

By: Shapiro, Janek

S.B. No. 4

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 (a) Effective August 1, 2008, Subchapter D, Chapter 12, Education Code, is repealed.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 charter
18 district has the powers granted to schools under this title.

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

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

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

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

27 (B) reporting an educator's misconduct under

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

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

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

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

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

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

26 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
27 GOVERNMENT RECORDS. (a) With respect to the operation of a public

1 charter district, a public charter district is considered to be a
2 local government for purposes of Subtitle C, Title 6, Local
3 Government Code, and Subchapter J, Chapter 441, Government Code.

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

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

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

26 (1) maintaining the records;

27 (2) making the records readily accessible to students,

1 parents, former school employees, and other persons entitled to
2 access; and

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

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

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

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

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

20 (1) a governmental entity for purposes of:

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

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

23 and

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

26 (2) a local government for purposes of Sections
27 2256.009-2256.016, Government Code.

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

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

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

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

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

27 (b) To the extent consistent with this section, a

1 requirement of a law listed in this section that applies to a school
2 district or the board of trustees of a school district applies to a
3 public charter district, the governing body of a charter holder, or
4 the governing body of a public charter district.

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

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

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

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

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

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

1 consider, or act on any grievance or complaint concerning the
2 individual or a matter with which the individual has dealt in the
3 individual's capacity as an employee.

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

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

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

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

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

27 (3) the individual has been continuously employed or

1 serving since a date on or before January 1, 2007; and

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

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

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

14 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (4) describe the facilities to be used;

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

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

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

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

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

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

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

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

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

1 described by Subdivision (2) or (3), holding a charter granted
2 before September 1, 2002, under Subchapter D, Chapter 12, as that
3 subchapter existed on January 1, 2007, if:

4 (A) for fiscal year 2006, the entity had total
5 assets that exceeded total liabilities, as determined by the
6 entity's annual audit report under Section 44.008;

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

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

19 (2) a governmental entity holding a charter under
20 Subchapter D, Chapter 12, as that subchapter existed on January 1,
21 2007;

22 (3) an eligible entity holding a charter under
23 Subchapter D, Chapter 12, as that subchapter existed on January 1,
24 2007, if at least 85 percent of students enrolled in the school
25 reside in a residential facility; and

26 (4) an eligible entity granted a charter on or after
27 September 1, 2002, under Subchapter D, Chapter 12, as that

1 subchapter existed on January 1, 2007.

2 (b) For purposes of Subsection (a)(1)(A), an entity that
3 fails to submit an audit report under Section 44.008 for fiscal year
4 2006 before September 1, 2007, is considered for fiscal year 2006 to
5 have total liabilities that exceed total assets, unless the
6 commissioner determines that unusual circumstances contributed to
7 the failure to submit a report and allows submission after
8 September 1, 2007.

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

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

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

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

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

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

1 (i) This section expires January 1, 2010.

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

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

6 (b) The commissioner may only consider the performance of a
7 student who was enrolled as of the date for reporting enrollment for
8 the fall semester under the Public Education Information Management
9 System (PEIMS).

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

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

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

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

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;

12 (6) during the three years preceding the proposed
13 charter revision, the public charter district and its campuses have
14 not been subject to a stage 2 or higher intervention or similarly
15 severe intervention, as determined by the commissioner, or sanction
16 under Subchapter G, Chapter 39, including an intervention or
17 sanction related to:

18 (A) the quality of data or reports required by
19 state or federal law or court order;

20 (B) high school graduation requirements under
21 Section 28.025; or

22 (C) the effectiveness of programs for special
23 student populations; and

24 (7) the charter revision is in the best interest of
25 students of this state.

26 (d) In making a determination under Subsection (c)(7), the
27 commissioner shall review all available information relating to the

1 charter holder, including the charter holder's:

- 2 (1) academic and financial performance;
3 (2) history of compliance with applicable laws;
4 (3) staffing, financial, and organizational data; and
5 (4) other information regarding the charter holder's
6 capacity to successfully implement the requested charter revision.

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

- 9 (1) a public charter district's enrollment, unless the
10 charter holder adopts a business plan for implementing the
11 enrollment increase that includes components identified by the
12 commissioner; or
13 (2) the grade levels offered by a public charter
14 district, unless the charter holder adopts an educational plan for
15 the additional grade levels that includes components identified by
16 the commissioner.

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

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

- 27 (1) committed a material violation of the charter;

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

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

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

8 (b) The commissioner shall revoke the charter of a public
9 charter district without a hearing if:

10 (1) in two consecutive years, the public charter
11 district:

12 (A) is rated academically unacceptable or
13 receives an accreditation status of accredited-warned or
14 accredited-probation under Subchapter D, Chapter 39; or

15 (B) is rated financially unacceptable by the
16 commissioner under Subchapter I, Chapter 39; or

17 (2) all campuses operated by the public charter
18 district have been ordered closed under Section 39.131(a) or
19 39.1324(d), (e), or (f).

20 (c) A revocation under Subsection (b)(1) is effective on
21 January 1 following the date on which the public charter district
22 received a second unacceptable rating.

23 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
24 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
25 procedure to be used for modifying, placing on probation, or
26 revoking the charter of a public charter district under Section
27 11A.107(a).

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

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

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

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

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

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

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

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

27 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF

1 GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS
2 OFFICER OR EMPLOYEE. (a) Except as provided by Subsection (b), a
3 person may not serve as a member of the governing body of a charter
4 holder, as a member of the governing body of a public charter
5 district, or as an officer or employee of a public charter district
6 if the person:

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

9 (2) has been convicted of an offense listed in Section
10 37.007(a);

11 (3) has been convicted of an offense listed in Article
12 62.001(5), Code of Criminal Procedure; or

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

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

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

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

1 occupation; and

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

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

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

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

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

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

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

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

20 (7) is an employee of the company.

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

1 of public funds.

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

4 (1) damages;

5 (2) injunctive relief; or

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

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

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

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

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

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

17 (A) the agency and regional education service
18 centers;

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

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

23 (3) require training to be provided concerning:

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

25 (B) health and safety issues;

26 (C) accountability requirements related to the
27 use of public funds; and

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

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

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

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

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

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

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

25 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
26 management company that provides management services to a public
27 charter district is liable for damages incurred by the state or a

1 school district as a result of the failure of the company to comply
2 with its contractual or other legal obligation to provide services
3 to the district.

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

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

9 (2) injunctive relief; or

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

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

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

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

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

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

23 (1) the district; or

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

26 (b) A charter holder or the governing body of a public
27 charter district that accepts a loan from a management company may

1 not enter into a contract with that management company to provide
2 management services to the district.

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

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

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

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

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

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

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

26 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

27 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent

1 with Subsection (c), a charter holder is entitled to receive for the
2 public charter district funding under Chapter 42 as if the public
3 charter district were a school district without a local share for
4 purposes of Section 42.252 and without any local revenue ("LR") for
5 purposes of Section 42.302. In determining funding for a public
6 charter district, adjustments under Sections 42.102, 42.103, and
7 42.105 and the district enrichment tax rate ("DTR") under Section
8 42.302 are based on the average adjustment and average district
9 enrichment tax rate for the state.

10 (a-1) Notwithstanding Subsection (a), an entity granted a
11 charter under Section 11A.1041 is entitled to receive funding for
12 each student in weighted average daily attendance in an amount
13 equal to the greater of the amount determined under Subsection (a)
14 or the amount to which the entity was entitled for the 2005-2006 or
15 2006-2007 school year, as determined by the commissioner. A
16 determination of the commissioner under this subsection is final
17 and not subject to appeal. This subsection expires September 1,
18 2014.

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

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

27 (1) provides information for the Public Education

1 Information Management System (PEIMS) as required by this chapter;

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

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

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

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

19 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS. (a) In
20 this section, "instructional facility" has the meaning assigned by
21 Section 46.001.

22 (b) A charter holder is initially eligible for
23 instructional facilities allotments in accordance with this
24 section if:

25 (1) each campus of a public charter district for which
26 the charter holder has been granted a charter has for the two
27 preceding school years been rated recognized or exemplary under

1 Subchapter D, Chapter 39; and

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

7 (c) Once a public charter district satisfies the initial
8 eligibility requirements under Subsection (b) and receives an
9 allotment under this section, the district continues to remain
10 eligible until the district receives an accountability rating of
11 academically unacceptable under Subchapter D, Chapter 39, for one
12 or more campuses, at which point the district is again subject to
13 the eligibility requirements of Subsection (b).

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

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

22 (f) A charter holder who receives funds under this section
23 may use the funds only to:

24 (1) purchase real property on which to construct an
25 instructional facility for a public charter district campus for
26 which the funds were paid under Subsection (e);

27 (2) purchase, lease, construct, expand, or renovate

1 instructional facilities for a public charter district campus for
2 which the funds were paid under Subsection (e);

3 (3) pay debt service in connection with instructional
4 facilities purchased or improved for a campus of the public charter
5 district that meets the requirements under Subsection (b); or

6 (4) maintain and operate public charter district
7 instructional facilities.

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

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

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

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

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

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

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

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

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

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

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

25 (b) The depository bank shall attach to the contract and
26 file with the charter holder a bond in an initial amount equal to
27 the estimated highest daily balance, determined by the charter

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

10 (c) The bond shall be conditioned on:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (b) The commissioner shall:

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

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

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

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

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

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

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

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

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

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

1 Section 44.008.

2 [Sections 11A.211-11A.250 reserved for expansion]

3 SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

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

10 (b) A public charter district admission policy may provide
11 for the exclusion of a student who has a documented history of a
12 criminal offense, a juvenile court adjudication, or discipline
13 problems under Subchapter A, Chapter 37.

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

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

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

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

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

27 (B) subject to Subsection (b), fill the available

1 positions in the order in which applications received before the
2 application deadline were received.

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

7 (1) state the application deadline;

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

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

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

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

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

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

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

25 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
26 by Subsection (b) or as otherwise determined impracticable by the
27 commissioner, during a public charter district's first year of

1 operation, the district must have a student enrollment of at least
2 100 and not more than 500 at any time during the school year.

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

5 (c) Not later than a public charter district's third year of
6 operation, at least 25 percent of the district's students must be
7 enrolled in one or more grade levels for which assessment
8 instruments are administered under Sections 39.023(a), (c), and
9 (1).

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

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

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

19 (e) The commissioner may grant a waiver from the
20 requirements of Subsection (c) for a public charter district that
21 was operating an open-enrollment charter school campus on January
22 1, 2007, serving prekindergarten, kindergarten, and first, second,
23 and third grade students if the public charter district:

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

26 (2) administers the assessment instruments to its
27 second grade students at intervals and in the manner specified by

1 commissioner rule; and

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

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

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

10 (b) The governing body of a public charter district may
11 require a student to pay any fee that the board of trustees of a
12 school district may charge under Section 11.158(a). The governing
13 body may not require a student to pay a fee that the board of
14 trustees of a school district may not charge under Section
15 11.158(b).

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

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

24 (b) The code of conduct must include:

25 (1) standards for student behavior, including the
26 types of prohibited behaviors and the possible consequences of
27 misbehavior; and

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

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

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

7 (1) low academic performance; or

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

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

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

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

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

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

22 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

23 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. (a) Except
24 as otherwise required by this section or chapter, a person employed
25 as a teacher by a public charter district must hold a high school
26 diploma.

27 (b) To the extent required by federal law, including 20

1 U.S.C. Section 6319, a person employed as a teacher by a public
2 charter district must hold a baccalaureate degree.

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

8 (b) The notice must include:

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

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

13 (3) any relevant experience of the employee.

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

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

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

26 (a) This section applies to a charter holder that on January 1,
27 2006, operated an open-enrollment charter school.

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

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

21 (1) for full-time employees other than employees who
22 would be entitled to a minimum salary under Section 21.402 if
23 employed by a school district, an average increase at least equal to
24 \$500; and

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

27 (d) Each school year, using state funds received by the

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

12 (e) Each school year, in addition to any amounts to which a
13 charter holder is entitled under this chapter, a charter holder
14 that participated in the program under Chapter 1579, Insurance
15 Code, for the 2005-2006 school year is entitled to state aid in an
16 amount, as determined by the commissioner, equal to the product of
17 \$2,500 multiplied by the number of classroom teachers, full-time
18 librarians, full-time counselors, and full-time school nurses
19 employed by the charter holder at a public charter district campus.

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

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

1 district; and

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

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

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

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

17 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

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

20 (1) a public charter district or campus;

21 (2) a charter holder; and

22 (3) a management company.

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

27 (c) Unless the commissioner has specific cause to conduct an

1 additional audit, the commissioner may not conduct more than one
2 on-site audit of a public charter district under this section
3 during any fiscal year, including any audit of financial, student,
4 and administrative records. For purposes of this subsection, an
5 audit of a charter holder or management company associated with a
6 public charter district is not considered an audit of the district.

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

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

13 (c) If a person fails to comply with a subpoena issued under
14 this section, the commissioner, acting through the attorney
15 general, may file suit to enforce the subpoena in a district court
16 in Travis County or in the county in which the audit or
17 investigation is conducted. The court shall order compliance with
18 the subpoena if the court finds that good cause exists to issue the
19 subpoena.

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

21 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
22 any of the actions described by Subsection (b) or by Section
23 39.131(a), to the extent the commissioner determines necessary, if
24 a public charter district, as determined by a report issued under
25 Section 39.076(b):

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

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

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

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

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

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

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

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

26 (e) Immediately after a hearing under Subsection (d), the
27 commissioner must cease the action under Subsection (b) or initiate

1 action under Section 11A.108.

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

7 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
8 in this chapter limits the commissioner's authority under Chapter
9 39.

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

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

13 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

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

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

18 (2) "Eligible entity" means an organization that is
19 exempt from taxation under Section 501(a), Internal Revenue Code of
20 1986, as an organization described by Section 501(c)(3) of that
21 code.

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

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

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

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

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

8 (b) A charter holder that assumed operation of an existing
9 charter school program during the seven years preceding the
10 proposed authorization under Subsection (a) may be authorized to
11 grant a blue ribbon charter under Subsection (a) if:

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

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

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

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

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

27 (b) A blue ribbon charter granted under this subchapter is

1 not considered for purposes of the limit on the number of public
2 charter districts imposed by Section 11A.002.

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

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

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

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

23 (b) The application must specify:
24 (1) the criteria that will be used to grant blue ribbon
25 charters;
26 (2) procedures for governance and management of
27 campuses operating under a blue ribbon charter; and

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

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

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

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

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

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

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

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

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

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

27 (4) prohibit discrimination in admission on the basis

1 of national origin, ethnicity, race, religion, or disability;

2 (5) describe the governing structure of the blue
3 ribbon charter campus;

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

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

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

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

23 Sec. 11A.408. FORM. A blue ribbon charter issued under this
24 subchapter must be in the form and substance of a written contract
25 signed by the president or equivalent officer of the governing body
26 of the charter holder granting the blue ribbon charter and the
27 president or equivalent officer of the governing body of the

1 eligible entity to which the blue ribbon charter is granted.

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

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

6 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER
7 SCHOOLS

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

9 (1) "Assets" means:

10 (A) public funds, as determined under Section
11 12.107, as that section existed on January 1, 2007; and

12 (B) public property, as determined under Section
13 12.128, as that section existed on January 1, 2007.

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

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

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

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

25 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED. (a)
26 The commissioner shall appoint a receiver to protect the assets and
27 direct the dissolution of open-enrollment charter schools subject

1 to this subchapter.

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

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

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

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

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

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

20 (c) If the charter holder of an open-enrollment charter
21 school or an officer or employee of such a school refuses to
22 transfer school assets or records to a receiver under this
23 subsection, the receiver may ask the attorney general to petition a
24 court for recovery of the assets or records. If the court grants
25 the petition, the court shall award attorney's fees and court costs
26 to the state.

27 (d) A record described by this section is a public school

1 record for purposes of Section 37.10(c)(2), Penal Code.

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

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

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

21 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
22 an open-enrollment charter school subject to this subchapter shall
23 be transferred in the manner specified by the commissioner to a
24 custodian designated by the commissioner. The commissioner may
25 designate any appropriate entity to serve as custodian of records,
26 including the agency, a regional education service center, or a
27 school district. In designating a custodian, the commissioner

1 shall ensure that the transferred records, including student and
2 personnel records, are transferred to a custodian capable of:

- 3 (1) maintaining the records;
4 (2) making the records readily accessible to students,
5 parents, former school employees, and other persons entitled to
6 access; and
7 (3) complying with applicable state or federal law
8 restricting access to the records.

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

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

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

- 18 (1) payment of fees to the receiver for the receiver's
19 services; and
20 (2) payment of fees to attorneys, accountants, or any
21 other person that provides goods or services necessary to the
22 operation of the receivership.

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

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

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

6 (b) The commissioner may bring an action for injunctive or
7 other relief as provided by Section 11A.203(d) to enforce Section
8 12.107.

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

12 SECTION 4. Sections 12.152 and 12.156, Education Code, are
13 amended to read as follows:

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

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

26 (b) A charter granted under this subchapter is not
27 considered for purposes of the limit on the number of public

1 ~~[open-enrollment]~~ charter districts ~~[schools]~~ imposed by Section
2 11A.002 ~~[12.101(b)]~~.

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

5 (1) open meetings and public information under Section
6 11A.053;

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

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

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

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

11 (6) composition of a governing body under Section
12 11A.152;

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

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

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

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

20 (11) quarterly financial reports under Section
21 11A.157; and

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

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

1 interest, and nepotism.

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

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

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

10 SECTION 6. Section 7.003, Education Code, is amended to
11 read as follows:

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

16 SECTION 7. Section 7.009(b), Education Code, is amended to
17 read as follows:

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

1 instructional technology, including online courses.

2 SECTION 8. Sections 7.010(b) and (d), Education Code, are
3 amended to read as follows:

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

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

14 SECTION 9. Section 7.028(b), Education Code, is amended to
15 read as follows:

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

21 SECTION 10. Section 7.055(b)(17), Education Code, is
22 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 11. Section 7.102(c)(9), Education Code, is amended
27 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 12. Section 11.003(e), Education Code, is amended
5 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 13. 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 14. Sections 21.058(b) and (c), Education Code, are
24 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 15. Section 21.652(b), Education Code, is amended
20 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 16. Section 21.702(c), Education Code, is amended
26 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 17. Sections 22.083(b) and (c), Education Code, are
5 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 18. 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 19. Section 22.101(3), Education Code, is amended
2 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 20. 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 21. Section 25.089(a), Education Code, is amended
17 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 22. Section 25.090(b), Education Code, is amended
22 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 23. Sections 25.093(d) and (e), Education Code, are
2 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 24. Sections 25.095(a) and (b), Education Code, are
24 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 25. Sections 25.0951(a) and (b), Education Code,
23 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 26. Sections 26.0085(a), (c), (d), and (e),
22 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 27. Section 28.0211(j), Education Code, is amended
26 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 28. Section 29.010(f), Education Code, is amended
5 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 29. Sections 29.012(a) and (c), Education Code, are
11 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 30. Sections 29.062(c), (d), and (e), Education

1 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 31. Sections 29.087(a), (b), (b-1), (c), (e), (k),
17 and (l), Education Code, are amended to read as follows:

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

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

1 during the preceding five years.

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

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

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

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

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

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

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

12 SECTION 32. Sections 29.155(a), (b), (c), (d), (i), and
13 (j), Education Code, are amended to read as follows:

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

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

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

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

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

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

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

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

22 SECTION 33. Section 29.905(b), Education Code, is amended
23 to read as follows:

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

1 governing body of the district [~~school~~].

2 SECTION 34. Subchapter C, Chapter 32, Education Code, is
3 amended by adding Section 32.1011 to read as follows:

4 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.

5 This subchapter applies to a public charter district as if the
6 public charter district were a school district.

7 SECTION 35. Sections 32.102, 32.103, 32.104, 32.105, and
8 32.106, Education Code, are amended to read as follows:

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

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

14 (A) a private donor; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided

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

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

7 (2) the date the student graduates;

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

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

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

15 SECTION 36. Section 33.007, Education Code, is amended to
16 read as follows:

17 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION. (a)
18 Each counselor at an elementary, middle, or junior high school,
19 including a public charter district [~~an open-enrollment charter~~
20 ~~school~~] offering those grades, shall advise students and their
21 parents or guardians regarding the importance of higher education,
22 coursework designed to prepare students for higher education, and
23 financial aid availability and requirements.

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

1 education to the student and the student's parent or guardian. The
2 information must include information regarding:

3 (1) the importance of higher education;

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

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

9 (4) financial aid eligibility;

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

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

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

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

21 SECTION 37. Section 33.901, Education Code, is amended to
22 read as follows:

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

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

6 SECTION 38. Section 37.007(e), Education Code, is amended
7 to read as follows:

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

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

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

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

1 SECTION 39. Section 37.008(j), Education Code, is amended
2 to read as follows:

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

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

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

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

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

9 SECTION 40. Section 37.022(a)(2), Education Code, is
10 amended to read as follows:

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

15 SECTION 41. Section 39.072(c), Education Code, is amended
16 to read as follows:

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

27 SECTION 42. Sections 39.114(c) and (d), Education Code, are

1 amended to read as follows:

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

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

9 SECTION 43. Section 39.131(a), Education Code, is amended
10 to read as follows:

11 (a) If a school district does not satisfy the accreditation
12 criteria under Section 39.071, the academic performance standards
13 under Section 39.072, or any financial accountability standard as
14 determined by commissioner rule, the commissioner shall take any of
15 the following actions to the extent the commissioner determines
16 necessary:

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

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

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

1 implementation of the plan;

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

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

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

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

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

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

23 (10) if for two consecutive school years, including
24 the current school year, a district has received an accreditation
25 status of accredited-warned or accredited-probation, has been
26 rated academically unacceptable, or has failed to satisfy financial
27 accountability standards as determined by commissioner rule,

1 revoke the district's accreditation and:

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

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

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

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

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

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

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

25 SECTION 44. Section 39.1321, Education Code, is amended to
26 read as follows:

27 Sec. 39.1321. SANCTIONS FOR PUBLIC CHARTER DISTRICTS

1 ~~[CHARTER SCHOOLS]~~. (a) Sanctions authorized under this chapter
2 for a school district or campus apply in the same manner to a public
3 charter district ~~[an open-enrollment charter school]~~.

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

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

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

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

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

22 SECTION 45. Section 39.182(a), Education Code, is amended
23 to read as follows:

24 (a) Not later than December 1 of each year, the agency shall
25 prepare and deliver to the governor, the lieutenant governor, the
26 speaker of the house of representatives, each member of the
27 legislature, the Legislative Budget Board, and the clerks of the

1 standing committees of the senate and house of representatives with
2 primary jurisdiction over the public school system a comprehensive
3 report covering the preceding school year and containing:

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

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

10 (3) a summary compilation of overall student
11 performance on academic skills assessment instruments required by
12 Section 39.023 with the number and percentage of students exempted
13 from the administration of those instruments and the basis of the
14 exemptions, aggregated by grade level, subject area, campus, and
15 district, with appropriate interpretations and analysis, and
16 disaggregated by race, ethnicity, gender, and socioeconomic
17 status;

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

27 (5) a summary compilation of overall performance of

1 students at risk of dropping out of school, as defined by Section
2 29.081(d), on academic skills assessment instruments required by
3 Section 39.023 with the number of those students exempted from the
4 administration of those instruments and the basis of the
5 exemptions, aggregated by district, grade level, and subject area,
6 with appropriate interpretations and analysis, and disaggregated
7 by race, ethnicity, gender, and socioeconomic status;

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

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

15 (8) a statement of:

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

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

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

24 (D) the completion rate of students who enter
25 grade level 9 and receive a high school equivalency certificate,
26 including students who require more than four years to receive a
27 certificate; and

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

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

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

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

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

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

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

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

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

26 (C) the academic performance of students on
27 assessment instruments required under Section 39.023(a) during the

1 year preceding and during the year following placement in a
2 disciplinary alternative education program; and

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

6 (13) a list of each school district or campus that does
7 not satisfy performance standards, with an explanation of the
8 actions taken by the commissioner to improve student performance in
9 the district or campus and an evaluation of the results of those
10 actions;

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

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

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

20 (17) a summary of the effect of deregulation,
21 including exemptions and waivers granted under Section 7.056 or
22 39.112;

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

1 requirements;

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

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

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

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

12 (20) a comparison of the performance of public charter
13 districts [~~open-enrollment charter schools~~] and school districts
14 on the academic excellence indicators specified in Section
15 39.051(b) and accountability measures adopted under Section
16 39.051(g), with a separately aggregated comparison of the
17 performance of public charter districts [~~open-enrollment charter~~
18 ~~schools~~] predominantly serving students at risk of dropping out of
19 school, as defined by Section 29.081(d), with the performance of
20 school districts;

21 (21) a summary of the information required by Section
22 38.0141 regarding student health and physical activity from each
23 school district; and

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

26 SECTION 46. Sections 39.301(a), (c), and (e), Education
27 Code, are amended to read as follows:

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

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

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

16 SECTION 47. Section 39.302(a), Education Code, is amended
17 to read as follows:

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

25 SECTION 48. Section 46.012, Education Code, is amended to
26 read as follows:

27 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS

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

4 SECTION 49. Section 46.036, Education Code, is amended to
5 read as follows:

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

10 SECTION 50. The heading to Section 53.351, Education Code,
11 is amended to read as follows:

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

14 SECTION 51. Sections 53.351(a), (c), (d), (f), and (g),
15 Education Code, are amended to read as follows:

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

21 (c) The corporation has all powers granted under the Texas
22 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
23 Texas Civil Statutes) for the purpose of aiding authorized
24 [~~open-enrollment~~] charter schools in providing educational
25 facilities. The corporation may make expenditures from the fund
26 described by Subsection (e) and may solicit and accept grants for
27 deposit into the fund. In addition, Sections 53.131, 53.15, 53.31,

1 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and
2 govern the corporation and its procedures and bonds.

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

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

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

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

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

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

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

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

1 SECTION 52. Section 411.097(c), Government Code, is amended
2 to read as follows:

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

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

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

12 SECTION 53. Sections 2175.128(a) and (b), Government Code,
13 are amended to read as follows:

14 (a) If a disposition of a state agency's surplus or salvage
15 data processing equipment is not made under Section 2175.125 or
16 2175.184, the state agency shall transfer the equipment to:

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

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

22 (3) the Texas Department of Criminal Justice.

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

27 (1) a school district or public charter district

1 ~~[open-enrollment charter school]~~ in this state under Subchapter C,
2 Chapter 32, Education Code;

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

5 (3) the Texas Department of Criminal Justice.

6 SECTION 54. Section 2306.630(a), Government Code, is
7 amended to read as follows:

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

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

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

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

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

20 (5) a corps-based community service organization;

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

24 (7) another entity authorized by board rule.

25 SECTION 55. Section 1575.002(6), Insurance Code, is amended
26 to read as follows:

27 (6) "Public school" means:

- 1 (A) a school district;
- 2 (B) another educational district whose employees
3 are members of the Teacher Retirement System of Texas;
- 4 (C) a regional education service center
5 established under Chapter 8, Education Code; or
- 6 (D) a public charter district [~~an~~
7 ~~open-enrollment charter school~~] established under Chapter 11A
8 [~~Subchapter D, Chapter 12~~], Education Code.

9 SECTION 56. Section 1579.002(3), Insurance Code, is amended
10 to read as follows:

11 (3) "Charter school" means a public charter district
12 [~~an open-enrollment charter school~~] established under Chapter 11A
13 [~~Subchapter D, Chapter 12~~], Education Code.

14 SECTION 57. Section 140.005, Local Government Code, is
15 amended to read as follows:

16 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,
17 OR OTHER DISTRICT. The governing body of a school district, public
18 charter district [~~open-enrollment charter school~~], junior college
19 district, or a district or authority organized under Article III,
20 Section 52, or Article XVI, Section 59, of the Texas Constitution,
21 shall prepare an annual financial statement showing for each fund
22 subject to the authority of the governing body during the fiscal
23 year:

24 (1) the total receipts of the fund, itemized by source
25 of revenue, including taxes, assessments, service charges, grants
26 of state money, gifts, or other general sources from which funds are
27 derived;

1 (2) the total disbursements of the fund, itemized by
2 the nature of the expenditure; and

3 (3) the balance in the fund at the close of the fiscal
4 year.

5 SECTION 58. Section 140.006(c), Local Government Code, is
6 amended to read as follows:

7 (c) The presiding officer of a school district shall submit
8 a financial statement prepared under Section 140.005 to a daily,
9 weekly, or biweekly newspaper published within the boundaries of
10 the district. If a daily, weekly, or biweekly newspaper is not
11 published within the boundaries of the school district, the
12 financial statement shall be published in the manner provided by
13 Subsections (a) and (b). The financial statement of a public
14 charter district [~~an open-enrollment charter school~~] shall be made
15 available in the manner provided by Chapter 552, Government Code.

16 SECTION 59. Section 375.303(2), Local Government Code, is
17 amended to read as follows:

18 (2) "Eligible project" means a program authorized by
19 Section 379A.051 and a project as defined by Sections 2(11) and
20 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
21 Vernon's Texas Civil Statutes). Notwithstanding this definition,
22 seeking a charter for or operating a public charter district [~~an~~
23 ~~open-enrollment charter school~~] authorized by Chapter 11A
24 [~~Subchapter D, Chapter 12~~], Education Code, is [~~shall~~] not [~~be~~] an
25 eligible project.

26 SECTION 60. Sections 375.308(b) and (c), Local Government
27 Code, are amended to read as follows:

1 (b) An authority may not:

2 (1) issue bonds or notes without the prior approval of
3 the governing body of the municipality that created the authority;

4 (2) seek a charter for or operate, within the
5 boundaries of the authority, a public charter district [~~an~~
6 ~~open-enrollment charter school~~] authorized by Chapter 11A
7 [~~Subchapter D, Chapter 12~~], Education Code; or

8 (3) levy ad valorem property taxes.

9 (c) A municipality may not seek a charter for or operate a
10 public charter district [~~an open-enrollment charter school~~]
11 authorized by Chapter 11A [~~Subchapter D, Chapter 12~~], Education
12 Code, within the boundaries of the authority.

13 SECTION 61. Section 541.201(15), Transportation Code, is
14 amended to read as follows:

15 (15) "School activity bus" means a bus designed to
16 accommodate more than 15 passengers, including the operator, that
17 is owned, operated, rented, or leased by a school district, county
18 school, public charter district [~~open-enrollment charter school~~],
19 regional education service center, or shared services arrangement
20 and that is used to transport public school students on a
21 school-related activity trip, other than on routes to and from
22 school. The term does not include a chartered bus, a bus operated
23 by a mass transit authority, or a school bus.

24 SECTION 62. Section 57.042(9), Utilities Code, is amended
25 to read as follows:

26 (9) "Public school" means a public elementary or
27 secondary school, including a public charter district [~~an~~

1 ~~open-enrollment charter school~~], a home-rule school district
2 school, and a school with a campus or campus program charter.

3 SECTION 63. Section 4(2), Chapter 22, Acts of the 57th
4 Legislature, 3rd Called Session, 1962 (Article 6228a-5, Vernon's
5 Texas Civil Statutes), is amended to read as follows:

6 (2) "Educational institution" means a school district
7 or a public charter district [~~an open-enrollment charter school~~].

8 SECTION 64. The following laws are repealed:

9 (1) Section 12.106, Education Code; and

10 (2) Section 40, Chapter 1504, Acts of the 77th
11 Legislature, Regular Session, 2001.

12 SECTION 65. Notwithstanding the repeal of Sections 12.107
13 and 12.128, Education Code, by this Act, those sections continue to
14 apply to state funds and property received or purchased by an
15 open-enrollment charter school before August 1, 2008.

16 SECTION 66. (a) The changes in law made by Sections 1,
17 4-63, and 65 of this Act apply beginning August 1, 2008.

18 (b) The changes in law made by Sections 2, 3, and 64 of this
19 Act apply beginning on the effective date of this Act.

20 SECTION 67. This Act takes effect immediately if it
21 receives a vote of two-thirds of all the members elected to each
22 house, as provided by Section 39, Article III, Texas Constitution.
23 If this Act does not receive the vote necessary for immediate
24 effect, this Act takes effect September 1, 2007.