by Subchapter C; or

(3) a college or university [~~an open-enrollment~~] charter as provided by Subchapter E [~~D~~].

SECTION _____. Subsections (b) and (c), Section 21.058, Education Code, are amended to read as follows:

(b) Notwithstanding Section 21.041(b)(7), not later than the fifth day after the date the board receives notice under Article

42.018, Code of Criminal Procedure, of the conviction of a person who holds a certificate under this subchapter, the board shall:

(1) revoke the certificate held by the person; and

(2) provide to the person and to any school district or public charter district [~~open-enrollment charter school~~] employing the person at the time of revocation written notice of:

(A) the revocation; and

(B) the basis for the revocation.

(c) A school district or public charter district [~~open-enrollment charter school~~] that receives notice under Subsection (b) of the revocation of a certificate issued under this subchapter shall:

(1) immediately remove the person whose certificate has been revoked from campus or from an administrative office, as applicable, to prevent the person from having any contact with a student; and

(2) as soon as practicable, terminate the employment of the person in accordance with the person's contract and with this subchapter.

SECTION _____. Subsection (b), Section 21.652, Education Code, is amended to read as follows:

(b) In adopting rules under this section, the commissioner shall include rules governing eligibility for and participation by a public charter district [~~an open-enrollment charter school~~] in the program.

SECTION _____. Subsection (c), Section 21.702, Education Code, is amended to read as follows:

(c) In adopting rules under this section, the commissioner shall include rules governing eligibility for and participation by a public charter district [~~an open-enrollment charter school~~] in the program.

SECTION _____. Subsections (b) and (c), Section 22.083, Education Code, are amended to read as follows:

(b) A public charter district [~~An open-enrollment charter school~~] shall obtain from any law enforcement or criminal justice agency all criminal history record information that relates to:

(1) a person whom the district [~~school~~] intends to

employ in any capacity; or

(2) a person who has indicated, in writing, an intention to serve as a volunteer with the district [~~school~~].

(c) A school district, public charter district [~~open-enrollment charter school~~], private school, regional education service center, or shared services arrangement may obtain from any law enforcement or criminal justice agency all criminal history record information that relates to:

(1) a volunteer or employee of the district, school, service center, or shared services arrangement; or

(2) an employee of or applicant for employment by a person that contracts with the district, school, service center, or shared services arrangement to provide services, if:

(A) the employee or applicant has or will have continuing duties related to the contracted services; and

(B) the duties are or will be performed on school property or at another location where students are regularly present.

SECTION _____. Section 22.084, Education Code, is amended to read as follows:

Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as provided by Subsections (c) and (d), a school district, public charter district [~~open-enrollment charter school~~], private school, regional education service center, or shared services arrangement that contracts with a person for transportation services shall obtain from any law enforcement or criminal justice agency all criminal history record information that relates to:

(1) a person employed by the person as a bus driver; or

(2) a person the person intends to employ as a bus driver.

(b) Except as provided by Subsections (c) and (d), a person that contracts with a school district, public charter district [~~open-enrollment charter school~~], private school, regional education service center, or shared services arrangement to provide transportation services shall submit to the district, school, service center, or shared services arrangement the name and other

identification data required to obtain criminal history record information of each person described by Subsection (a). If the district, school, service center, or shared services arrangement obtains information that a person described by Subsection (a) has been convicted of a felony or a misdemeanor involving moral turpitude, the district, school, service center, or shared services arrangement shall inform the chief personnel officer of the person with whom the district, school, service center, or shared services arrangement has contracted, and the person may not employ that person to drive a bus on which students are transported without the permission of the board of trustees of the district or service center, the governing body of the public charter district [~~open-enrollment charter school~~], or the chief executive officer of the private school or shared services arrangement.

(c) A commercial transportation company that contracts with a school district, public charter district [~~open-enrollment charter school~~], private school, regional education service center, or shared services arrangement to provide transportation services may obtain from any law enforcement or criminal justice agency all criminal history record information that relates to:

(1) a person employed by the commercial transportation company as a bus driver, bus monitor, or bus aide; or

(2) a person the commercial transportation company intends to employ as a bus driver, bus monitor, or bus aide.

(d) If the commercial transportation company obtains information that a person employed or to be employed by the company has been convicted of a felony or a misdemeanor involving moral turpitude, the company may not employ that person to drive or to serve as a bus monitor or bus aide on a bus on which students are transported without the permission of the board of trustees of the district or service center, the governing body of the public charter district [~~open-enrollment charter school~~], or the chief executive officer of the private school or shared services arrangement. Subsections (a) and (b) do not apply if information is obtained as provided by Subsection (c).

SECTION _____. Subdivision (3), Section 22.101, Education Code, is amended to read as follows:

(3) "Participating charter school" means a public charter district [~~an open-enrollment charter school~~] established under Chapter 11A [~~Subchapter D, Chapter 12,~~] that participates in the program established under Chapter 1579, Insurance Code.

SECTION _____. Section 25.088, Education Code, is amended to read as follows:

Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school attendance officer may be selected by:

- (1) the county school trustees of any county;
- (2) the board of trustees of any school district or the boards of trustees of two or more school districts jointly; or
- (3) the governing body of a public charter district [~~an open-enrollment charter school~~].

SECTION _____. Subsection (a), Section 25.089, Education Code, is amended to read as follows:

(a) An attendance officer may be compensated from the funds of the county, independent school district, or public charter district [~~open-enrollment charter school~~], as applicable.

SECTION _____. Subsection (b), Section 25.090, Education Code, is amended to read as follows:

(b) If the governing body of a public charter district [~~an open-enrollment charter school~~] has not selected an attendance officer for a district campus, the duties of attendance officer shall be performed by the peace officers of the county in which the campus [~~school~~] is located.

SECTION _____. Subsections (d) and (e), Section 25.093, Education Code, are amended to read as follows:

(d) A fine collected under this section shall be deposited as follows:

- (1) one-half shall be deposited to the credit of the operating fund of, as applicable:
 - (A) the school district in which the child attends school;
 - (B) the public charter district [~~open-enrollment charter school~~] the child attends; or
 - (C) the juvenile justice alternative education program that the child has been ordered to attend; and

(2) one-half shall be deposited to the credit of:

(A) the general fund of the county, if the complaint is filed in the justice court or the constitutional county court; or

(B) the general fund of the municipality, if the complaint is filed in municipal court.

(e) At the trial of any person charged with violating this section, the attendance records of the child may be presented in court by any authorized employee of the school district or public charter district [~~open-enrollment charter school~~], as applicable.

SECTION _____. Subsections (a) and (b), Section 25.095, Education Code, are amended to read as follows:

(a) A school district or public charter district [~~open-enrollment charter school~~] shall notify a student's parent in writing at the beginning of the school year that if the student is absent from school on 10 or more days or parts of days within a six-month period in the same school year or on three or more days or parts of days within a four-week period:

(1) the student's parent is subject to prosecution under Section 25.093; and

(2) the student is subject to prosecution under Section 25.094 or to referral to a juvenile court in a county with a population of less than 100,000 for conduct that violates that section.

(b) A school district or public charter district shall notify a student's parent if the student has been absent from school, without excuse under Section 25.087, on three days or parts of days within a four-week period. The notice must:

(1) inform the parent that:

(A) it is the parent's duty to monitor the student's school attendance and require the student to attend school; and

(B) the parent is subject to prosecution under Section 25.093; and

(2) request a conference between school officials and the parent to discuss the absences.

SECTION _____. Subsections (a) and (b), Section 25.0951,

Education Code, are amended to read as follows:

(a) If a student fails to attend school without excuse on 10 or more days or parts of days within a six-month period in the same school year, a school district or public charter district shall within seven school days of the student's last absence:

(1) file a complaint against the student or the student's parent or both in a county, justice, or municipal court for an offense under Section 25.093 or 25.094, as appropriate, or refer the student to a juvenile court in a county with a population of less than 100,000 for conduct that violates Section 25.094; or

(2) refer the student to a juvenile court for conduct indicating a need for supervision under Section 51.03(b)(2), Family Code.

(b) If a student fails to attend school without excuse on three or more days or parts of days within a four-week period but does not fail to attend school for the time described by Subsection (a), the school district or public charter district may:

(1) file a complaint against the student or the student's parent or both in a county, justice, or municipal court for an offense under Section 25.093 or 25.094, as appropriate, or refer the student to a juvenile court in a county with a population of less than 100,000 for conduct that violates Section 25.094; or

(2) refer the student to a juvenile court for conduct indicating a need for supervision under Section 51.03(b)(2), Family Code.

SECTION _____. Subsections (a), (c), (d), and (e), Section 26.0085, Education Code, are amended to read as follows:

(a) A school district or public charter district [~~open-enrollment charter school~~] that seeks to withhold information from a parent who has requested public information relating to the parent's child under Chapter 552, Government Code, and that files suit as described by Section 552.324, Government Code, to challenge a decision by the attorney general issued under Subchapter G, Chapter 552, Government Code, must bring the suit not later than the 30th calendar day after the date the [~~school~~] district [~~or open-enrollment charter school~~] receives the decision of the attorney general being challenged.

(c) Notwithstanding any other law, a school district or public charter district [~~open-enrollment charter school~~] may not appeal the decision of a court in a suit filed under Subsection (a). This subsection does not affect the right of a parent to appeal the decision.

(d) If the school district or public charter district [~~open-enrollment charter school~~] does not bring suit within the period established by Subsection (a), the [~~school~~] district [~~or open-enrollment charter school~~] shall comply with the decision of the attorney general.

(e) A school district or public charter district [~~open-enrollment charter school~~] that receives a request from a parent for public information relating to the parent's child shall comply with Chapter 552, Government Code. If an earlier deadline for bringing suit is established under Chapter 552, Government Code, Subsection (a) does not apply. This section does not affect the earlier deadline for purposes of Section 552.353(b)(3), Government Code, [~~532.353(b)(3)~~] for a suit brought by an officer for public information.

SECTION _____. Subsection (j), Section 28.0211, Education Code, is amended to read as follows:

(j) A school district [~~or open-enrollment charter school~~] shall provide students required to attend accelerated programs under this section with transportation to those programs if the programs occur outside of regular school hours.

SECTION _____. Subsection (f), Section 29.010, Education Code, is amended to read as follows:

(f) This section does not create an obligation for or impose a requirement on a school district [~~or open-enrollment charter school~~] that is not also created or imposed under another state law or a federal law.

SECTION _____. Subsections (a) and (c), Section 29.012, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (b)(2), not later than the third day after the date a person 22 years of age or younger is placed in a residential facility, the residential facility shall:

(1) if the person is three years of age or older,

notify the school district in which the facility is located, unless the facility is a public charter district [~~an open-enrollment charter school~~]; or

(2) if the person is younger than three years of age, notify a local early intervention program in the area in which the facility is located.

(c) For purposes of enrollment in a school, a person who resides in a residential facility is considered a resident of the school district or geographical area served by the public charter district campus [~~open-enrollment charter school~~] in which the facility is located.

SECTION _____. Subsections (c), (d), and (e), Section 29.062, Education Code, are amended to read as follows:

(c) Not later than the 30th day after the date of an on-site monitoring inspection, the agency shall report its findings to the school district [~~or open-enrollment charter school~~] and to the division of accreditation.

(d) The agency shall notify a school district [~~or open-enrollment charter school~~] found in noncompliance in writing, not later than the 30th day after the date of the on-site monitoring. The district [~~or open-enrollment charter school~~] shall take immediate corrective action.

(e) If a school district [~~or open-enrollment charter school~~] fails to satisfy appropriate standards adopted by the commissioner for purposes of Subsection (a), the agency shall apply sanctions, which may include the removal of accreditation, loss of foundation school funds, or both.

SECTION _____. Subsections (a), (b), (b-1), (c), (e), (k), and (l), Section 29.087, Education Code, are amended to read as follows:

(a) The agency shall develop a process by which a school district or public charter district [~~open-enrollment charter school~~] may apply to the commissioner for authority to operate a program to prepare eligible students to take a high school equivalency examination.

(b) Any school district or public charter district [~~open-enrollment charter school~~] may apply for authorization to

operate a program under this section. As part of the application process, the commissioner shall require a district [~~or school~~] to provide information regarding the operation of any similar program during the preceding five years.

(b-1) A school district or public charter district [~~open-enrollment charter school~~] authorized by the commissioner on or before August 31, 2003, to operate a program under this section may continue to operate that program in accordance with this section.

(c) A school district or public charter district [~~open-enrollment charter school~~] may not increase enrollment of students in a program authorized by this section by more than five percent of the number of students enrolled in the similar program operated by the district [~~or school~~] during the 2000-2001 school year.

(e) A school district or public charter district [~~open-enrollment charter school~~] shall inform each student who has completed a program authorized by this section of the time and place at which the student may take the high school equivalency examination. Notwithstanding any provision of this section, a student may not take the high school equivalency examination except as authorized by Section 7.111.

(k) The board of trustees of a school district or the governing body [~~board~~] of a public charter district [~~an open-enrollment charter school~~] shall:

(1) hold a public hearing concerning the proposed application of the district [~~or school~~] before applying to operate a program authorized by this section; and

(2) subsequently hold a public hearing annually to review the performance of the program.

(l) The commissioner may revoke a school district's or public charter district's [~~open-enrollment charter school's~~] authorization under this section after consideration of relevant factors, including performance of students participating in the district's [~~or school's~~] program on assessment instruments required under Chapter 39, the percentage of students participating in the district's [~~or school's~~] program who complete the program and

perform successfully on the high school equivalency examination, and other criteria adopted by the commissioner. A decision by the commissioner under this subsection is final and may not be appealed.

SECTION _____. Subsections (a) through (d), (i), and (j), Section 29.155, Education Code, are amended to read as follows:

(a) From amounts appropriated for the purposes of this section, the commissioner may make grants to school districts and public charter districts [~~open-enrollment charter schools~~] to implement or expand kindergarten and prekindergarten programs by:

(1) operating an existing half-day kindergarten or prekindergarten program on a full-day basis; or

(2) implementing a prekindergarten program at a campus that does not have a prekindergarten program.

(b) A school district or public charter district [~~open-enrollment charter school~~] may use funds received under this section to employ teachers and other personnel for a kindergarten or prekindergarten program and acquire curriculum materials or equipment, including computers, for use in kindergarten and prekindergarten programs.

(c) To be eligible for a grant under this section, a school district or public charter district [~~open-enrollment charter school~~] must apply to the commissioner in the manner and within the time prescribed by the commissioner.

(d) In awarding grants under this section, the commissioner shall give priority to school districts and public charter districts [~~open-enrollment charter schools~~] in which the level of performance of students on the assessment instruments administered under Section 39.023 to students in grade three is substantially below the average level of performance on those assessment instruments for all school districts in the state.

(i) In carrying out the purposes of Subsection (g), a school district or public charter district [~~open-enrollment charter school~~] may use funds granted to the district [~~or school~~] under this section [~~subsection~~] in contracting with another entity, including a private entity.

(j) If a school district or public charter district

~~[open-enrollment charter school]~~ returns to the commissioner funds granted under this section, the commissioner may grant those funds to another entity, including a private entity, for the purposes of Subsection (g).

SECTION _____. Subsection (b), Section 29.905, Education Code, is amended to read as follows:

(b) The agency shall make the program available to a school on the request of the board of trustees of ~~[or]~~ the school district of which the school is a part, or if the school is a public charter district ~~[an open-enrollment charter school]~~, on the request of the governing body of the district ~~[school]~~.

SECTION _____. Subchapter C, Chapter 32, Education Code, is amended by adding Section 32.1011 to read as follows:

Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.
This subchapter applies to a public charter district as if the public charter district were a school district.

SECTION _____. Sections 32.102 through 32.106, Education Code, are amended to read as follows:

Sec. 32.102. AUTHORITY. (a) As provided by this subchapter, a school district ~~[or open-enrollment charter school]~~ may transfer to a student enrolled in the district ~~[or school]~~:

(1) any data processing equipment donated to the district ~~[or school]~~, including equipment donated by:

(A) a private donor; or

(B) a state eleemosynary institution or a state agency under Section 2175.128, Government Code;

(2) any equipment purchased by the district ~~[or school]~~, to the extent consistent with Section 32.105; and

(3) any surplus or salvage equipment owned by the district ~~[or school]~~.

(b) A school district ~~[or open-enrollment charter school]~~ may accept:

(1) donations of data processing equipment for transfer under this subchapter; and

(2) any gifts, grants, or donations of money or services to purchase, refurbish, or repair data processing equipment under this subchapter.

Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is eligible to receive data processing equipment under this subchapter only if the student does not otherwise have home access to data processing equipment, as determined by the student's school district [~~or open-enrollment charter school~~].

(b) In transferring data processing equipment to students, a school district [~~or open-enrollment charter school~~] shall give preference to educationally disadvantaged students.

Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before transferring data processing equipment to a student, a school district [~~or open-enrollment charter school~~] must:

(1) adopt rules governing transfers under this subchapter, including provisions for technical assistance to the student by the district [~~or school~~];

(2) determine that the transfer serves a public purpose and benefits the district [~~or school~~]; and

(3) remove from the equipment any offensive, confidential, or proprietary information, as determined by the district [~~or school~~].

Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school district [~~or open-enrollment charter school~~] may spend public funds to:

(1) purchase, refurbish, or repair any data processing equipment transferred to a student under this subchapter; and

(2) store, transport, or transfer data processing equipment under this subchapter.

Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided by Subsection (b), a student who receives data processing equipment from a school district [~~or open-enrollment charter school~~] under this subchapter shall return the equipment to the district [~~or school~~] not later than the earliest of:

(1) five years after the date the student receives the equipment;

(2) the date the student graduates;

(3) the date the student transfers to another school district [~~or open-enrollment charter school~~]; or

(4) the date the student withdraws from school.

(b) Subsection (a) does not apply if, at the time the student is required to return the data processing equipment under that subsection, the district [~~or school~~] determines that the equipment has no marketable value.

SECTION _____. Section 33.007, Education Code, is amended to read as follows:

Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION.

(a) Each counselor at an elementary, middle, or junior high school, including a public charter district [~~an open-enrollment charter school~~] offering those grades, shall advise students and their parents or guardians regarding the importance of higher education, coursework designed to prepare students for higher education, and financial aid availability and requirements.

(b) During the first school year a student is enrolled in a high school or at the high school level in a public charter district [~~an open-enrollment charter school~~], and again during a student's senior year, a counselor shall provide information about higher education to the student and the student's parent or guardian. The information must include information regarding:

- (1) the importance of higher education;
- (2) the advantages of completing the recommended or advanced high school program adopted under Section 28.025(a);
- (3) the disadvantages of taking courses to prepare for a high school equivalency examination relative to the benefits of taking courses leading to a high school diploma;
- (4) financial aid eligibility;
- (5) instruction on how to apply for federal financial aid;
- (6) the center for financial aid information established under Section 61.0776;
- (7) the automatic admission of certain students to general academic teaching institutions as provided by Section 51.803; and
- (8) the eligibility and academic performance requirements for the TEXAS Grant as provided by Subchapter M, Chapter 56 [~~as added by Chapter 1590, Acts of the 76th Legislature, Regular Session, 1999~~].

SECTION _____. Section 33.901, Education Code, is amended to read as follows:

Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of the students enrolled in one or more schools in a school district or enrolled in a public charter district campus [~~an open-enrollment charter school~~] are eligible for free or reduced-price breakfasts under the national school breakfast program provided for by the Child Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing body of the district [~~or the open-enrollment charter school~~] shall participate in the program and make the benefits of the program available to all eligible students in the schools or campus [~~school~~].

SECTION _____. Subsection (e), Section 37.007, Education Code, is amended to read as follows:

(e) In accordance with 20 U.S.C. Section 7151, a local educational agency, including a school district, home-rule school district, or public charter district [~~open-enrollment charter school~~], shall expel a student who brings a firearm, as defined by 18 U.S.C. Section 921, to school. The student must be expelled from the student's regular campus for a period of at least one year, except that:

(1) the superintendent or other chief administrative officer of the school district or of the other local educational agency, as defined by 20 U.S.C. Section 7801, may modify the length of the expulsion in the case of an individual student;

(2) the district or other local educational agency shall provide educational services to an expelled student in a disciplinary alternative education program as provided by Section 37.008 if the student is younger than 10 years of age on the date of expulsion; and

(3) the district or other local educational agency may provide educational services to an expelled student who is 10 years of age or older in a disciplinary alternative education program as provided in Section 37.008.

SECTION _____. Subsection (j), Section 37.008, Education Code, is amended to read as follows:

(j) If a student placed in a disciplinary alternative

education program enrolls in another school district before the expiration of the period of placement, the board of trustees of the district requiring the placement shall provide to the district in which the student enrolls, at the same time other records of the student are provided, a copy of the placement order. The district in which the student enrolls shall inform each educator who will have responsibility for, or will be under the direction and supervision of an educator who will have responsibility for, the instruction of the student of the contents of the placement order. Each educator shall keep the information received under this subsection confidential from any person not entitled to the information under this subsection, except that the educator may share the information with the student's parent or guardian as provided for by state or federal law. The district in which the student enrolls may continue the disciplinary alternative education program placement under the terms of the order or may allow the student to attend regular classes without completing the period of placement. A school district may take any action permitted by this subsection if:

(1) the student was placed in a disciplinary alternative education program by a public charter district [~~an open-enrollment charter school~~] under Section 11A.256 [~~12.131~~] and the public charter district [~~school~~] provides to the school district a copy of the placement order; or

(2) the student was placed in a disciplinary alternative education program by a school district in another state and:

(A) the out-of-state district provides to the school district a copy of the placement order; and

(B) the grounds for the placement by the out-of-state district are grounds for placement in the school district in which the student is enrolling.

SECTION _____. Subdivision (2), Subsection (a), Section 37.022, Education Code, is amended to read as follows:

(2) "District or school" includes an independent school district, a home-rule school district, a campus or campus program charter holder, or a public charter district [~~an~~

~~open-enrollment charter school~~].

SECTION _____. Section 39.051, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The commissioner by rule shall adopt accountability measures to be used in assessing the progress of students who in the prior year attended an academically unacceptable charter school that was dissolved in accordance with Subchapter J, Chapter 11A. The results of assessment instruments required under this chapter and administered within one year of the student's enrollment in a school district shall not be used as indicators for a campus or school district that the student attends.

SECTION _____. Subsection (c), Section 39.072, Education Code, is amended to read as follows:

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

SECTION _____. Subsections (c) and (d), Section 39.114, Education Code, are amended to read as follows:

(c) A public charter district [~~An open-enrollment charter school~~] is entitled to an allotment under this section in the same manner as a school district.

(d) The commissioner shall adopt rules to administer this section, including rules related to the permissible use of funds allocated under this section to a public charter district [~~an open-enrollment charter school~~].

SECTION _____. Subsection (a), Section 39.131, Education Code, is amended to read as follows:

(a) If a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as

determined by commissioner rule, the commissioner shall take any of the following actions to the extent the commissioner determines necessary:

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

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

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

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

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

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

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

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

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is rated academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule, appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including

the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and:

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

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

(11) if a district has been rated academically unacceptable for two consecutive school years, including the current school year, due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

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

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

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

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

SECTION _____. Section 39.1321, Education Code, is amended to read as follows:

Sec. 39.1321. SANCTIONS FOR PUBLIC CHARTER DISTRICTS [~~CHARTER SCHOOLS~~]. (a) Sanctions authorized under this chapter for a school district or campus, including the provision of technical assistance and campus intervention teams, apply in the same manner to a public charter district [~~an open-enrollment charter school~~].

(b) The commissioner shall adopt rules to implement

procedures to impose any sanction provision under this chapter as those provisions relate to public charter districts [~~open-enrollment charter schools~~].

(c) In adopting rules under this section, the commissioner shall require that the charter of a public charter district [~~an open-enrollment charter school~~]:

(1) be automatically revoked if the district [~~charter school~~] is ordered closed under this chapter; and

(2) be automatically modified to remove authorization for an individual campus if the campus is ordered closed under this chapter.

(d) If sanctions are imposed on a public charter district [~~an open-enrollment charter school~~] under the procedures provided by this chapter, the district [~~a charter school~~] is not entitled to an additional hearing relating to the modification, placement on probation, revocation, or denial of renewal of a charter as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

SECTION _____. Subsection (a), Section 39.182, Education Code, is amended to read as follows:

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

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

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

(3) a summary compilation of overall student performance on academic skills assessment instruments required by Section 39.023 with the number and percentage of students exempted from the administration of those instruments and the basis of the exemptions, aggregated by grade level, subject area, campus, and

district, with appropriate interpretations and analysis, and disaggregated by race, ethnicity, gender, and socioeconomic status;

(4) a summary compilation of overall performance of students placed in a disciplinary alternative education program established under Section 37.008 on academic skills assessment instruments required by Section 39.023 with the number of those students exempted from the administration of those instruments and the basis of the exemptions, aggregated by district, grade level, and subject area, with appropriate interpretations and analysis, and disaggregated by race, ethnicity, gender, and socioeconomic status;

(5) a summary compilation of overall performance of students at risk of dropping out of school, as defined by Section 29.081(d), on academic skills assessment instruments required by Section 39.023 with the number of those students exempted from the administration of those instruments and the basis of the exemptions, aggregated by district, grade level, and subject area, with appropriate interpretations and analysis, and disaggregated by race, ethnicity, gender, and socioeconomic status;

(6) an evaluation of the correlation between student grades and student performance on academic skills assessment instruments required by Section 39.023;

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

(8) a statement of:

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

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

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

(D) the completion rate of students who enter

grade level 9 and receive a high school equivalency certificate, including students who require more than four years to receive a certificate; and

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

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

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

(11) a summary of the information required by Section 29.083 regarding grade level retention of students and information concerning:

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

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

(12) information, aggregated by district type and disaggregated by race, ethnicity, gender, and socioeconomic status, on:

(A) the number of students placed in a disciplinary alternative education program established under Section 37.008;

(B) the average length of a student's placement in a disciplinary alternative education program established under Section 37.008;

(C) the academic performance of students on assessment instruments required under Section 39.023(a) during the year preceding and during the year following placement in a disciplinary alternative education program; and

(D) the dropout rates of students who have been placed in a disciplinary alternative education program established under Section 37.008;

(13) a list of each school district or campus that does not satisfy performance standards, with an explanation of the

actions taken by the commissioner to improve student performance in the district or campus and an evaluation of the results of those actions;

(14) an evaluation of the status of the curriculum taught in public schools, with recommendations for legislative changes necessary to improve or modify the curriculum required by Section 28.002;

(15) a description of all funds received by and each activity and expenditure of the agency;

(16) a summary and analysis of the instructional expenditures ratios and instructional employees ratios of school districts computed under Section 44.0071;

(17) a summary of the effect of deregulation, including exemptions and waivers granted under Section 7.056 or 39.112;

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

(19) a list of each school district that is not in compliance with state special education requirements, including:

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

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

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

(20) a comparison of the performance of public charter districts [~~open-enrollment charter schools~~] and school districts on the academic excellence indicators specified in Section 39.051(b) and accountability measures adopted under Section 39.051(g), with a separately aggregated comparison of the performance of public charter districts [~~open-enrollment charter~~

~~schools]~~ predominantly serving students at risk of dropping out of school, as defined by Section 29.081(d), with the performance of school districts;

(21) a summary of the information required by Section 38.0141 regarding student health and physical activity from each school district; and

(22) any additional information considered important by the commissioner or the State Board of Education.

SECTION _____. Subsections (a), (c), and (e), Section 39.301, Education Code, are amended to read as follows:

(a) The commissioner by rule shall provide a process for a school district or public charter district [~~open-enrollment charter school~~] to challenge an agency decision made under this chapter relating to an academic or financial accountability rating that affects the district [~~or school~~].

(c) The commissioner may limit a challenge under this section to a written submission of any issue identified by the school district or public charter district [~~open-enrollment charter school~~] challenging the agency decision.

(e) A school district or public charter district [~~open-enrollment charter school~~] may not challenge an agency decision relating to an academic or financial accountability rating under this chapter in another proceeding if the district [~~or school~~] has had an opportunity to challenge the decision under this section.

SECTION _____. Subsection (a), Section 39.302, Education Code, is amended to read as follows:

(a) A school district or public charter district [~~open-enrollment charter school~~] that intends to challenge a decision by the commissioner under this chapter to close the district or a district campus [~~or the charter school~~] or to pursue alternative management of a district campus [~~or the charter school~~] must appeal the decision under the procedures provided for a contested case under Chapter 2001, Government Code.

SECTION _____. Section 46.012, Education Code, is amended to read as follows:

Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS

~~[OPEN-ENROLLMENT CHARTER SCHOOLS]~~. A public charter district [~~An open-enrollment charter school~~] is not entitled to an allotment under this subchapter.

SECTION _____. Section 46.036, Education Code, is amended to read as follows:

Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An open-enrollment charter school~~] is not entitled to an allotment under this subchapter.

SECTION _____. The heading to Section 53.351, Education Code, is amended to read as follows:

Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN-ENROLLMENT~~] CHARTER SCHOOL FACILITIES.

SECTION _____. Subsections (a) and (c) through (g), Section 53.351, Education Code, are amended to read as follows:

(a) The Texas Public Finance Authority shall establish a nonprofit corporation to issue revenue bonds on behalf of authorized [~~open-enrollment~~] charter schools for the acquisition, construction, repair, or renovation of educational facilities of those schools.

(c) The corporation has all powers granted under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) for the purpose of aiding authorized [~~open-enrollment~~] charter schools in providing educational facilities. The corporation may make expenditures from the fund described by Subsection (e) and may solicit and accept grants for deposit into the fund. In addition, Sections 53.131, 53.15, 53.31, 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and govern the corporation and its procedures and bonds.

(d) The corporation shall adopt rules governing the issuance of bonds on behalf of an authorized [~~open-enrollment~~] charter school.

(e) The comptroller shall establish a fund dedicated to the credit enhancement of bonds issued by any issuer that issues bonds under this subchapter on behalf of an authorized charter school [~~under this section~~]. The fund may receive donations. The obligation of the fund is limited to an amount equal to the balance

of the fund.

(f) A revenue bond issued under this section is not a debt of the state or any state agency, political corporation, or political subdivision of the state and is not a pledge of the faith and credit of any of these entities. A revenue bond is payable solely from the revenue of the authorized [~~open-enrollment~~] charter school on whose behalf the bond is issued. A revenue bond issued under this section must contain on its face a statement to the effect that:

(1) neither the state nor a state agency, political corporation, or political subdivision of the state is obligated to pay the principal of or interest on the bond; and

(2) neither the faith and credit nor the taxing power of the state or any state agency, political corporation, or political subdivision of the state is pledged to the payment of the principal of or interest on the bond.

(g) An educational facility financed in whole or in part under this section is exempt from taxation if the facility:

(1) is owned by an authorized [~~open-enrollment~~] charter school;

(2) is held for the exclusive benefit of the school; and

(3) is held for the exclusive use of the students, faculty, and staff members of the school.

SECTION _____. Subsection (c), Section 411.097, Government Code, is amended to read as follows:

(c) A public charter district [~~An open-enrollment charter school~~] is entitled to obtain from the department criminal history record information maintained by the department that relates to a person who:

(1) is a member of the governing body of the public charter district [~~school~~], as defined by Section 11A.001 [~~12.1012~~], Education Code; or

(2) has agreed to serve as a member of the governing body of the public charter district [~~school~~].

SECTION _____. Subsections (a) and (b), Section 2175.128, Government Code, are amended to read as follows:

(a) If a disposition of a state agency's surplus or salvage

data processing equipment is not made under Section 2175.125 or 2175.184, the state agency shall transfer the equipment to:

(1) a school district or public charter district [~~open-enrollment charter school~~] in this state under Subchapter C, Chapter 32, Education Code;

(2) an assistance organization specified by the school district or public charter district; or

(3) the Texas Department of Criminal Justice.

(b) If a disposition of the surplus or salvage data processing equipment of a state eleemosynary institution or an institution or agency of higher education is not made under other law, the institution or agency shall transfer the equipment to:

(1) a school district or public charter district [~~open-enrollment charter school~~] in this state under Subchapter C, Chapter 32, Education Code;

(2) an assistance organization specified by the school district or public charter district; or

(3) the Texas Department of Criminal Justice.

SECTION _____. Subsection (a), Section 2306.630, Government Code, is amended to read as follows:

(a) Subject to Subsection (b), the following entities may apply to receive a grant for an eligible project under this subchapter:

(1) a private, nonprofit, tax-exempt organization listed in Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3));

(2) a public agency that operates a community-based youth employment training program;

(3) a community housing development organization certified by the state;

(4) an educational facility approved by the Texas Youth Commission;

(5) a corps-based community service organization;

(6) a public charter district [~~an open-enrollment charter school~~] approved by the State Board of Education [~~Texas Education Agency~~]; or

(7) another entity authorized by board rule.

SECTION _____. Subdivision (6), Section 1575.002, Insurance Code, is amended to read as follows:

(6) "Public school" means:

(A) a school district;

(B) another educational district whose employees are members of the Teacher Retirement System of Texas;

(C) a regional education service center established under Chapter 8, Education Code; or

(D) a public charter district [~~an open-enrollment charter school~~] established under Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code.

SECTION _____. Subdivision (3), Section 1579.002, Insurance Code, is amended to read as follows:

(3) "Charter school" means a public charter district [~~an open-enrollment charter school~~] established under Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code.

SECTION _____. Section 140.005, Local Government Code, is amended to read as follows:

Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD, OR OTHER DISTRICT. The governing body of a school district, public charter district [~~open-enrollment charter school~~], junior college district, or a district or authority organized under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, shall prepare an annual financial statement showing for each fund subject to the authority of the governing body during the fiscal year:

(1) the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;

(2) the total disbursements of the fund, itemized by the nature of the expenditure; and

(3) the balance in the fund at the close of the fiscal year.

SECTION _____. Subsection (c), Section 140.006, Local Government Code, is amended to read as follows:

(c) The presiding officer of a school district shall submit

a financial statement prepared under Section 140.005 to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the school district, the financial statement shall be published in the manner provided by Subsections (a) and (b). The financial statement of a public charter district [~~an open-enrollment charter school~~] shall be made available in the manner provided by Chapter 552, Government Code.

SECTION _____. Subdivision (2), Section 375.303, Local Government Code, is amended to read as follows:

(2) "Eligible project" means a program authorized by Section 379A.051 and a project as defined by Sections 2(11) and 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes). Notwithstanding this definition, seeking a charter for or operating a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an eligible project.

SECTION _____. Subsections (b) and (c), Section 375.308, Local Government Code, are amended to read as follows:

(b) An authority may not:

(1) issue bonds or notes without the prior approval of the governing body of the municipality that created the authority;

(2) seek a charter for or operate, within the boundaries of the authority, a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code; or

(3) levy ad valorem property taxes.

(c) A municipality may not seek a charter for or operate a public charter district [~~an open-enrollment charter school~~] authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education Code, within the boundaries of the authority.

SECTION _____. Subdivision (15), Section 541.201, Transportation Code, is amended to read as follows:

(15) "School activity bus" means a bus designed to accommodate more than 15 passengers, including the operator, that is owned, operated, rented, or leased by a school district, county

school, public charter district [~~open-enrollment charter school~~], regional education service center, or shared services arrangement and that is used to transport public school students on a school-related activity trip, other than on routes to and from school. The term does not include a chartered bus, a bus operated by a mass transit authority, or a school bus.

SECTION _____. Subdivision (9), Section 57.042, Utilities Code, is amended to read as follows:

(9) "Public school" means a public elementary or secondary school, including a public charter district [~~an open-enrollment charter school~~], a home-rule school district school, and a school with a campus or campus program charter.

SECTION _____. Subdivision (2), Section 4, Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's Texas Civil Statutes), is amended to read as follows:

(2) "Educational institution" means a school district or a public charter district [~~an open-enrollment charter school~~].

SECTION _____. Section 40, Chapter 1504, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 40. (a) A public charter district that was [~~The change in law made by Sections 12.106 and 12.107, Education Code, as amended by this Act, applies beginning with the 2001-2002 school year, except as provided by this section.~~

[~~(b) An open-enrollment charter school~~] operating as an open-enrollment charter school on September 1, 2001, is funded as follows:

(1) [~~for the 2001-2002 and 2002-2003 school years, the school receives funding according to the law in effect on August 31, 2001,~~

[~~(2) for the 2003-2004 school year, the school receives 90 percent of its funding according to the law in effect on August 31, 2001, and 10 percent of its funding according to the change in law made by Sections 12.106 and 12.107, Education Code, as amended by this Act,~~

[~~(3) for the 2004-2005 school year, the school receives 80 percent of its funding according to the law in effect on August 31, 2001, and 20 percent of its funding according to the~~

~~change in law made by Sections 12.106 and 12.107, Education Code, as amended by this Act;~~

~~[(4) for the 2005-2006 school year, the school receives 70 percent of its funding according to the law in effect on August 31, 2001, and 30 percent of its funding according to the change in law made by Sections 12.106 and 12.107, Education Code, as amended by this Act;~~

~~[(5) for the 2006-2007 school year, the school receives 60 percent of its funding according to the law in effect on August 31, 2001, and 40 percent of its funding according to the change in law made by Sections 12.106 and 12.107, Education Code, as amended by this Act;~~

~~[(6)]~~ for the 2007-2008 school year, the school receives 50 percent of its funding according to the law in effect on August 31, 2001, and 50 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 ~~[12.106 and 12.107]~~, Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 ~~[amended by this Act];~~

(2) ~~[(7)]~~ for the 2008-2009 school year, the school receives 40 percent of its funding according to the law in effect on August 31, 2001, and 60 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 ~~[12.106 and 12.107]~~, Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 ~~[amended by this Act];~~

(3) ~~[(8)]~~ for the 2009-2010 school year, the school receives 30 percent of its funding according to the law in effect on August 31, 2001, and 70 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 ~~[12.106 and 12.107]~~, Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 ~~[amended by this Act];~~

(4) ~~[(9)]~~ for the 2010-2011 school year, the school receives 20 percent of its funding according to the law in effect on August 31, 2001, and 80 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 ~~[12.106 and 12.107]~~, Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 ~~[amended by this Act];~~

(5) ~~[(10)]~~ for the 2011-2012 school year, the school

receives 10 percent of its funding according to the law in effect on August 31, 2001, and 90 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 [~~12.106 and 12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 [~~amended by this Act~~]; and

(6) [~~(11)~~] for the 2012-2013 school year and subsequent school years, the school receives 100 percent of its funding according to the change in law made by Sections 11A.201 and 11A.203 [~~12.106 and 12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th Legislature, Regular Session, 2007 [~~amended by this Act~~].

(b) [~~(c)~~] The commissioner of education may adopt rules as necessary to implement this section.

SECTION _____. Section 12.106, Education Code, is repealed.

SECTION _____. Notwithstanding the repeal of Sections 12.107 and 12.128, Education Code, by this Act, those sections continue to apply to state funds and property received or purchased by an open-enrollment charter school before August 1, 2008.

SECTION _____. The following changes in law made by this Act apply beginning August 1, 2008:

(1) the changes made by amending Sections 5.001, 7.003, 7.010(b) and (d), 7.028(b), 7.055(b)(17), 7.102(c)(9), 11.003(e), 12.002, 12.151, 12.152, 12.156, 21.058(b) and (c), 21.652(b), 21.702(c), 22.083(b) and (c), 22.084, 22.101(3), 25.088, 25.089(a), 25.090(b), 25.093(d) and (e), 25.095(a) and (b), 25.0951(a) and (b), 26.0085(a), (c), (d), and (e), 28.0211(j), 29.010(f), 29.012(a) and (c), 29.062(c), (d), and (e), 29.087(a), (b), (b-1), (c), (e), (k), and (l), 29.155(a) through (d), (i), and (j), 29.905(b), 32.102 through 32.106, 33.007, 33.901, 37.007(e), 37.008(j), 37.022(a)(2), 39.072(c), 39.114(c) and (d), 39.131(a), 39.1321, 39.182(a), 39.301(a), (c), and (e), 39.302(a), 46.012, 46.036, and 53.351, Education Code;

(2) the changes made by amending Sections 411.097(c), 2175.128(a) and (b), and 2306.630(a), Government Code;

(3) the changes made by amending Sections 1575.002(6) and 1579.002(3), Insurance Code;

(4) the changes made by amending Sections 140.005, 140.006(c), 375.303(2), and 375.308(b) and (c), Local Government

Code;

(5) the changes made by amending Section 541.201(15),
Transportation Code;

(6) the changes made by amending Section 57.042(9),
Utilities Code;

(7) the changes made by amending Subdivision (2),
Section 4, Chapter 22, Acts of the 57th Legislature, 3rd Called
Session, 1962 (Article 6228a-5, Vernon's Texas Civil Statutes); and

(8) the changes made by adding Sections 12.157,
32.1011, and 39.051(h), Education Code.