

A BILL TO BE ENTITLED

AN ACT

relating to open-enrollment charter schools and the creation of public charter districts.

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

SECTION 1. (a) Effective August 1, 2008, Subchapter D, Chapter 12, Education Code, is repealed.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 2. 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

1 body of a charter holder if that body acts as the governing body of  
2 the public charter district.

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

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

9 (A) planning, operating, supervising, and  
10 evaluating the public charter district's educational programs,  
11 services, and facilities;

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

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

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

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

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

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

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

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

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

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

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

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

19           (4) a governmental entity in this state.

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

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

26           (d) An educator employed by a school district before the  
27 effective date of a charter for a public charter district operated

1 at a school district facility may not be transferred to or employed  
2 by the public charter district over the educator's objection.

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

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

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

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

14 (4) does not have authority to impose taxes.

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

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

26 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.  
27 A reference in law to an open-enrollment charter school means a

1 public charter district or public charter campus, as applicable.

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

3 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

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

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

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

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

20 (b) A public charter district is subject to:

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

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

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

- 1                   (B) reporting an educator's misconduct under  
2 Section 21.006;
- 3                   (C) criminal history records under Subchapter C,  
4 Chapter 22;
- 5                   (D) reading instruments and accelerated reading  
6 instruction programs under Section 28.006;
- 7                   (E) satisfactory performance on assessment  
8 instruments and accelerated instruction under Section 28.0211;
- 9                   (F) intensive programs of instruction under  
10 Section 28.0213;
- 11                   (G) high school graduation under Section 28.025;
- 12                   (H) special education programs under Subchapter  
13 A, Chapter 29, including a requirement that special education  
14 teachers obtain appropriate certification;
- 15                   (I) bilingual education under Subchapter B,  
16 Chapter 29, including a requirement that bilingual education  
17 teachers obtain appropriate certification;
- 18                   (J) prekindergarten programs under Subchapter E,  
19 Chapter 29;
- 20                   (K) extracurricular activities under Section  
21 33.081;
- 22                   (L) discipline management practices or behavior  
23 management techniques under Section 37.0021;
- 24                   (M) health and safety under Chapter 38; and
- 25                   (N) public school accountability under  
26 Subchapters B, C, D, G, and I, Chapter 39.
- 27                   (c) A public charter district is entitled to the same level

1 of services provided to school districts by regional education  
2 service centers. The commissioner shall adopt rules that provide  
3 for the representation of public charter districts on the boards of  
4 directors of regional education service centers.

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

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

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

20 (b) With respect to the operation of a public charter  
21 district, any requirement in Chapter 551 or 552, Government Code,  
22 that applies to a school district, the board of trustees of a school  
23 district, or public school students applies to a public charter  
24 district, the governing body of a charter holder, the governing  
25 body of a public charter district, or students in attendance at a  
26 public charter district campus.

27 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL

1 GOVERNMENT RECORDS. (a) With respect to the operation of a public  
2 charter district, a public charter district is considered to be a  
3 local government for purposes of Subtitle C, Title 6, Local  
4 Government Code, and Subchapter J, Chapter 441, Government Code.

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

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

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

27 (1) maintaining the records;



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

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

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

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

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

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

21           (1) a governmental entity for purposes of:

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

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

24 and

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

27           (2) a local government for purposes of Sections

1 2256.009-2256.016, Government Code.

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

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

13 (1) a member of the governing body of a charter holder  
14 or a member of the governing body or officer of a public charter  
15 district is considered to have a substantial interest in a business  
16 entity if a person related to the member or officer in the third  
17 degree by consanguinity or affinity, as determined under Chapter  
18 573, Government Code, has a substantial interest in the business  
19 entity under Section 171.002, Local Government Code; and

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

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

26 (B) comply with the requirements of Sections  
27 171.003-171.007, Local Government Code.

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

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

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

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

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

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

21        (d) If under Subsection (c) an individual continues to be  
22 employed and serve as a member of the governing body, the individual  
23 may not participate in any deliberation or voting on the  
24 appointment, reappointment, confirmation of the appointment or  
25 reappointment, employment, reemployment, change in the status,  
26 compensation, or dismissal of the individual if that action applies  
27 only to the individual and is not taken regarding a bona fide class

1 or category of employees. In addition, the individual may not hear,  
2 consider, or act on any grievance or complaint concerning the  
3 individual or a matter with which the individual has dealt in the  
4 individual's capacity as an employee.

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

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

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

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

25 (2) the individual was employed or serving in the  
26 position on August 31, 2007, in compliance with former Section  
27 12.1055;

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

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

6           (d) If, under Subsection (c), an individual continues to be  
7   employed or serve in a position, the public official to whom the  
8   individual is related in a prohibited degree may not participate in  
9   any deliberation or voting on the appointment, reappointment,  
10   confirmation of the appointment or reappointment, employment,  
11   reemployment, change in status, compensation, or dismissal of the  
12   individual if that action applies only to the individual and is not  
13   taken regarding a bona fide class or category of employees.

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

15           SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

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

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

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

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

25           (c) The State Board of Education may approve or deny an  
26   application based on criteria it adopts and on financial,  
27   governing, and operational standards adopted by the commissioner

1 under this chapter. The criteria the board adopts must include:

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

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

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

15 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The  
16 commissioner by rule shall adopt a procedure for providing notice  
17 to each member of the legislature that represents the geographic  
18 area to be served by the proposed public charter district, as  
19 determined by the commissioner, on receipt by the State Board of  
20 Education of an application for a charter for a public charter  
21 district under Section 11A.101.

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

24 (1) describe the educational program to be offered,  
25 which must include the required curriculum as provided by Section  
26 28.002;

27 (2) establish educational goals, which must include

1 acceptable student performance as determined under Chapter 39;

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

5 (4) describe the facilities to be used;

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

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

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

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

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

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

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

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

1           (1) an eligible entity, other than an eligible entity  
2 described by Subdivision (2) or (3), holding a charter under  
3 Subchapter D, Chapter 12, as that subchapter existed on January 1,  
4 2007, if:

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

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

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

12                           (B) except as provided by Subsection (c) or (d),  
13 at least 25 percent of all students enrolled at the entity's  
14 open-enrollment charter school and administered an assessment  
15 instrument under Section 39.023(a), (c), or (l) performed  
16 satisfactorily on the assessment instrument in mathematics, as  
17 determined by the school's assessment instrument results for the  
18 2006-2007 school year; and

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

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



1 2007; and

2 (3) an eligible entity holding a charter under  
3 Subchapter D, Chapter 12, as that subchapter existed on January 1,  
4 2007, if at least 85 percent of students enrolled in the school  
5 reside in a residential facility.

6 (b) For purposes of Subsection (a)(1)(A), an entity that  
7 fails to submit an audit report under Section 44.008 for fiscal year  
8 2006 before September 1, 2007, is considered for fiscal year 2006 to  
9 have total liabilities that exceed total assets by more than 20  
10 percent of total expenditures, unless the commissioner determines  
11 that unusual circumstances contributed to the failure to submit a  
12 report and allows submission after September 1, 2007.

13 (c) If an eligible entity described by Subsection (a)(1)  
14 does not meet the academic performance requirements of Subsections  
15 (a)(1)(B) and (C), the commissioner shall immediately grant a  
16 charter under this chapter to the entity on or before August 1,  
17 2008, if:

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

25 (2) at least 25 percent of all students enrolled at the  
26 entity's open-enrollment charter school and administered an  
27 assessment instrument under Section 39.023(a), (c), or (l)

1 performed satisfactorily on the assessment instrument in reading or  
2 English language arts, as applicable, as determined by averaging  
3 the school's assessment instrument results for the 2005-2006 and  
4 2006-2007 school years.

5 (d) If an eligible entity described by Subsection (a)(1)  
6 does not meet the academic performance requirements of Subsections  
7 (a)(1)(B) and (C) or Subsection (c), and the entity's  
8 open-enrollment charter school is located in a county designated by  
9 the Federal Emergency Management Agency as a disaster area that  
10 qualified for public assistance due to Hurricane Rita and was  
11 closed for 10 or more instructional days between September 21,  
12 2005, and November 3, 2005, the commissioner shall immediately  
13 grant a charter under this chapter to the entity on or before August  
14 1, 2008, if:

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

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

1 2006-2007 school years.

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

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

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

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

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

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

21 (k) This section expires January 1, 2010.

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

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

26 (b) The commissioner may only consider the performance of a  
27 student who was enrolled as of the date for reporting enrollment for

1 the fall semester under the Public Education Information Management  
2 System (PEIMS). This subsection does not prevent the commissioner  
3 from considering the performance of a student who retakes an  
4 exit-level assessment instrument under Section 39.023(c) in grade  
5 11 or 12 regardless of whether the student was enrolled as of the  
6 date for reporting enrollment for the fall semester.

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

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

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

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

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

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

6       (e) This section expires January 1, 2010.

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

9           (1) satisfy this chapter; and

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

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

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

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

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

26           (2) the public charter district is not rated  
27 accredited-warned or accredited-probation under Subchapter D,

1 Chapter 39;

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

6 (4) no campus operated by the public charter district  
7 has been identified as needing technical assistance under Section  
8 39.1322 for its most recent two years of operation;

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

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

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

17 (1) academic and financial performance;

18 (2) history of compliance with applicable laws;

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

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

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

24 (1) a public charter district's enrollment, unless the  
25 charter holder adopts a business plan for implementing the  
26 enrollment increase that includes components identified by the  
27 commissioner; or

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

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

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

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

- 22                   (1) committed a material violation of the charter;  
23                   (2) failed to satisfy generally accepted accounting  
24 standards of fiscal management;  
25                   (3) failed to protect the health, safety, welfare, or  
26 best interests of the students enrolled at the public charter  
27 district; or

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

3           (b) The commissioner shall revoke the charter of a public  
4 charter district without a hearing if all campuses operated by the  
5 public charter district have been ordered closed under Section  
6 39.131(a) or 39.1324(d), (e), or (f).

7           Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON  
8 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a  
9 procedure to be used for modifying, placing on probation, or  
10 revoking the charter of a public charter district under Section  
11 11A.107(a).

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

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

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

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

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



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

3 Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.

4 The governing body of a charter holder is responsible for the  
5 management, operation, and accountability of the public charter  
6 district, regardless of whether the governing body delegates the  
7 governing body's powers and duties to another person.

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

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

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

20 (2) has been convicted of an offense listed in Section  
21 37.007(a);

22 (3) has been convicted of an offense listed in Article  
23 62.001(5), Code of Criminal Procedure; or

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

26 (b) A person who has been convicted of an offense described  
27 by Subsection (a)(1), (2), or (3) may serve as a member of the

1 governing body of a charter holder, as a member of the governing  
2 body of a public charter district, or as an officer or employee of a  
3 public charter district if the commissioner determines that the  
4 person is fit to serve in that capacity. In making a determination  
5 under this subsection, the commissioner shall consider:

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

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

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

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

19 (1) has a controlling interest in the company;

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

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

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

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

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

4           (7) is an employee of the company.

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

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

15           (1) damages;

16           (2) injunctive relief; or

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

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

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

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

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

27           (2) require the training to be provided by:

1                   (A) the agency and regional education service  
2 centers;

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

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

7           (3) require training to be provided concerning:

8                   (A) basic school law, including school finance;

9                   (B) health and safety issues;

10                  (C) accountability requirements related to the  
11 use of public funds; and

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

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

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

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

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

1 body.

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

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

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

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

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

20 (2) injunctive relief; or

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

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

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

27 (2) the liability of a charter holder, a member of the

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

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

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

7 (1) the district; or

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

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

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

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

25 (1) failed to provide educational or related services  
26 in compliance with the company's contractual or other legal  
27 obligation to any public charter district in this state or to any

1 other similar entity in another state;

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

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

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

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

10 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

11 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent  
12 with Subsection (c), a charter holder is entitled to receive for the  
13 public charter district funding under Chapter 42 as if the public  
14 charter district were a school district without a local share for  
15 purposes of Section 42.252 and without any local revenue ("LR") for  
16 purposes of Section 42.302. In determining funding for a public  
17 charter district, adjustments under Sections 42.102, 42.103, and  
18 42.105 and the district enrichment tax rate ("DTR") under Section  
19 42.302 are based on the average adjustment and average district  
20 enrichment tax rate for the state.

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

27 (c) A charter holder is entitled to receive for a public

1 charter district funding under this section only if the holder:

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

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

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

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

14 (e) The commissioner may adopt rules to provide and account  
15 for state funding of public charter districts under this section. A  
16 rule adopted under this section may be similar to a provision of  
17 this code that is not similar to a provision listed in Section  
18 11A.052(b) if the commissioner determines that the rule is related  
19 to financing of public charter districts and is necessary or  
20 prudent to provide or account for state funds.

21 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS.

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

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



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

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

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

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

18           (e) Except as otherwise provided by this section, a charter  
19 holder that is eligible for an allotment under this section is  
20 entitled to an annual allotment in an amount determined by the  
21 commissioner, not to exceed \$1,000 or a different amount provided  
22 by appropriation, for each student in average daily attendance  
23 during the preceding year at a public charter district campus that  
24 satisfies the initial eligibility requirements under Subsection  
25 (b)(1).

26           (f) A charter holder who receives funds under this section  
27 may use the funds only for a public charter district campus for

1 which the funds were paid under Subsection (e) and only to:

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

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

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

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

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

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

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

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

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

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

27 (4) pending their use, must be deposited into a bank,

1 as defined by Section 45.201, with which the charter holder has  
2 entered into a depository contract under Section 11A.204.

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

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

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

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

27 (b) The depository bank shall attach to the contract and

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

12 (c) The bond shall be conditioned on:

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

15 (2) the payment on presentation of all checks or  
16 drafts on order of the charter holder, in accordance with its orders  
17 entered by the charter holder according to law;

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

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

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

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

26 (d) The bond and the surety on the bond must be approved by  
27 the charter holder. A premium on the depository bond may not be

1 paid out of charter holder funds related to operation of the public  
2 charter district.

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

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

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

27 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE

1 FUNDS. (a) Property purchased or leased with funds received by a  
2 charter holder under Section 11A.201 or 11A.202:

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

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

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

10 (b) The commissioner shall:

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

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

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

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

23 (e) The commissioner may bring an action in district court  
24 in Travis County for injunctive or other relief to enforce this  
25 section. In identifying public property held by a charter holder,  
26 the court shall use the criteria adopted by the commissioner under  
27 Subsection (d). Except as otherwise provided by this subsection,

1 the court shall enter any order under this subsection concerning  
2 public property held by the charter holder necessary to best serve  
3 the interests of the students of a public charter district. In the  
4 case of a public charter district that has ceased to operate, the  
5 court shall enter any order under this subsection concerning public  
6 property held by the charter holder necessary to best serve the  
7 interests of this state. The court may order title to real or  
8 personal public property held by the charter holder transferred to  
9 a trust established for the purpose of managing the property or may  
10 make other disposition of the property necessary to best serve the  
11 interests of this state.

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

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

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

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

4       Sec. 11A.211. STATE FUNDING UNDER CERTAIN SCHOOL DISTRICT  
5 AGREEMENTS. Notwithstanding any other provision of Chapter 41 or  
6 42, and in addition to any other funds to which a school district  
7 may be entitled, a school district that enters into an agreement  
8 with a charter school operating under a charter granted under this  
9 chapter to provide education services to a student enrolled in the  
10 school district is entitled to receive the greater of the following  
11 amounts of state funding:

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

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

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

18       SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

19       Sec. 11A.251. ADMISSION POLICY. (a) Except as provided by  
20 this section, a public charter district may not discriminate in  
21 admission policy on the basis of sex, national origin, ethnicity,  
22 religion, disability, or academic, artistic, or athletic ability or  
23 the district the child would otherwise attend in accordance with  
24 this code.

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

27           (1) has engaged in conduct or misbehavior within the



1 preceding year that has resulted in:

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

4 (B) expulsion;

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

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

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

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

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

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

22 (A) fill the available positions by lottery; or

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

26 (b) A public charter district may fill applications for  
27 admission under Subsection (a)(2)(B) only if the district published

1 a notice of the opportunity to apply for admission to the district.

2 A notice published under this subsection must:

3 (1) state the application deadline;

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

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

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

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

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

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

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

21 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided  
22 by Subsection (b) or as otherwise determined impracticable by the  
23 commissioner, during a public charter district's first year of  
24 operation, the district must have a student enrollment of at least  
25 100 and not more than 500 at any time during the school year.

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

1       (c) Not later than a public charter district's third year of  
2 operation, at least 25 percent of the district's students must be  
3 enrolled in one or more grade levels for which assessment  
4 instruments are administered under Sections 39.023(a), (c), and  
5 (1).

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

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

12           (2) until the campus complies with Subsection (c),  
13 adopt accountability measures to assess the performance of the  
14 students not assessed under Section 39.023(a).

15       (e) The commissioner may grant a waiver from the  
16 requirements of Subsection (c) for a public charter district that  
17 was operating an open-enrollment charter school campus on January  
18 1, 2007, serving prekindergarten, kindergarten, and first, second,  
19 and third grade students if the public charter district:

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

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

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

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

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

6       (b) The governing body of a public charter district may  
7 require a student to pay any fee that the board of trustees of a  
8 school district may charge under Section 11.158(a). The governing  
9 body may not require a student to pay a fee that the board of  
10 trustees of a school district may not charge under Section  
11 11.158(b).

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

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

20       (b) The code of conduct must include:

21           (1) standards for student behavior, including the  
22 types of prohibited behaviors and the possible consequences of  
23 misbehavior; and

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

26       (c) A final decision of the governing body of a public  
27 charter district regarding action taken under the code of conduct

1 may not be appealed.

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

3 (1) low academic performance; or

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

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

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

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

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

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

18 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

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

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

27 (b) The notice must include:

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

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

5           (3) any relevant experience of the employee.

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

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

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

18           (a) This section applies to a charter holder that on January 1,  
19 2006, operated an open-enrollment charter school.

20           (b) Each school year, using state funds received by the  
21 charter holder for that purpose under Subsection (e), a charter  
22 holder that participated in the program under Chapter 1579,  
23 Insurance Code, for the 2005-2006 school year shall provide  
24 employees of the charter holder, other than administrators,  
25 compensation in the form of annual salaries, incentives, or other  
26 compensation determined appropriate by the charter holder that  
27 results in an average compensation increase for classroom teachers,

1 full-time librarians, full-time counselors, and full-time school  
2 nurses who are employed by the charter holder and who would be  
3 entitled to a minimum salary under Section 21.402 if employed by a  
4 school district, in an amount at least equal to \$2,500.

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

13 (1) for full-time employees other than employees who  
14 would be entitled to a minimum salary under Section 21.402 if  
15 employed by a school district, an average increase at least equal to  
16 \$500; and

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

19 (d) Each school year, using state funds received by the  
20 charter holder for that purpose under Subsection (g), a charter  
21 holder that did not participate in the program under Chapter 1579,  
22 Insurance Code, for the 2005-2006 school year shall provide  
23 employees of the charter holder, other than administrators,  
24 compensation in the form of annual salaries, incentives, or other  
25 compensation determined appropriate by the charter holder that  
26 results in an average compensation increase for classroom teachers,  
27 full-time librarians, full-time counselors, and full-time school

1 nurses who are employed by the charter holder and who would be  
2 entitled to a minimum salary under Section 21.402 if employed by a  
3 school district, in an amount at least equal to \$2,000.

4 (e) Each school year, in addition to any amounts to which a  
5 charter holder is entitled under this chapter, a charter holder  
6 that participated in the program under Chapter 1579, Insurance  
7 Code, for the 2005-2006 school year is entitled to state aid in an  
8 amount, as determined by the commissioner, equal to the product of  
9 \$2,500 multiplied by the number of classroom teachers, full-time  
10 librarians, full-time counselors, and full-time school nurses  
11 employed by the charter holder at a public charter district campus.

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

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

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

23 (g) Each school year, in addition to any amounts to which a  
24 charter holder is entitled under this chapter, a charter holder  
25 that did not participate in the program under Chapter 1579,  
26 Insurance Code, for the 2005-2006 school year is entitled to state  
27 aid in an amount, as determined by the commissioner, equal to the



1 product of \$2,000 multiplied by the number of classroom teachers,  
2 full-time librarians, full-time counselors, and full-time school  
3 nurses employed by the charter holder at a public charter district  
4 campus.

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

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

9 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

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

12 (1) a public charter district or campus;

13 (2) a charter holder; and

14 (3) a management company.

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

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

26 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a  
27 subpoena to compel the attendance and testimony of a witness or the

1 production of materials relevant to an audit or investigation under  
2 this chapter.

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

5 (c) If a person fails to comply with a subpoena issued under  
6 this section, the commissioner, acting through the attorney  
7 general, may file suit to enforce the subpoena in a district court  
8 in Travis County or in the county in which the audit or  
9 investigation is conducted. The court shall order compliance with  
10 the subpoena if the court finds that good cause exists to issue the  
11 subpoena.

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

13 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take  
14 any of the actions described by Subsection (b) or by Section  
15 39.131(a), to the extent the commissioner determines necessary, if  
16 a public charter district, as determined by a report issued under  
17 Section 39.076(b):

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

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

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

24 (b) The commissioner may temporarily withhold funding,  
25 suspend the authority of a public charter district to operate, or  
26 take any other reasonable action the commissioner determines  
27 necessary to protect the health, safety, or welfare of students

1 enrolled at a district campus based on evidence that conditions at  
2 the district campus present a danger to the health, safety, or  
3 welfare of the students.

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

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

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

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

18 (e) Immediately after a hearing under Subsection (d), the  
19 commissioner must cease the action under Subsection (b) or initiate  
20 action under Section 11A.108.

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

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

1 39.

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

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

5 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

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

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

10 (2) "Eligible entity" means an organization that is  
11 exempt from taxation under Section 501(a), Internal Revenue Code of  
12 1986, as an organization described by Section 501(c)(3) of that  
13 code.

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

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

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

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

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

27 (b) A charter holder that assumed operation of an existing

1 charter school program during the seven years preceding the  
2 proposed authorization under Subsection (a) may be authorized to  
3 grant a blue ribbon charter under Subsection (a) if:

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

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

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

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

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

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

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

1 the blue ribbon charter.

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

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

11 Sec. 11A.405. APPLICATION FOR AUTHORIZATION. (a) The  
12 commissioner by rule shall adopt an application form and procedures  
13 for a charter holder to apply for authorization to grant a blue  
14 ribbon charter to an eligible entity under this subchapter.

15 (b) The application must specify:

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

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

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

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

24 Sec. 11A.406. REVOCATION OF AUTHORIZATION. (a) The  
25 commissioner may revoke a charter holder's authorization to grant a  
26 blue ribbon charter or operate a campus granted a blue ribbon  
27 charter if the commissioner determines that the purposes of this

1 subchapter are not being satisfied.

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

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

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

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

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

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

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

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

21 (5) describe the governing structure of the blue  
22 ribbon charter campus;

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

26 (7) describe the manner in which the campus and  
27 charter holder granting the blue ribbon charter will comply with

1 financial and operational requirements, including requirements  
2 related to the Public Education Information Management System  
3 (PEIMS) under Section 11A.158 and the audit requirements under  
4 Section 11A.210.

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

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

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

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

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

25 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER  
26 SCHOOLS

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



1           (1) "Assets" means:

2                   (A) public funds, as determined under Section  
3 12.107, as that section existed on January 1, 2007; and

4                   (B) public property, as determined under Section  
5 12.128, as that section existed on January 1, 2007.

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

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

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

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

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

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

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

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

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

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

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

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

12       (c) If the charter holder of an open-enrollment charter  
13 school or an officer or employee of such a school refuses to  
14 transfer school assets or records to a receiver under this  
15 subsection, the receiver may ask the attorney general to petition a  
16 court for recovery of the assets or records. If the court grants  
17 the petition, the court shall award attorney's fees and court costs  
18 to the state.

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

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

1 commissioner.

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

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

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

22 (1) maintaining the records;

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

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

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

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

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

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

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

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

20       SECTION 3. Subchapter D, Chapter 12, Education Code, is  
21 amended by adding Section 12.1058 to read as follows:

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

25           (b) The commissioner may bring an action for injunctive or  
26 other relief as provided by Section 11A.203(d) to enforce Section  
27 12.107.

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

4        SECTION 4. Subchapter E, Chapter 12, Education Code, is  
5 amended by amending Sections 12.151, 12.152, and 12.156 and adding  
6 Section 12.157 to read as follows:

7        Sec. 12.151. DEFINITIONS [~~DEFINITION~~]. In this subchapter,  
8 "institution of higher education" and "public senior college or  
9 university" have [~~has~~] the meanings [~~meaning~~] assigned by Section  
10 61.003.

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

18        Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS.  
19 (a) Except as otherwise provided by this subchapter, Chapter 11A  
20 [~~Subchapter D~~] applies to a college or university charter school as  
21 though the college or university charter school were granted a  
22 charter under that chapter [~~subchapter~~].

23        (b) A charter granted under this subchapter is not  
24 considered for purposes of the limit on the number of public  
25 [~~open-enrollment~~] charter districts [~~schools~~] imposed by Section  
26 11A.002 [~~12.101(b)~~].

27        (c) A college or university charter school is not subject to

1 a prohibition, restriction, or requirement relating to:

2 (1) open meetings and public information under Section  
3 11A.053;

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

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

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

7 (5) nepotism under Section 11A.057;

8 (6) composition of a governing body under Section  
9 11A.152;

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

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

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

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

17 (11) quarterly financial reports under Section  
18 11A.157; and

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

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

26 Sec. 12.157. ADVANCED TECHNICAL ACADEMIES. (a) A college  
27 or university charter school may operate as an advanced technical

1 academy. The school's educational program must:

2 (1) focus on advanced career and technology education;

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

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

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

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

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

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

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

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

25 (A) local chambers of commerce;

26 (B) local employers;

27 (C) the Texas Workforce Commission through local

1 workforce development boards; and

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

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

6 (1) curriculum alignment;

7 (2) instructional materials;

8 (3) the instructional calendar;

9 (4) courses of study;

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

12 (6) student enrollment and attendance;

13 (7) grading periods and policies; and

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

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

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

27 SECTION 5. Section 5.001, Education Code, is amended by



1 adding Subdivision (5-a) and amending Subdivision (6) to read as  
2 follows:

3 (5-a) "Public charter campus" means a campus operated  
4 by a public charter district.

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

8 SECTION 6. Section 7.003, Education Code, is amended to  
9 read as follows:

10 Sec. 7.003. LIMITATION ON AUTHORITY. An educational  
11 function not specifically delegated to the agency or the board  
12 under this code is reserved to and shall be performed by school  
13 districts or [~~open-enrollment~~] charter schools.

14 SECTION 7. Subsection (b), Section 7.009, Education Code,  
15 is amended to read as follows:

16 (b) The agency shall solicit and collect from the  
17 Legislative Budget Board, centers for education research  
18 established under Section 1.005, and exemplary or recognized school  
19 districts, campuses, and public charter districts [~~open-enrollment~~  
20 ~~charter schools~~], as rated under Section 39.072, examples of best  
21 practices relating to instruction, public school finance, resource  
22 allocation, and business practices, including best practices  
23 relating to curriculum, scope and sequence, compensation and  
24 incentive systems, bilingual education and special language  
25 programs, compensatory education programs, and the effective use of  
26 instructional technology, including online courses.

27 SECTION 8. Subsections (b) and (d), Section 7.010,

1 Education Code, are amended to read as follows:

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

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

12 SECTION 9. Subsection (b), Section 7.028, Education Code,  
13 is amended to read as follows:

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

19 SECTION 10. Subchapter B, Chapter 7, Education Code, is  
20 amended by adding Section 7.029 to read as follows:

21 Sec. 7.029. STUDY OF DROPOUT RECOVERY CHARTER SCHOOLS.

22 (a) The agency shall:

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

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

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

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

3           (2) identify the areas of the state with the highest  
4 number of students identified as at risk of dropping out of school,  
5 as defined by Section 29.081(d), and establish locations where  
6 dropout recovery charter schools will have the greatest impact on  
7 recovering dropouts in those areas;

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

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

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

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

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

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

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

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

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

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

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

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

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

14           (c) Not later than December 1, 2008, the agency shall  
15 deliver the report produced under Subsection (a) to the governor,  
16 the lieutenant governor, the speaker of the house of  
17 representatives, and the presiding officers of the standing  
18 committees of each house of the legislature with primary  
19 jurisdiction over public education.

20           (d) This section expires January 1, 2009.

21           SECTION 11. Subdivision (17), Subsection (b), Section  
22 7.055, Education Code, is amended to read as follows:

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

26           SECTION 12. Subdivision (9), Subsection (c), Section 7.102,  
27 Education Code, is amended to read as follows:

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

4           SECTION 13. Subsection (e), Section 11.003, Education Code,  
5 is amended to read as follows:

6           (e) The commissioner may require a public charter district  
7 [~~an open-enrollment charter school~~] to enter into a cooperative  
8 shared services arrangement for administrative services if the  
9 commissioner determines, after an audit conducted under Section  
10 11A.351 [~~12.1163~~], that such a cooperative shared services  
11 arrangement would promote the efficient operation of the district  
12 [~~school~~].

13           SECTION 14. Section 12.002, Education Code, is amended to  
14 read as follows:

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

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

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

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

23           SECTION 15. Subsections (b) and (c), Section 21.058,  
24 Education Code, are amended to read as follows:

25           (b) Notwithstanding Section 21.041(b)(7), not later than  
26 the fifth day after the date the board receives notice under Article  
27 42.018, Code of Criminal Procedure, of the conviction of a person

1 who holds a certificate under this subchapter, the board shall:

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

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

6 (A) the revocation; and

7 (B) the basis for the revocation.

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

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

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

19 SECTION 16. Subsection (b), Section 21.652, Education Code,  
20 is amended to read as follows:

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

25 SECTION 17. Subsection (c), Section 21.702, Education Code,  
26 is amended to read as follows:

27 (c) In adopting rules under this section, the commissioner

1 shall include rules governing eligibility for and participation by  
2 a public charter district [~~an open-enrollment charter school~~] in  
3 the program.

4 SECTION 18. Subsections (b) and (c), Section 22.083,  
5 Education Code, are amended to read as follows:

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

9 (1) a person whom the district [~~school~~] intends to  
10 employ in any capacity; or

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

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

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

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

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

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

1 SECTION 19. Section 22.084, Education Code, is amended to  
2 read as follows:

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

- 11 (1) a person employed by the person as a bus driver; or  
12 (2) a person the person intends to employ as a bus  
13 driver.

14 (b) Except as provided by Subsections (c) and (d), a person  
15 that contracts with a school district, public charter district  
16 [~~open-enrollment charter school~~], private school, regional  
17 education service center, or shared services arrangement to provide  
18 transportation services shall submit to the district, school,  
19 service center, or shared services arrangement the name and other  
20 identification data required to obtain criminal history record  
21 information of each person described by Subsection (a). If the  
22 district, school, service center, or shared services arrangement  
23 obtains information that a person described by Subsection (a) has  
24 been convicted of a felony or a misdemeanor involving moral  
25 turpitude, the district, school, service center, or shared services  
26 arrangement shall inform the chief personnel officer of the person  
27 with whom the district, school, service center, or shared services



1 arrangement has contracted, and the person may not employ that  
2 person to drive a bus on which students are transported without the  
3 permission of the board of trustees of the district or service  
4 center, the governing body of the public charter district  
5 [~~open-enrollment charter school~~], or the chief executive officer of  
6 the private school or shared services arrangement.

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

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

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

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

1 SECTION 20. Subdivision (3), Section 22.101, Education  
2 Code, is amended to read as follows:

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

7 SECTION 21. Section 25.088, Education Code, is amended to  
8 read as follows:

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

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

16 SECTION 22. Subsection (a), Section 25.089, Education Code,  
17 is amended to read as follows:

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

21 SECTION 23. Subsection (b), Section 25.090, Education Code,  
22 is amended to read as follows:

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

1 SECTION 24. Subsections (d) and (e), Section 25.093,  
2 Education Code, are amended to read as follows:

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

5 (1) one-half shall be deposited to the credit of the  
6 operating fund of, as applicable:

7 (A) the school district in which the child  
8 attends school;

9 (B) the public charter district [~~open-enrollment~~  
10 ~~charter school~~] the child attends; or

11 (C) the juvenile justice alternative education  
12 program that the child has been ordered to attend; and

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

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

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

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

23 SECTION 25. Subsections (a) and (b), Section 25.095,  
24 Education Code, are amended to read as follows:

25 (a) A school district or public charter district  
26 [~~open-enrollment charter school~~] shall notify a student's parent in  
27 writing at the beginning of the school year that if the student is

1 absent from school on 10 or more days or parts of days within a  
2 six-month period in the same school year or on three or more days or  
3 parts of days within a four-week period:

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

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

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

14 (1) inform the parent that:

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

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

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

22 SECTION 26. Subsections (a) and (b), Section 25.0951,  
23 Education Code, are amended to read as follows:

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

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

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

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

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

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

21           SECTION 27. Subsections (a), (c), (d), and (e), Section  
22 26.0085, Education Code, are amended to read as follows:

23           (a) A school district or public charter district  
24 [~~open-enrollment charter school~~] that seeks to withhold  
25 information from a parent who has requested public information  
26 relating to the parent's child under Chapter 552, Government Code,  
27 and that files suit as described by Section 552.324, Government

1 Code, to challenge a decision by the attorney general issued under  
2 Subchapter G, Chapter 552, Government Code, must bring the suit not  
3 later than the 30th calendar day after the date the [~~school~~]  
4 district [~~or open-enrollment charter school~~] receives the decision  
5 of the attorney general being challenged.

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

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

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

25 SECTION 28. Subsection (j), Section 28.0211, Education  
26 Code, is amended to read as follows:

27 (j) A school district [~~or open-enrollment charter school~~]

1 shall provide students required to attend accelerated programs  
2 under this section with transportation to those programs if the  
3 programs occur outside of regular school hours.

4 SECTION 29. Subsection (f), Section 29.010, Education Code,  
5 is amended to read as follows:

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

10 SECTION 30. Subsections (a) and (c), Section 29.012,  
11 Education Code, are amended to read as follows:

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

15 (1) if the person is three years of age or older,  
16 notify the school district in which the facility is located, unless  
17 the facility is a public charter district [~~an open-enrollment~~  
18 ~~charter school~~]; or

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

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

27 SECTION 31. Subsections (c), (d), and (e), Section 29.062,

1 Education Code, are amended to read as follows:

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

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

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

16 SECTION 32. Subsections (a), (b), (b-1), (c), (e), (k), and  
17 (l), Section 29.087, Education Code, are amended to read as  
18 follows:

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

24 (b) Any school district or public charter district  
25 [~~open-enrollment charter school~~] may apply for authorization to  
26 operate a program under this section. As part of the application  
27 process, the commissioner shall require a district [~~or school~~] to



1 provide information regarding the operation of any similar program  
2 during the preceding five years.

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

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

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

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

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

27 (2) subsequently hold a public hearing annually to

1 review the performance of the program.

2 (1) The commissioner may revoke a school district's or  
3 public charter district's [~~open-enrollment charter school's~~]  
4 authorization under this section after consideration of relevant  
5 factors, including performance of students participating in the  
6 district's [~~or school's~~] program on assessment instruments required  
7 under Chapter 39, the percentage of students participating in the  
8 district's [~~or school's~~] program who complete the program and  
9 perform successfully on the high school equivalency examination,  
10 and other criteria adopted by the commissioner. A decision by the  
11 commissioner under this subsection is final and may not be  
12 appealed.

13 SECTION 33. Subsections (a) through (d), (i), and (j),  
14 Section 29.155, Education Code, are amended to read as follows:

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

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

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

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

1 prekindergarten programs.

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

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

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

18 (j) If a school district or public charter district  
19 [~~open-enrollment charter school~~] returns to the commissioner funds  
20 granted under this section, the commissioner may grant those funds  
21 to another entity, including a private entity, for the purposes of  
22 Subsection (g).

23 SECTION 34. Subsection (b), Section 29.905, Education Code,  
24 is amended to read as follows:

25 (b) The agency shall make the program available to a school  
26 on the request of the board of trustees of [~~or~~] the school district  
27 of which the school is a part, or if the school is a public charter

1 district [~~an open-enrollment charter school~~], on the request of the  
2 governing body of the district [~~school~~].

3 SECTION 35. Subchapter C, Chapter 32, Education Code, is  
4 amended by adding Section 32.1011 to read as follows:

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

8 SECTION 36. Sections 32.102 through 32.106, Education Code,  
9 are amended to read as follows:

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

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

- 15 (A) a private donor; or  
16 (B) a state eleemosynary institution or a state  
17 agency under Section 2175.128, Government Code;

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

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

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

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

26 (2) any gifts, grants, or donations of money or  
27 services to purchase, refurbish, or repair data processing

1 equipment under this subchapter.

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

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

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

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

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

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

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

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

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

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

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

8                   (2) the date the student graduates;

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

11                   (4) the date the student withdraws from school.

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

16           SECTION 37. Section 33.007, Education Code, is amended to  
17 read as follows:

18           Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION.

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

25           (b) During the first school year a student is enrolled in a  
26 high school or at the high school level in a public charter district  
27 [~~an open-enrollment charter school~~], and again during a student's

1 senior year, a counselor shall provide information about higher  
2 education to the student and the student's parent or guardian. The  
3 information must include information regarding:

4 (1) the importance of higher education;

5 (2) the advantages of completing the recommended or  
6 advanced high school program adopted under Section 28.025(a);

7 (3) the disadvantages of taking courses to prepare for  
8 a high school equivalency examination relative to the benefits of  
9 taking courses leading to a high school diploma;

10 (4) financial aid eligibility;

11 (5) instruction on how to apply for federal financial  
12 aid;

13 (6) the center for financial aid information  
14 established under Section 61.0776;

15 (7) the automatic admission of certain students to  
16 general academic teaching institutions as provided by Section  
17 51.803; and

18 (8) the eligibility and academic performance  
19 requirements for the TEXAS Grant as provided by Subchapter M,  
20 Chapter 56 [~~as added by Chapter 1590, Acts of the 76th Legislature,~~  
21 ~~Regular Session, 1999~~].

22 SECTION 38. Section 33.901, Education Code, is amended to  
23 read as follows:

24 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of  
25 the students enrolled in one or more schools in a school district or  
26 enrolled in a public charter district campus [~~an open-enrollment~~  
27 ~~charter school~~] are eligible for free or reduced-price breakfasts

1 under the national school breakfast program provided for by the  
2 Child Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing  
3 body of the district [~~or the open-enrollment charter school~~] shall  
4 participate in the program and make the benefits of the program  
5 available to all eligible students in the schools or campus  
6 [~~school~~].

7 SECTION 39. Subsection (e), Section 37.007, Education Code,  
8 is amended to read as follows:

9 (e) In accordance with 20 U.S.C. Section 7151, a local  
10 educational agency, including a school district, home-rule school  
11 district, or public charter district [~~open-enrollment charter~~  
12 ~~school~~], shall expel a student who brings a firearm, as defined by  
13 18 U.S.C. Section 921, to school. The student must be expelled from  
14 the student's regular campus for a period of at least one year,  
15 except that:

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

20 (2) the district or other local educational agency  
21 shall provide educational services to an expelled student in a  
22 disciplinary alternative education program as provided by Section  
23 37.008 if the student is younger than 10 years of age on the date of  
24 expulsion; and

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



1 provided in Section 37.008.

2 SECTION 40. Subsection (j), Section 37.008, Education Code,  
3 is amended to read as follows:

4 (j) If a student placed in a disciplinary alternative  
5 education program enrolls in another school district before the  
6 expiration of the period of placement, the board of trustees of the  
7 district requiring the placement shall provide to the district in  
8 which the student enrolls, at the same time other records of the  
9 student are provided, a copy of the placement order. The district  
10 in which the student enrolls shall inform each educator who will  
11 have responsibility for, or will be under the direction and  
12 supervision of an educator who will have responsibility for, the  
13 instruction of the student of the contents of the placement order.  
14 Each educator shall keep the information received under this  
15 subsection confidential from any person not entitled to the  
16 information under this subsection, except that the educator may  
17 share the information with the student's parent or guardian as  
18 provided for by state or federal law. The district in which the  
19 student enrolls may continue the disciplinary alternative  
20 education program placement under the terms of the order or may  
21 allow the student to attend regular classes without completing the  
22 period of placement. A school district may take any action  
23 permitted by this subsection if:

24 (1) the student was placed in a disciplinary  
25 alternative education program by a public charter district [~~an~~  
26 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~] and  
27 the public charter district [~~school~~] provides to the school

1 district a copy of the placement order; or

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

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

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

10 SECTION 41. Subdivision (2), Subsection (a), Section  
11 37.022, Education Code, is amended to read as follows:

12 (2) "District or school" includes an independent  
13 school district, a home-rule school district, a campus or campus  
14 program charter holder, or a public charter district [~~an~~  
15 ~~open-enrollment charter school~~].

16 SECTION 42. Section 39.051, Education Code, is amended by  
17 adding Subsection (h) to read as follows:

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

26 SECTION 43. Subsection (c), Section 39.072, Education Code,  
27 is amended to read as follows:

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

11 SECTION 44. Subsections (c) and (d), Section 39.114,  
12 Education Code, are amended to read as follows:

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

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

20 SECTION 45. Subsection (a), Section 39.131, Education Code,  
21 is amended to read as follows:

22 (a) If a school district does not satisfy the accreditation  
23 criteria under Section 39.071, the academic performance standards  
24 under Section 39.072, or any financial accountability standard as  
25 determined by commissioner rule, the commissioner shall take any of  
26 the following actions to the extent the commissioner determines  
27 necessary:

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

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

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

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

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

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

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

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

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

7           (10) if for two consecutive school years, including  
8 the current school year, a district has received an accreditation  
9 status of accredited-warned or accredited-probation, has been  
10 rated academically unacceptable, or has failed to satisfy financial  
11 accountability standards as determined by commissioner rule,  
12 revoke the district's accreditation and:

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

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

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

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

27           (B) restructuring the district or appropriate

1 school campuses to improve identification of and service to  
2 students who are at risk of dropping out of school, as defined by  
3 Section 29.081;

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

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

9 SECTION 46. Section 39.1321, Education Code, is amended to  
10 read as follows:

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

17 (b) The commissioner shall adopt rules to implement  
18 procedures to impose any sanction provision under this chapter as  
19 those provisions relate to public charter districts  
20 [~~open-enrollment charter schools~~].

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

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

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

1 chapter.

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

8 SECTION 47. Subsection (a), Section 39.182, Education Code,  
9 is amended to read as follows:

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

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

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

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

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

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

13 (5) a summary compilation of overall performance of  
14 students at risk of dropping out of school, as defined by Section  
15 29.081(d), on academic skills assessment instruments required by  
16 Section 39.023 with the number of those students exempted from the  
17 administration of those instruments and the basis of the  
18 exemptions, aggregated by district, grade level, and subject area,  
19 with appropriate interpretations and analysis, and disaggregated  
20 by race, ethnicity, gender, and socioeconomic status;

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

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



1 (8) a statement of:

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

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

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

10 (D) the completion rate of students who enter  
11 grade level 9 and receive a high school equivalency certificate,  
12 including students who require more than four years to receive a  
13 certificate; and

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

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

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

23 (11) a summary of the information required by Section  
24 29.083 regarding grade level retention of students and information  
25 concerning:

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

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

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

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

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

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

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

19 (13) a list of each school district or campus that does  
20 not satisfy performance standards, with an explanation of the  
21 actions taken by the commissioner to improve student performance in  
22 the district or campus and an evaluation of the results of those  
23 actions;

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

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

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

6           (17) a summary of the effect of deregulation,  
7 including exemptions and waivers granted under Section 7.056 or  
8 39.112;

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

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

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

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

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

25           (20) a comparison of the performance of public charter  
26 districts [~~open-enrollment charter schools~~] and school districts  
27 on the academic excellence indicators specified in Section

1 39.051(b) and accountability measures adopted under Section  
2 39.051(g), with a separately aggregated comparison of the  
3 performance of public charter districts [~~open-enrollment charter~~  
4 ~~schools~~] predominantly serving students at risk of dropping out of  
5 school, as defined by Section 29.081(d), with the performance of  
6 school districts;

7 (21) a summary of the information required by Section  
8 38.0141 regarding student health and physical activity from each  
9 school district; and

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

12 SECTION 48. Subsections (a), (c), and (e), Section 39.301,  
13 Education Code, are amended to read as follows:

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

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

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

1 section.

2 SECTION 49. Subsection (a), Section 39.302, Education Code,  
3 is amended to read as follows:

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

11 SECTION 50. Section 46.012, Education Code, is amended to  
12 read as follows:

13 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS  
14 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~  
15 ~~open-enrollment charter school~~] is not entitled to an allotment  
16 under this subchapter.

17 SECTION 51. Section 46.036, Education Code, is amended to  
18 read as follows:

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

23 SECTION 52. The heading to Section 53.351, Education Code,  
24 is amended to read as follows:

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

27 SECTION 53. Subsections (a) and (c) through (g), Section

1 53.351, Education Code, are amended to read as follows:

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

7 (c) The corporation has all powers granted under the Texas  
8 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's  
9 Texas Civil Statutes) for the purpose of aiding authorized  
10 [~~open-enrollment~~] charter schools in providing educational  
11 facilities. The corporation may make expenditures from the fund  
12 described by Subsection (e) and may solicit and accept grants for  
13 deposit into the fund. In addition, Sections 53.131, 53.15, 53.31,  
14 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and  
15 govern the corporation and its procedures and bonds.

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

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

25 (f) A revenue bond issued under this section is not a debt of  
26 the state or any state agency, political corporation, or political  
27 subdivision of the state and is not a pledge of the faith and credit

1 of any of these entities. A revenue bond is payable solely from the  
2 revenue of the authorized [~~open-enrollment~~] charter school on whose  
3 behalf the bond is issued. A revenue bond issued under this section  
4 must contain on its face a statement to the effect that:

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

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

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

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

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

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

20 SECTION 54. Subsection (c), Section 411.097, Government  
21 Code, is amended to read as follows:

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

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

1 Education Code; or

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

4 SECTION 55. Subsections (a) and (b), Section 2175.128,  
5 Government Code, are amended to read as follows:

6 (a) If a disposition of a state agency's surplus or salvage  
7 data processing equipment is not made under Section 2175.125 or  
8 2175.184, the state agency shall transfer the equipment to:

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

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

14 (3) the Texas Department of Criminal Justice.

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

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

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

24 (3) the Texas Department of Criminal Justice.

25 SECTION 56. Subsection (a), Section 2306.630, Government  
26 Code, is amended to read as follows:

27 (a) Subject to Subsection (b), the following entities may



1 apply to receive a grant for an eligible project under this  
2 subchapter:

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

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

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

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

12 (5) a corps-based community service organization;

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

16 (7) another entity authorized by board rule.

17 SECTION 57. Subdivision (6), Section 1575.002, Insurance  
18 Code, is amended to read as follows:

19 (6) "Publicschool" means:

20 (A) a school district;

21 (B) another educational district whose employees  
22 are members of the Teacher Retirement System of Texas;

23 (C) a regional education service center  
24 established under Chapter 8, Education Code; or

25 (D) a public charter district [~~an~~  
26 ~~open-enrollment charter school~~] established under Chapter 11A  
27 [~~Subchapter D, Chapter 12~~], Education Code.

1 SECTION 58. Subdivision (3), Section 1579.002, Insurance  
2 Code, is amended to read as follows:

3 (3) "Charter school" means a public charter district  
4 [~~an open-enrollment charter school~~] established under Chapter 11A  
5 [~~Subchapter D, Chapter 12~~], Education Code.

6 SECTION 59. Section 140.005, Local Government Code, is  
7 amended to read as follows:

8 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,  
9 OR OTHER DISTRICT. The governing body of a school district, public  
10 charter district [~~open-enrollment charter school~~], junior college  
11 district, or a district or authority organized under Article III,  
12 Section 52, or Article XVI, Section 59, of the Texas Constitution,  
13 shall prepare an annual financial statement showing for each fund  
14 subject to the authority of the governing body during the fiscal  
15 year:

16 (1) the total receipts of the fund, itemized by source  
17 of revenue, including taxes, assessments, service charges, grants  
18 of state money, gifts, or other general sources from which funds are  
19 derived;

20 (2) the total disbursements of the fund, itemized by  
21 the nature of the expenditure; and

22 (3) the balance in the fund at the close of the fiscal  
23 year.

24 SECTION 60. Subsection (c), Section 140.006, Local  
25 Government Code, is amended to read as follows:

26 (c) The presiding officer of a school district shall submit  
27 a financial statement prepared under Section 140.005 to a daily,

1 weekly, or biweekly newspaper published within the boundaries of  
2 the district. If a daily, weekly, or biweekly newspaper is not  
3 published within the boundaries of the school district, the  
4 financial statement shall be published in the manner provided by  
5 Subsections (a) and (b). The financial statement of a public  
6 charter district [~~an open-enrollment charter school~~] shall be made  
7 available in the manner provided by Chapter 552, Government Code.

8 SECTION 61. Subdivision (2), Section 375.303, Local  
9 Government Code, is amended to read as follows:

10 (2) "Eligible project" means a program authorized by  
11 Section 379A.051 and a project as defined by Sections 2(11) and  
12 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,  
13 Vernon's Texas Civil Statutes). Notwithstanding this definition,  
14 seeking a charter for or operating a public charter district [~~an~~  
15 ~~open-enrollment charter school~~] authorized by Chapter 11A  
16 [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an  
17 eligible project.

18 SECTION 62. Subsections (b) and (c), Section 375.308, Local  
19 Government Code, are amended to read as follows:

20 (b) An authority may not:

21 (1) issue bonds or notes without the prior approval of  
22 the governing body of the municipality that created the authority;

23 (2) seek a charter for or operate, within the  
24 boundaries of the authority, a public charter district [~~an~~  
25 ~~open-enrollment charter school~~] authorized by Chapter 11A  
26 [~~Subchapter D, Chapter 12~~], Education Code; or

27 (3) levy ad valorem property taxes.

1 (c) A municipality may not seek a charter for or operate a  
2 public charter district [~~an open-enrollment charter school~~]  
3 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education  
4 Code, within the boundaries of the authority.

5 SECTION 63. Subdivision (15), Section 541.201,  
6 Transportation Code, is amended to read as follows:

7 (15) "School activity bus" means a bus designed to  
8 accommodate more than 15 passengers, including the operator, that  
9 is owned, operated, rented, or leased by a school district, county  
10 school, public charter district [~~open-enrollment charter school~~],  
11 regional education service center, or shared services arrangement  
12 and that is used to transport public school students on a  
13 school-related activity trip, other than on routes to and from  
14 school. The term does not include a chartered bus, a bus operated  
15 by a mass transit authority, or a school bus.

16 SECTION 64. Subdivision (9), Section 57.042, Utilities  
17 Code, is amended to read as follows:

18 (9) "Public school" means a public elementary or  
19 secondary school, including a public charter district [~~an~~  
20 ~~open-enrollment charter school~~], a home-rule school district  
21 school, and a school with a campus or campus program charter.

22 SECTION 65. Subdivision (2), Section 4, Chapter 22, Acts of  
23 the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5,  
24 Vernon's Texas Civil Statutes), is amended to read as follows:

25 (2) "Educational institution" means a school district  
26 or a public charter district [~~an open-enrollment charter school~~].

27 SECTION 66. Section 40, Chapter 1504, Acts of the 77th

1 Legislature, Regular Session, 2001, is amended to read as follows:

2       Sec. 40. (a) A public charter district that was [~~The~~  
3 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~  
4 ~~amended by this Act, applies beginning with the 2001-2002 school~~  
5 ~~year, except as provided by this section.~~

6       [~~(b) An open-enrollment charter school~~] operating as an  
7 open-enrollment charter school on September 1, 2001, is funded as  
8 follows:

9           (1) [~~for the 2001-2002 and 2002-2003 school years, the~~  
10 ~~school receives funding according to the law in effect on August 31,~~  
11 ~~2001,~~

12           [~~(2) for the 2003-2004 school year, the school~~  
13 ~~receives 90 percent of its funding according to the law in effect on~~  
14 ~~August 31, 2001, and 10 percent of its funding according to the~~  
15 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~  
16 ~~amended by this Act,~~

17           [~~(3) for the 2004-2005 school year, the school~~  
18 ~~receives 80 percent of its funding according to the law in effect on~~  
19 ~~August 31, 2001, and 20 percent of its funding according to the~~  
20 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~  
21 ~~amended by this Act,~~

22           [~~(4) for the 2005-2006 school year, the school~~  
23 ~~receives 70 percent of its funding according to the law in effect on~~  
24 ~~August 31, 2001, and 30 percent of its funding according to the~~  
25 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~  
26 ~~amended by this Act,~~

27           [~~(5) for the 2006-2007 school year, the school~~

1 ~~receives 60 percent of its funding according to the law in effect on~~  
2 ~~August 31, 2001, and 40 percent of its funding according to the~~  
3 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~  
4 ~~amended by this Act,~~

5           ~~(6)~~ for the 2007-2008 school year, the school  
6 receives 50 percent of its funding according to the law in effect on  
7 August 31, 2001, and 50 percent of its funding according to the  
8 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~  
9 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th  
10 Legislature, Regular Session, 2007 [~~amended by this Act~~];

11           (2) [~~(7)~~] for the 2008-2009 school year, the school  
12 receives 40 percent of its funding according to the law in effect on  
13 August 31, 2001, and 60 percent of its funding according to the  
14 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~  
15 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th  
16 Legislature, Regular Session, 2007 [~~amended by this Act~~];

17           (3) [~~(8)~~] for the 2009-2010 school year, the school  
18 receives 30 percent of its funding according to the law in effect on  
19 August 31, 2001, and 70 percent of its funding according to the  
20 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~  
21 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th  
22 Legislature, Regular Session, 2007 [~~amended by this Act~~];

23           (4) [~~(9)~~] for the 2010-2011 school year, the school  
24 receives 20 percent of its funding according to the law in effect on  
25 August 31, 2001, and 80 percent of its funding according to the  
26 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~  
27 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th

1 Legislature, Regular Session, 2007 [~~amended by this Act~~];

2           (5) [~~(10)~~] for the 2011-2012 school year, the school  
3 receives 10 percent of its funding according to the law in effect on  
4 August 31, 2001, and 90 percent of its funding according to the  
5 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~  
6 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th  
7 Legislature, Regular Session, 2007 [~~amended by this Act~~]; and

8           (6) [~~(11)~~] for the 2012-2013 school year and subsequent  
9 school years, the school receives 100 percent of its funding  
10 according to the change in law made by Sections 11A.201 and 11A.203  
11 [~~12.106 and 12.107~~], Education Code, as added by S.B. No. 4, Acts of  
12 the 80th Legislature, Regular Session, 2007 [~~amended by this Act~~].

13           (b) [~~(c)~~] The commissioner of education may adopt rules as  
14 necessary to implement this section.

15           SECTION 67. Section 12.106, Education Code, is repealed.

16           SECTION 68. Notwithstanding the repeal of Sections 12.107  
17 and 12.128, Education Code, by this Act, those sections continue to  
18 apply to state funds and property received or purchased by an  
19 open-enrollment charter school before August 1, 2008.

20           SECTION 69. (a) The changes in law made by Sections 1, 4  
21 through 9, 11 through 65, and 68 of this Act apply beginning August  
22 1, 2008.

23           (b) The changes in law made by Sections 2, 3, 10, 66, and 67  
24 of this Act apply beginning on the effective date of this Act.

25           SECTION 70. This Act takes effect immediately if it  
26 receives a vote of two-thirds of all the members elected to each  
27 house, as provided by Section 39, Article III, Texas Constitution.

S.B. No. 4

1 If this Act does not receive the vote necessary for immediate  
2 effect, this Act takes effect September 1, 2007.