

1-1 By: Shapiro, Janek S.B. No. 4
1-2 (In the Senate - Filed February 6, 2007; February 14, 2007,
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1-4 March 20, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 7, Nays 0; March 20, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 4 By: Shapiro

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

1-10 relating to open-enrollment charter schools and the creation of
1-11 public charter districts.

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

1-13 SECTION 1. (a) Effective August 1, 2008, Subchapter D,
1-14 Chapter 12, Education Code, is repealed.

1-15 (b) Except as provided by Section 11A.1041, Education Code,
1-16 as added by this Act, each open-enrollment charter school operating
1-17 or holding a charter to operate on August 1, 2008, shall be
1-18 dissolved in accordance with Subchapter J, Chapter 11A, Education
1-19 Code, as added by this Act.

1-20 SECTION 2. Subtitle C, Title 2, Education Code, is amended
1-21 by adding Chapter 11A to read as follows:

1-22 CHAPTER 11A. PUBLIC CHARTER DISTRICTS

1-23 SUBCHAPTER A. GENERAL PROVISIONS

1-24 Sec. 11A.001. DEFINITIONS. In this chapter:

1-25 (1) "Charter holder" means the entity to which a
1-26 charter is granted under this chapter.

1-27 (2) "Governing body of a charter holder" means the
1-28 board of directors, board of trustees, or other governing body of a
1-29 charter holder.

1-30 (3) "Governing body of a public charter district"
1-31 means the board of directors, board of trustees, or other governing
1-32 body of a public charter district. The term includes the governing
1-33 body of a charter holder if that body acts as the governing body of
1-34 the public charter district.

1-35 (4) "Management company" means a person, other than a
1-36 charter holder, who provides management services for a public
1-37 charter district.

1-38 (5) "Management services" means services related to
1-39 the management or operation of a public charter district,
1-40 including:

1-41 (A) planning, operating, supervising, and
1-42 evaluating the public charter district's educational programs,
1-43 services, and facilities;

1-44 (B) making recommendations to the governing body
1-45 of the public charter district relating to the selection of school
1-46 personnel;

1-47 (C) managing the public charter district's
1-48 day-to-day operations as its administrative manager;

1-49 (D) preparing and submitting to the governing
1-50 body of the public charter district a proposed budget;

1-51 (E) recommending policies to be adopted by the
1-52 governing body of the public charter district, developing
1-53 appropriate procedures to implement policies adopted by the
1-54 governing body of the public charter district, and overseeing the
1-55 implementation of adopted policies; and

1-56 (F) providing leadership for the attainment of
1-57 student performance at the public charter district based on the
1-58 indicators adopted under Section 39.051 or by the governing body of
1-59 the public charter district.

1-60 (6) "Officer of a public charter district" means:

1-61 (A) the principal, director, or other chief
1-62 operating officer of a public charter district or campus; or

1-63 (B) a person charged with managing the finances

2-1 of a public charter district.

2-2 Sec. 11A.002. AUTHORIZATION. (a) In accordance with this
 2-3 chapter, the State Board of Education may grant a charter on the
 2-4 application of an eligible entity for a public charter district to
 2-5 operate in a facility of a commercial or nonprofit entity, an
 2-6 eligible entity, or a school district, including a home-rule school
 2-7 district. In this subsection, "eligible entity" means:

2-8 (1) an institution of higher education as defined
 2-9 under Section 61.003;

2-10 (2) a private or independent institution of higher
 2-11 education as defined under Section 61.003;

2-12 (3) an organization that is exempt from federal income
 2-13 taxation under Section 501(a), Internal Revenue Code of 1986, as an
 2-14 organization described by Section 501(c)(3) of that code; or

2-15 (4) a governmental entity in this state.

2-16 (b) The State Board of Education may grant a charter for a
 2-17 public charter district only to an applicant that meets all
 2-18 financial, governing, and operational standards adopted by the
 2-19 commissioner under this chapter.

2-20 (c) The State Board of Education may not grant more than a
 2-21 total of 215 charters for public charter districts.

2-22 (d) An educator employed by a school district before the
 2-23 effective date of a charter for a public charter district operated
 2-24 at a school district facility may not be transferred to or employed
 2-25 by the public charter district over the educator's objection.

2-26 Sec. 11A.003. AUTHORITY UNDER CHARTER. A public charter
 2-27 district:

2-28 (1) shall provide instruction to and assess a number
 2-29 of students at a number of elementary or secondary grade levels, as
 2-30 provided by the charter, sufficient to permit the agency to assign
 2-31 an accountability rating under Chapter 39;

2-32 (2) is governed under the governing structure required
 2-33 by this chapter and described by the charter;

2-34 (3) retains authority to operate under the charter
 2-35 contingent on satisfactory student performance as provided by the
 2-36 charter in accordance with Section 11A.103; and

2-37 (4) does not have authority to impose taxes.

2-38 Sec. 11A.004. STATUS. A public charter district or campus
 2-39 is part of the public school system of this state.

2-40 Sec. 11A.005. IMMUNITY FROM LIABILITY. In matters related
 2-41 to operation of a public charter district, a public charter
 2-42 district is immune from liability to the same extent as a school
 2-43 district, and its employees and volunteers are immune from
 2-44 liability to the same extent as school district employees and
 2-45 volunteers. Except as provided by Section 11A.154, a member of the
 2-46 governing body of a public charter district or of a charter holder
 2-47 is immune from liability to the same extent as a school district
 2-48 trustee.

2-49 Sec. 11A.006. REFERENCE TO OPEN-ENROLLMENT CHARTER SCHOOL.
 2-50 A reference in law to an open-enrollment charter school means a
 2-51 public charter district or public charter campus, as applicable.

2-52 [Sections 11A.007-11A.050 reserved for expansion]

2-53 SUBCHAPTER B. APPLICABILITY OF CERTAIN LAWS

2-54 Sec. 11A.051. GENERAL APPLICABILITY OF LAWS, RULES, AND
 2-55 ORDINANCES TO PUBLIC CHARTER DISTRICT. (a) Except as provided by
 2-56 Subsection (b) or (c), a public charter district is subject to
 2-57 federal and state laws and rules governing public schools and to
 2-58 municipal zoning ordinances governing public schools.

2-59 (b) A public charter district is subject to this code and
 2-60 rules adopted under this code only to the extent the applicability
 2-61 to a public charter district of a provision of this code or a rule
 2-62 adopted under this code is specifically provided.

2-63 (c) Notwithstanding Subsection (a), a campus of a public
 2-64 charter district located in whole or in part in a municipality with
 2-65 a population of 20,000 or less is not subject to a municipal zoning
 2-66 ordinance governing public schools.

2-67 Sec. 11A.052. APPLICABILITY OF TITLE. (a) A public
 2-68 charter district has the powers granted to schools under this
 2-69 title.

3-1 (b) A public charter district is subject to:
3-2 (1) a provision of this title establishing a criminal
3-3 offense; and
3-4 (2) a prohibition, restriction, or requirement, as
3-5 applicable, imposed by this title or a rule adopted under this
3-6 title, relating to:
3-7 (A) the Public Education Information Management
3-8 System (PEIMS) under Section 42.006;
3-9 (B) reporting an educator's misconduct under
3-10 Section 21.006;
3-11 (C) criminal history records under Subchapter C,
3-12 Chapter 22;
3-13 (D) reading instruments and accelerated reading
3-14 instruction programs under Section 28.006;
3-15 (E) satisfactory performance on assessment
3-16 instruments and accelerated instruction under Section 28.0211;
3-17 (F) intensive programs of instruction under
3-18 Section 28.0213;
3-19 (G) high school graduation under Section 28.025;
3-20 (H) special education programs under Subchapter
3-21 A, Chapter 29, including a requirement that special education
3-22 teachers obtain appropriate certification;
3-23 (I) bilingual education under Subchapter B,
3-24 Chapter 29, including a requirement that bilingual education
3-25 teachers obtain appropriate certification;
3-26 (J) prekindergarten programs under Subchapter E,
3-27 Chapter 29;
3-28 (K) extracurricular activities under Section
3-29 33.081;
3-30 (L) discipline management practices or behavior
3-31 management techniques under Section 37.0021;
3-32 (M) health and safety under Chapter 38; and
3-33 (N) public school accountability under
3-34 Subchapters B, C, D, G, and I, Chapter 39.
3-35 (c) A public charter district is entitled to the same level
3-36 of services provided to school districts by regional education
3-37 service centers. The commissioner shall adopt rules that provide
3-38 for the representation of public charter districts on the boards of
3-39 directors of regional education service centers.
3-40 (d) The commissioner may by rule permit a public charter
3-41 district to voluntarily participate in any state program available
3-42 to school districts, including a purchasing program, if the public
3-43 charter district complies with all terms of the program.
3-44 (e) Chapter 26 applies to a public charter district and a
3-45 parent of a student enrolled in the public charter district in the
3-46 same manner as a school district or parent of a student enrolled in
3-47 the school district. In this subsection, "parent" has the meaning
3-48 assigned by Section 26.002.
3-49 Sec. 11A.053. APPLICABILITY OF OPEN MEETINGS AND PUBLIC
3-50 INFORMATION LAWS. (a) With respect to the operation of a public
3-51 charter district, the governing body of a charter holder and the
3-52 governing body of a public charter district are considered to be
3-53 governmental bodies for purposes of Chapters 551 and 552,
3-54 Government Code.
3-55 (b) With respect to the operation of a public charter
3-56 district, any requirement in Chapter 551 or 552, Government Code,
3-57 that applies to a school district, the board of trustees of a school
3-58 district, or public school students applies to a public charter
3-59 district, the governing body of a charter holder, the governing
3-60 body of a public charter district, or students in attendance at a
3-61 public charter district campus.
3-62 Sec. 11A.054. APPLICABILITY OF LAWS RELATING TO LOCAL
3-63 GOVERNMENT RECORDS. (a) With respect to the operation of a public
3-64 charter district, a public charter district is considered to be a
3-65 local government for purposes of Subtitle C, Title 6, Local
3-66 Government Code, and Subchapter J, Chapter 441, Government Code.
3-67 (b) Records of a public charter district, a charter holder,
3-68 or a management company that relate to a public charter district are
3-69 government records for all purposes under state law.

4-1 (c) Any requirement in Subtitle C, Title 6, Local Government
 4-2 Code, or Subchapter J, Chapter 441, Government Code, that applies
 4-3 to a school district, the board of trustees of a school district, or
 4-4 an officer or employee of a school district applies to a public
 4-5 charter district or management company, the governing body of a
 4-6 charter holder, the governing body of a public charter district, or
 4-7 an officer or employee of a public charter district or management
 4-8 company except that the records of a public charter district or
 4-9 management company that ceases to operate shall be transferred in
 4-10 the manner prescribed by Subsection (d).

4-11 (d) The records of a public charter district or management
 4-12 company that ceases to operate shall be transferred in the manner
 4-13 specified by the commissioner to a custodian designated by the
 4-14 commissioner. The commissioner may designate any appropriate
 4-15 entity to serve as custodian, including the agency, a regional
 4-16 education service center, or a school district. In designating a
 4-17 custodian, the commissioner shall ensure that the transferred
 4-18 records, including student and personnel records, are transferred
 4-19 to a custodian capable of:

- 4-20 (1) maintaining the records;
 4-21 (2) making the records readily accessible to students,
 4-22 parents, former school employees, and other persons entitled to
 4-23 access; and
 4-24 (3) complying with applicable state or federal law
 4-25 restricting access to the records.

4-26 (e) If the charter holder of a public charter district that
 4-27 ceases to operate or an officer or employee of the district or a
 4-28 management company refuses to transfer school records in the manner
 4-29 specified by the commissioner under Subsection (d), the
 4-30 commissioner may ask the attorney general to petition a court for
 4-31 recovery of the records. If the court grants the petition, the
 4-32 court shall award attorney's fees and court costs to the state.

4-33 (f) A record described by this section is a public school
 4-34 record for purposes of Section 37.10(c)(2), Penal Code.

4-35 Sec. 11A.055. APPLICABILITY OF LAWS RELATING TO PUBLIC
 4-36 PURCHASING AND CONTRACTING. (a) This section applies to a public
 4-37 charter district unless the district's charter otherwise describes
 4-38 procedures for purchasing and contracting and the procedures are
 4-39 approved by the State Board of Education.

- 4-40 (b) A public charter district is considered to be:
 4-41 (1) a governmental entity for purposes of:
 4-42 (A) Subchapter D, Chapter 2252, Government Code;
 4-43 (B) Subchapter A, Chapter 2254, Government Code;
 4-44 and
 4-45 (C) Subchapter B, Chapter 271, Local Government
 4-46 Code; and
 4-47 (2) a local government for purposes of Sections
 4-48 2256.009-2256.016, Government Code.

4-49 (c) To the extent consistent with this section, a
 4-50 requirement in a law listed in this section that applies to a school
 4-51 district or the board of trustees of a school district applies to a
 4-52 public charter district, the governing body of a charter holder, or
 4-53 the governing body of a public charter district.

4-54 Sec. 11A.056. APPLICABILITY OF LAWS RELATING TO CONFLICT OF
 4-55 INTEREST. (a) A member of the governing body of a charter holder,
 4-56 a member of the governing body of a public charter district, or an
 4-57 officer of a public charter district is considered to be a local
 4-58 public official for purposes of Chapter 171, Local Government Code.
 4-59 For purposes of that chapter:

- 4-60 (1) a member of the governing body of a charter holder
 4-61 or a member of the governing body or officer of a public charter
 4-62 district is considered to have a substantial interest in a business
 4-63 entity if a person related to the member or officer in the third
 4-64 degree by consanguinity or affinity, as determined under Chapter
 4-65 573, Government Code, has a substantial interest in the business
 4-66 entity under Section 171.002, Local Government Code; and
 4-67 (2) a teacher at a public charter district may serve as
 4-68 a member of the governing body of the charter holder or the
 4-69 governing body of the public charter district if the teachers

5-1 serving on the governing body:

5-2 (A) do not constitute a quorum of the governing
5-3 body or any committee of the governing body; and

5-4 (B) comply with the requirements of Sections
5-5 171.003-171.007, Local Government Code.

5-6 (b) To the extent consistent with this section, a
5-7 requirement of a law listed in this section that applies to a school
5-8 district or the board of trustees of a school district applies to a
5-9 public charter district, the governing body of a charter holder, or
5-10 the governing body of a public charter district.

5-11 (c) An employee who is not a teacher may serve as a member of
5-12 the governing body of a charter holder or the governing body of a
5-13 public charter district if:

5-14 (1) the charter holder operating the public charter
5-15 district where the individual is employed and serves as a member of
5-16 the governing body operated an open-enrollment charter school under
5-17 Subchapter D, Chapter 12, on August 31, 2007;

5-18 (2) the individual was employed by the charter holder
5-19 and serving as a member of the governing body on August 31, 2007, in
5-20 compliance with former Section 12.1054;

5-21 (3) the individual had been continuously so employed
5-22 and serving since a date on or before January 1, 2007; and

5-23 (4) the charter holder meets or exceeds the fiscal and
5-24 academic standards described by Section 11A.1041(a)(1) for the
5-25 preceding school year, as determined by the commissioner.

5-26 (d) If under Subsection (c) an individual continues to be
5-27 employed and serve as a member of the governing body, the individual
5-28 may not participate in any deliberation or voting on the
5-29 appointment, reappointment, confirmation of the appointment or
5-30 reappointment, employment, reemployment, change in the status,
5-31 compensation, or dismissal of the individual if that action applies
5-32 only to the individual and is not taken regarding a bona fide class
5-33 or category of employees. In addition, the individual may not hear,
5-34 consider, or act on any grievance or complaint concerning the
5-35 individual or a matter with which the individual has dealt in the
5-36 individual's capacity as an employee.

5-37 Sec. 11A.057. APPLICABILITY OF NEPOTISM LAWS. (a) A
5-38 public charter district, including the governing body of a public
5-39 charter district and any district employee with final authority to
5-40 hire a district employee, is subject to a prohibition, restriction,
5-41 or requirement, as applicable, imposed by state law or by a rule
5-42 adopted under state law, relating to nepotism under Chapter 573,
5-43 Government Code.

5-44 (b) Notwithstanding Subsection (a), a member of the
5-45 governing body of a charter holder or public charter district may
5-46 not be related in the third degree by consanguinity or affinity, as
5-47 determined under Chapter 573, Government Code, to another member of
5-48 the governing body of the charter holder or public charter
5-49 district.

5-50 (c) This section does not apply to an appointment,
5-51 confirmation of an appointment, or vote for an appointment or
5-52 confirmation of an appointment of an individual to a position if:

5-53 (1) the charter holder operating the public charter
5-54 district where the individual is employed or serves as a member of
5-55 the governing body operated an open-enrollment charter school under
5-56 Subchapter D, Chapter 12, on August 31, 2007;

5-57 (2) the individual was employed or serving in the
5-58 position on August 31, 2007, in compliance with former Section
5-59 12.1055;

5-60 (3) the individual has been continuously employed or
5-61 serving since a date on or before January 1, 2007; and

5-62 (4) the charter holder meets or exceeds the fiscal and
5-63 academic standards described by Section 11A.1041(a)(1) for the
5-64 preceding school year, as determined by the commissioner.

5-65 (d) If, under Subsection (c), an individual continues to be
5-66 employed or serve in a position, the public official to whom the
5-67 individual is related in a prohibited degree may not participate in
5-68 any deliberation or voting on the appointment, reappointment,
5-69 confirmation of the appointment or reappointment, employment,

6-1 reemployment, change in status, compensation, or dismissal of the
 6-2 individual if that action applies only to the individual and is not
 6-3 taken regarding a bona fide class or category of employees.

6-4 [Sections 11A.058-11A.100 reserved for expansion]

6-5 SUBCHAPTER C. CHARTER ISSUANCE AND ADMINISTRATION

6-6 Sec. 11A.101. APPLICATION. (a) The State Board of
 6-7 Education shall adopt:

6-8 (1) an application form and a procedure that must be
 6-9 used to apply for a charter for a public charter district; and

6-10 (2) criteria to use in selecting a program for which to
 6-11 grant a charter.

6-12 (b) The application form must provide for including the
 6-13 information required under Section 11A.103 to be contained in a
 6-14 charter.

6-15 (c) The State Board of Education may approve or deny an
 6-16 application based on criteria it adopts and on financial,
 6-17 governing, and operational standards adopted by the commissioner
 6-18 under this chapter. The criteria the board adopts must include:

6-19 (1) criteria relating to improving student
 6-20 performance and encouraging innovative programs; and

6-21 (2) criteria relating to the educational benefit for
 6-22 students residing in the geographic area to be served by the
 6-23 proposed public charter district, as compared to any significant
 6-24 financial difficulty that a loss in enrollment may have on any
 6-25 school district whose enrollment is likely to be affected by the
 6-26 public charter district.

6-27 (d) A public charter district may not begin operating under
 6-28 this chapter unless the commissioner has certified that the
 6-29 applicant has acceptable administrative and accounting systems and
 6-30 procedures in place for the operation of the proposed public
 6-31 charter district.

6-32 Sec. 11A.102. NOTIFICATION OF CHARTER APPLICATION. The
 6-33 commissioner by rule shall adopt a procedure for providing notice
 6-34 to each member of the legislature that represents the geographic
 6-35 area to be served by the proposed public charter district, as
 6-36 determined by the commissioner, on receipt by the State Board of
 6-37 Education of an application for a charter for a public charter
 6-38 district under Section 11A.101.

6-39 Sec. 11A.103. CONTENT. (a) Each charter granted under
 6-40 this chapter must:

6-41 (1) describe the educational program to be offered,
 6-42 which must include the required curriculum as provided by Section
 6-43 28.002;

6-44 (2) establish educational goals, which must include
 6-45 acceptable student performance as determined under Chapter 39;

6-46 (3) specify the grade levels to be offered, which must
 6-47 be sufficient to permit the agency to assign an accountability
 6-48 rating under Chapter 39;

6-49 (4) describe the facilities to be used;

6-50 (5) describe the geographical area served by the
 6-51 program, which may not be statewide; and

6-52 (6) specify any type of enrollment criteria to be
 6-53 used.

6-54 (b) A charter holder of a public charter district shall
 6-55 consider including in the district's charter a requirement that the
 6-56 district develop and administer personal graduation plans under
 6-57 Section 28.0212.

6-58 (c) The terms of a charter may not include plans for future
 6-59 increases in student enrollment, grade levels, campuses, or
 6-60 geographical area, except that:

6-61 (1) the charter may contain a plan for adding grade
 6-62 levels as necessary to comply with Section 11A.253(c) or (d); and

6-63 (2) the commissioner may approve such an increase in a
 6-64 charter revision request under Section 11A.106.

6-65 Sec. 11A.104. FORM. A charter for a public charter district
 6-66 shall be in the form of a license issued by the State Board of
 6-67 Education to the charter holder.

6-68 Sec. 11A.1041. GRANT OF CHARTER REQUIRED FOR CERTAIN
 6-69 ENTITIES. (a) Notwithstanding Section 11A.101, the commissioner

7-1 shall immediately grant a charter under this chapter to the
7-2 following entities on or before August 1, 2008:

7-3 (1) an eligible entity, other than an eligible entity
7-4 described by Subdivision (2) or (3), holding a charter under
7-5 Subchapter D, Chapter 12, as that subchapter existed on January 1,
7-6 2007, if:

7-7 (A) for fiscal year 2006, the annual audit report
7-8 for the entity was timely filed in compliance with Section 44.008
7-9 and reported:

7-10 (i) total assets that exceeded or equaled
7-11 total liabilities; or

7-12 (ii) total liabilities that exceeded total
7-13 assets by not more than 20 percent of total expenditures;

7-14 (B) except as provided by Subsection (c) or (d),
7-15 at least 25 percent of all students enrolled at the entity's
7-16 open-enrollment charter school and administered an assessment
7-17 instrument under Section 39.023(a), (c), or (l) performed
7-18 satisfactorily on the assessment instrument in mathematics, as
7-19 determined by the school's assessment instrument results for the
7-20 2006-2007 school year; and

7-21 (C) except as provided by Subsection (c) or (d),
7-22 at least 25 percent of all students enrolled at the entity's
7-23 open-enrollment charter school and administered an assessment
7-24 instrument under Section 39.023(a), (c), or (l) performed
7-25 satisfactorily on the assessment instrument in reading or English
7-26 language arts, as applicable, as determined by the school's
7-27 assessment instrument results for the 2006-2007 school year;

7-28 (2) a governmental entity holding a charter under
7-29 Subchapter D, Chapter 12, as that subchapter existed on January 1,
7-30 2007; and

7-31 (3) an eligible entity holding a charter under
7-32 Subchapter D, Chapter 12, as that subchapter existed on January 1,
7-33 2007, if at least 85 percent of students enrolled in the school
7-34 reside in a residential facility.

7-35 (b) For purposes of Subsection (a)(1)(A), an entity that
7-36 fails to submit an audit report under Section 44.008 for fiscal year
7-37 2006 before September 1, 2007, is considered for fiscal year 2006 to
7-38 have total liabilities that exceed total assets by more than 20
7-39 percent of total expenditures, unless the commissioner determines
7-40 that unusual circumstances contributed to the failure to submit a
7-41 report and allows submission after September 1, 2007.

7-42 (c) If an eligible entity described by Subsection (a)(1)
7-43 does not meet the academic performance requirements of Subsections
7-44 (a)(1)(B) and (C), the commissioner shall immediately grant a
7-45 charter under this chapter to the entity on or before August 1,
7-46 2008, if:

7-47 (1) at least 25 percent of all students enrolled at the
7-48 entity's open-enrollment charter school and administered an
7-49 assessment instrument under Section 39.023(a), (c), or (l)
7-50 performed satisfactorily on the assessment instrument in
7-51 mathematics, as determined by averaging the school's assessment
7-52 instrument results for the 2005-2006 and 2006-2007 school years;
7-53 and

7-54 (2) at least 25 percent of all students enrolled at the
7-55 entity's open-enrollment charter school and administered an
7-56 assessment instrument under Section 39.023(a), (c), or (l)
7-57 performed satisfactorily on the assessment instrument in reading or
7-58 English language arts, as applicable, as determined by averaging
7-59 the school's assessment instrument results for the 2005-2006 and
7-60 2006-2007 school years.

7-61 (d) If an eligible entity described by Subsection (a)(1)
7-62 does not meet the academic performance requirements of Subsections
7-63 (a)(1)(B) and (C) or Subsection (c), and the entity's
7-64 open-enrollment charter school is located in a county designated by
7-65 the Federal Emergency Management Agency as a disaster area that
7-66 qualified for public assistance due to Hurricane Rita and was
7-67 closed for 10 or more instructional days between September 21,
7-68 2005, and November 3, 2005, the commissioner shall immediately
7-69 grant a charter under this chapter to the entity on or before August

8-1 1, 2008, if:

8-2 (1) at least 25 percent of all students enrolled at the
 8-3 entity's open-enrollment charter school and administered an
 8-4 assessment instrument under Section 39.023(a), (c), or (l)
 8-5 performed satisfactorily on the assessment instrument in
 8-6 mathematics as determined by averaging the school's assessment
 8-7 instrument results for the 2004-2005 and 2006-2007 school years;
 8-8 and

8-9 (2) at least 25 percent of all students enrolled at the
 8-10 entity's open-enrollment charter school and administered an
 8-11 assessment instrument under Section 39.023(a), (c), or (l)
 8-12 performed satisfactorily on the assessment instrument in reading or
 8-13 English language arts, as applicable, as determined by averaging
 8-14 the school's assessment instrument results for the 2004-2005 and
 8-15 2006-2007 school years.

8-16 (e) Assessment instrument results for fewer than five
 8-17 students are not considered for purposes of Subsection (a)(1)(B) or
 8-18 (C).

8-19 (f) The commissioner shall determine which entities are
 8-20 eligible for a charter under this section as soon as practicable.

8-21 (g) The content and terms of a charter granted to an
 8-22 eligible entity under this section must be the same as those under
 8-23 which the entity operated under Subchapter D, Chapter 12, as that
 8-24 subchapter existed on January 1, 2007, except that where the terms
 8-25 conflict with this chapter, this chapter prevails.

8-26 (h) An eligible entity holding multiple charters before
 8-27 January 1, 2007, may not combine those charters into one charter for
 8-28 a public charter district but must retain each of those charters.
 8-29 Each charter retained under this subsection counts towards the
 8-30 limit imposed under Section 11A.002(c).

8-31 (i) Section 11A.157 does not apply to an entity granted a
 8-32 charter under this section.

8-33 (j) A decision of the commissioner under this section is not
 8-34 subject to an appeal to a district court.

8-35 (k) This section expires January 1, 2010.

8-36 Sec. 11A.1042. DETERMINATION OF ACCEPTABLE PERFORMANCE.

8-37 (a) For purposes of Section 11A.1041(a), the commissioner shall
 8-38 compute the percentage of students who performed satisfactorily on
 8-39 an assessment instrument in a manner consistent with this section.

8-40 (b) The commissioner may only consider the performance of a
 8-41 student who was enrolled as of the date for reporting enrollment for
 8-42 the fall semester under the Public Education Information Management
 8-43 System (PEIMS). This subsection does not prevent the commissioner
 8-44 from considering the performance of a student who retakes an
 8-45 exit-level assessment instrument under Section 39.023(c) in grade
 8-46 11 or 12 regardless of whether the student was enrolled as of the
 8-47 date for reporting enrollment for the fall semester.

8-48 (c) In computing performance under this section, the
 8-49 commissioner must:

8-50 (1) add the results for third through 11th grade
 8-51 assessment instruments in English and third through sixth grade
 8-52 assessment instruments in Spanish across grade levels tested at all
 8-53 campuses operated by the charter holder and evaluate those results
 8-54 for all students;

8-55 (2) combine the results for third through ninth grade
 8-56 assessment instruments in reading and 10th and 11th grade
 8-57 assessment instruments in English language arts and evaluate those
 8-58 results as a single subject;

8-59 (3) separately determine student performance for
 8-60 reading and mathematics as a percentage equal to the sum of students
 8-61 who performed satisfactorily on the specific subject area
 8-62 assessment instrument in all grade levels tested at all campuses
 8-63 operated by the charter holder divided by the number of students who
 8-64 took the specific subject area assessment instrument in grade
 8-65 levels tested at all campuses operated by the charter holder; and

8-66 (4) include the results, as applicable, for a
 8-67 subsequent administration of an exit-level assessment instrument
 8-68 under Section 39.023(c) to a student in grade 11 or 12.

8-69 (d) To the extent consistent with this section, the

9-1 commissioner shall use the methodology used to compute passing
 9-2 rates for reading and mathematics assessment instruments for
 9-3 purposes of determining accountability ratings under Chapter 39 for
 9-4 the 2006-2007 school year.

9-5 (e) This section expires January 1, 2010.

9-6 Sec. 11A.105. CHARTER GRANTED. Each charter the State
 9-7 Board of Education grants for a public charter district must:

9-8 (1) satisfy this chapter; and

9-9 (2) include the information that is required under
 9-10 Section 11A.103 consistent with the information provided in the
 9-11 application and any modification the board requires.

9-12 Sec. 11A.106. REVISION. (a) A revision of a charter of a
 9-13 public charter district may be made only with the approval of the
 9-14 commissioner.

9-15 (b) Not more than once each year, a public charter district
 9-16 may request approval to revise the maximum student enrollment
 9-17 described by the district's charter.

9-18 (c) The commissioner may not approve a charter revision that
 9-19 increases a public charter district's enrollment, increases the
 9-20 grade levels offered, increases the number of campuses, or changes
 9-21 the boundaries of the geographic area served by the program unless
 9-22 the commissioner determines that:

9-23 (1) the public charter district has operated one or
 9-24 more campuses for at least three school years;

9-25 (2) the public charter district is not rated
 9-26 accredited-warned or accredited-probation under Subchapter D,
 9-27 Chapter 39;

9-28 (3) each campus operated by the charter holder of the
 9-29 public charter district has been rated at least academically
 9-30 acceptable under Subchapter D, Chapter 39, for each of its most
 9-31 recent three years of operation;

9-32 (4) no campus operated by the public charter district
 9-33 has been identified as needing technical assistance under Section
 9-34 39.1322 for its most recent two years of operation;

9-35 (5) the public charter district has been rated
 9-36 superior, above standard, standard, or the equivalent, under the
 9-37 financial accountability system under Subchapter I, Chapter 39; and

9-38 (6) the charter revision is in the best interest of
 9-39 students of this state.

9-40 (d) In making a determination under Subsection (c)(6), the
 9-41 commissioner shall review all available information relating to the
 9-42 charter holder, including the charter holder's:

9-43 (1) academic and financial performance;

9-44 (2) history of compliance with applicable laws;

9-45 (3) staffing, financial, and organizational data; and

9-46 (4) other information regarding the charter holder's
 9-47 capacity to successfully implement the requested charter revision.

9-48 (e) The commissioner may not approve a charter revision that
 9-49 proposes an increase in:

9-50 (1) a public charter district's enrollment, unless the
 9-51 charter holder adopts a business plan for implementing the
 9-52 enrollment increase that includes components identified by the
 9-53 commissioner; or

9-54 (2) the grade levels offered by a public charter
 9-55 district, unless the charter holder adopts an educational plan for
 9-56 the additional grade levels that includes components identified by
 9-57 the commissioner.

9-58 (f) The commissioner may approve a charter revision
 9-59 authorizing a public charter district to serve students in a
 9-60 geographical area that is not contiguous with the existing
 9-61 boundaries of the district, but may not approve a statewide
 9-62 geographical boundary.

9-63 (g) Subsections (c), (d), and (e) do not apply to a request
 9-64 under Subsection (b) by a public charter district operated by a
 9-65 governmental entity that provides instructional services within a
 9-66 residential detention, treatment, or adjudication facility. This
 9-67 subsection does not otherwise affect the commissioner's authority
 9-68 to grant or deny a request for a charter revision made by an entity
 9-69 to which this subsection applies.

10-1 Sec. 11A.107. BASIS FOR MODIFICATION, PLACEMENT ON
 10-2 PROBATION, OR REVOCATION. (a) The commissioner may modify, place
 10-3 on probation, or revoke the charter of a public charter district if
 10-4 the commissioner determines under Section 11A.108 that the charter
 10-5 holder:

10-6 (1) committed a material violation of the charter;
 10-7 (2) failed to satisfy generally accepted accounting
 10-8 standards of fiscal management;
 10-9 (3) failed to protect the health, safety, welfare, or
 10-10 best interests of the students enrolled at the public charter
 10-11 district; or
 10-12 (4) failed to comply with this chapter or another
 10-13 applicable law or rule.

10-14 (b) The commissioner shall revoke the charter of a public
 10-15 charter district without a hearing if all campuses operated by the
 10-16 public charter district have been ordered closed under Section
 10-17 39.131(a) or 39.1324(d), (e), or (f).

10-18 Sec. 11A.108. PROCEDURE FOR MODIFICATION, PLACEMENT ON
 10-19 PROBATION, OR REVOCATION. (a) The commissioner shall adopt a
 10-20 procedure to be used for modifying, placing on probation, or
 10-21 revoking the charter of a public charter district under Section
 10-22 11A.107(a).

10-23 (b) The procedure adopted under Subsection (a) must provide
 10-24 an opportunity for a hearing to the charter holder.

10-25 Sec. 11A.109. APPEAL OF MODIFICATION, PLACEMENT ON
 10-26 PROBATION, OR REVOCATION. A charter holder may appeal a
 10-27 modification, placement on probation, or revocation under this
 10-28 subchapter only in the manner provided by the applicable procedures
 10-29 adopted by the commissioner under Section 11A.108. The charter
 10-30 holder may not otherwise appeal to the commissioner and may not
 10-31 appeal to a district court.

10-32 Sec. 11A.110. EFFECT OF REVOCATION OR SURRENDER OF CHARTER.
 10-33 If the commissioner revokes a charter of a public charter district,
 10-34 if a district is ordered closed under Chapter 39, or if a public
 10-35 charter district surrenders its charter, the district may not:

10-36 (1) continue to operate under this chapter; or
 10-37 (2) receive state funds under this chapter.

10-38 [Sections 11A.111-11A.150 reserved for expansion]
 10-39 SUBCHAPTER D. GOVERNING BODIES OF CHARTER HOLDERS, PUBLIC CHARTER
 10-40 DISTRICTS, AND MANAGEMENT COMPANIES

10-41 Sec. 11A.151. RESPONSIBILITY FOR PUBLIC CHARTER DISTRICT.
 10-42 The governing body of a charter holder is responsible for the
 10-43 management, operation, and accountability of the public charter
 10-44 district, regardless of whether the governing body delegates the
 10-45 governing body's powers and duties to another person.

10-46 Sec. 11A.152. COMPOSITION OF GOVERNING BODY OF CHARTER
 10-47 HOLDER. The governing body of a charter holder must be composed of
 10-48 at least five members.

10-49 Sec. 11A.153. RESTRICTIONS ON SERVING AS MEMBER OF
 10-50 GOVERNING BODY OF CHARTER HOLDER OR PUBLIC CHARTER DISTRICT OR AS
 10-51 OFFICER OR EMPLOYEE. (a) Except as provided by Subsection (b), a
 10-52 person may not serve as a member of the governing body of a charter
 10-53 holder, as a member of the governing body of a public charter
 10-54 district, or as an officer or employee of a public charter district
 10-55 if the person:

10-56 (1) has been convicted of a felony or a misdemeanor
 10-57 involving moral turpitude;

10-58 (2) has been convicted of an offense listed in Section
 10-59 37.007(a);

10-60 (3) has been convicted of an offense listed in Article
 10-61 62.001(5), Code of Criminal Procedure; or

10-62 (4) has a substantial interest in a management
 10-63 company.

10-64 (b) A person who has been convicted of an offense described
 10-65 by Subsection (a)(1), (2), or (3) may serve as a member of the
 10-66 governing body of a charter holder, as a member of the governing
 10-67 body of a public charter district, or as an officer or employee of a
 10-68 public charter district if the commissioner determines that the
 10-69 person is fit to serve in that capacity. In making a determination

under this subsection, the commissioner shall consider:

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

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

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

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

(1) has a controlling interest in the company;

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

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

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

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

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

(7) is an employee of the company.

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

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

(1) damages;

(2) injunctive relief; or

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

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

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

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

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

(2) require the training to be provided by:

(A) the agency and regional education service centers;

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

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

(3) require training to be provided concerning:

(A) basic school law, including school finance;

(B) health and safety issues;

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

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

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

12-1 the period and in the manner prescribed by the commissioner.

12-2 (b) Each public charter district shall file annually with
 12-3 the commissioner the following information in a form prescribed by
 12-4 the commissioner:

12-5 (1) the name, address, and telephone number of each
 12-6 officer and member of the governing body of the charter holder; and

12-7 (2) the amount of annual compensation the public
 12-8 charter district pays to each officer and member of the governing
 12-9 body.

12-10 Sec. 11A.157. QUARTERLY FINANCIAL REPORTS REQUIRED. During
 12-11 a public charter district's first year of operation, the charter
 12-12 holder shall submit quarterly financial reports to the
 12-13 commissioner. The commissioner by rule shall determine the form
 12-14 and content of the financial reports under this section.

12-15 Sec. 11A.158. PEIMS INFORMATION. The governing body of a
 12-16 public charter district shall comply with Section 42.006.

12-17 Sec. 11A.159. LIABILITY OF MANAGEMENT COMPANY. (a) A
 12-18 management company that provides management services to a public
 12-19 charter district is liable for damages incurred by the state or a
 12-20 school district as a result of the failure of the company to comply
 12-21 with its contractual or other legal obligation to provide services
 12-22 to the district.

12-23 (b) On request of the commissioner, the attorney general may
 12-24 bring suit on behalf of the state against a management company
 12-25 liable under Subsection (a) for:

12-26 (1) damages, including any state funding received by
 12-27 the company and any consequential damages suffered by the state;

12-28 (2) injunctive relief; or

12-29 (3) any other equitable remedy determined to be
 12-30 appropriate by the court.

12-31 (c) This section is cumulative of all other remedies and
 12-32 does not affect:

12-33 (1) the liability of a management company to the
 12-34 charter holder; or

12-35 (2) the liability of a charter holder, a member of the
 12-36 governing body of a charter holder, or a member of the governing
 12-37 body of a public charter district to the state.

12-38 Sec. 11A.160. LOANS FROM MANAGEMENT COMPANY PROHIBITED.
 12-39 (a) The charter holder or the governing body of a public charter
 12-40 district may not accept a loan from a management company that has a
 12-41 contract to provide management services to:

12-42 (1) the district; or

12-43 (2) another public charter district that operates
 12-44 under a charter granted to the charter holder.

12-45 (b) A charter holder or the governing body of a public
 12-46 charter district that accepts a loan from a management company may
 12-47 not enter into a contract with that management company to provide
 12-48 management services to the district.

12-49 Sec. 11A.161. CONTRACT FOR MANAGEMENT SERVICES. Any
 12-50 contract, including a contract renewal, between a public charter
 12-51 district and a management company proposing to provide management
 12-52 services to the district must require the management company to
 12-53 maintain all records related to the management services separately
 12-54 from any other records of the management company.

12-55 Sec. 11A.162. CERTAIN MANAGEMENT SERVICES CONTRACTS
 12-56 PROHIBITED. The commissioner may prohibit, deny renewal of,
 12-57 suspend, or revoke a contract between a public charter district and
 12-58 a management company providing management services to the district
 12-59 if the commissioner determines that the management company has:

12-60 (1) failed to provide educational or related services
 12-61 in compliance with the company's contractual or other legal
 12-62 obligation to any public charter district in this state or to any
 12-63 other similar entity in another state;

12-64 (2) failed to protect the health, safety, or welfare
 12-65 of the students enrolled at a public charter district served by the
 12-66 company;

12-67 (3) violated this chapter or a rule adopted under this
 12-68 chapter; or

12-69 (4) otherwise failed to comply with any contractual or

13-1 other legal obligation to provide services to the district.

13-2 [Sections 11A.163-11A.200 reserved for expansion]

13-3 SUBCHAPTER E. FUNDING AND FINANCIAL OPERATIONS

13-4 Sec. 11A.201. STATE FUNDING. (a) To the extent consistent
13-5 with Subsection (c), a charter holder is entitled to receive for the
13-6 public charter district funding under Chapter 42 as if the public
13-7 charter district were a school district without a local share for
13-8 purposes of Section 42.252 and without any local revenue ("LR") for
13-9 purposes of Section 42.302. In determining funding for a public
13-10 charter district, adjustments under Sections 42.102, 42.103, and
13-11 42.105 and the district enrichment tax rate ("DTR") under Section
13-12 42.302 are based on the average adjustment and average district
13-13 enrichment tax rate for the state.

13-14 (b) To the extent consistent with Subsection (c), a public
13-15 charter district is entitled to funds that are available to school
13-16 districts from the agency or the commissioner, including grants and
13-17 other discretionary funding, unless the statute authorizing the
13-18 funding explicitly provides that a public charter district is not
13-19 entitled to the funding.

13-20 (c) A charter holder is entitled to receive for a public
13-21 charter district funding under this section only if the holder:

13-22 (1) provides information for the Public Education
13-23 Information Management System (PEIMS) as required by this chapter;

13-24 (2) submits to the commissioner appropriate fiscal and
13-25 financial records as required by this chapter and the commissioner;
13-26 and

13-27 (3) receives an annual unqualified opinion in the
13-28 standard audit report filed pursuant to Section 11A.210.

13-29 (d) The commissioner shall suspend the funding of a charter
13-30 holder that fails to comply with Subsection (c) until the
13-31 commissioner determines that the charter holder is in compliance or
13-32 has cured any noncompliance and has adopted adequate procedures to
13-33 prevent future noncompliance.

13-34 (e) The commissioner may adopt rules to provide and account
13-35 for state funding of public charter districts under this section. A
13-36 rule adopted under this section may be similar to a provision of
13-37 this code that is not similar to a provision listed in Section
13-38 11A.052(b) if the commissioner determines that the rule is related
13-39 to financing of public charter districts and is necessary or
13-40 prudent to provide or account for state funds.

13-41 Sec. 11A.202. INSTRUCTIONAL FACILITIES ALLOTMENTS.

13-42 (a) In this section, "instructional facility" has the meaning
13-43 assigned by Section 46.001.

13-44 (b) A charter holder is initially eligible for
13-45 instructional facilities allotments in accordance with this
13-46 section if:

13-47 (1) any campus of a public charter district for which
13-48 the charter holder has been granted a charter has for the two
13-49 preceding school years been rated recognized or exemplary under
13-50 Subchapter D, Chapter 39; and

13-51 (2) on the most recent audit of the financial
13-52 operations of the district conducted pursuant to Section 11A.210,
13-53 the district has satisfied generally accepted accounting standards
13-54 of fiscal management as evidenced by an unqualified opinion in the
13-55 standard audit report issued and filed pursuant to Section 11A.210.

13-56 (c) Once a public charter district satisfies the initial
13-57 eligibility requirements under Subsection (b) and receives an
13-58 allotment under this section, the district continues to remain
13-59 eligible until the district receives an accountability rating of
13-60 academically acceptable for three consecutive school years under
13-61 Subchapter D, Chapter 39, for one or more campuses, at which point
13-62 the district is again subject to the eligibility requirements of
13-63 Subsection (b).

13-64 (d) The commissioner annually shall review the eligibility
13-65 of a public charter district campus for purposes of this section.

13-66 (e) Except as otherwise provided by this section, a charter
13-67 holder is entitled to an annual allotment in an amount determined by
13-68 the commissioner, not to exceed \$1,000 or a different amount
13-69 provided by appropriation, for each student in average daily

14-1 attendance during the preceding year at a campus of a public charter
 14-2 district that is eligible for an allotment under this section.

14-3 (f) A charter holder who receives funds under this section
 14-4 may use the funds only to:

14-5 (1) purchase real property on which to construct an
 14-6 instructional facility for a public charter district campus for
 14-7 which the funds were paid under Subsection (e);

14-8 (2) purchase, lease, construct, expand, or renovate
 14-9 instructional facilities for a public charter district campus for
 14-10 which the funds were paid under Subsection (e);

14-11 (3) pay debt service in connection with instructional
 14-12 facilities purchased or improved for a campus of the public charter
 14-13 district that meets the requirements under Subsection (b); or

14-14 (4) maintain and operate public charter district
 14-15 instructional facilities.

14-16 (g) A decision of the commissioner under Subsection (e) is
 14-17 final and may not be appealed.

14-18 (h) The commissioner shall by rule establish procedures to
 14-19 ensure that funds a charter holder claims to be using for purposes
 14-20 of Subsection (f)(3) are used only for that purpose.

14-21 Sec. 11A.203. STATUS AND USE OF FUNDS. (a) Funds received
 14-22 under Section 11A.201 or 11A.202 by a charter holder:

14-23 (1) are considered to be public funds for all purposes
 14-24 under state law;

14-25 (2) are held in trust by the charter holder for the
 14-26 benefit of this state and the students of the public charter
 14-27 district;

14-28 (3) may be used only for a purpose for which a school
 14-29 may use local funds under Section 45.105(c) in the case of funds
 14-30 received under Section 11A.201, and may be used only for a purpose
 14-31 specified under Section 11A.202(f) in the case of funds received
 14-32 under Section 11A.202; and

14-33 (4) pending their use, must be deposited into a bank,
 14-34 as defined by Section 45.201, with which the charter holder has
 14-35 entered into a depository contract under Section 11A.204.

14-36 (b) Funds deposited under Subsection (a)(4) may be directly
 14-37 deposited into an account controlled by a bond trustee acting for
 14-38 the charter holder pursuant to a bond indenture agreement requiring
 14-39 direct deposit.

14-40 (c) The commissioner shall adopt rules for identifying
 14-41 public funds in accordance with Subsection (a).

14-42 (d) The commissioner may bring an action in district court
 14-43 in Travis County for injunctive or other relief to enforce this
 14-44 section. In identifying public funds held by a charter holder, the
 14-45 court shall use the criteria adopted by the commissioner under
 14-46 Subsection (c). Except as otherwise provided by this subsection,
 14-47 the court shall enter any order under this subsection concerning
 14-48 public funds held by the charter holder necessary to best serve the
 14-49 interests of the students of a public charter district. In the case
 14-50 of a public charter district that has ceased to operate, the court
 14-51 shall enter any order under this subsection concerning public funds
 14-52 held by the charter holder necessary to best serve the interests of
 14-53 this state.

14-54 Sec. 11A.204. DEPOSITORY CONTRACT; BOND. (a) Each bank
 14-55 selected as a school depository for a public charter district and
 14-56 the charter holder shall enter into a depository contract, bond, or
 14-57 other necessary instrument setting forth the duties and agreements
 14-58 pertaining to the depository, in a form and with the content
 14-59 prescribed by the State Board of Education.

14-60 (b) The depository bank shall attach to the contract and
 14-61 file with the charter holder a bond in an initial amount equal to
 14-62 the estimated highest daily balance, determined by the charter
 14-63 holder, of all deposits that the charter holder will have in the
 14-64 depository during the term of the contract, less any applicable
 14-65 Federal Deposit Insurance Corporation insurance. The bond must be
 14-66 payable to the charter holder and must be signed by the depository
 14-67 bank and by a surety company authorized to engage in business in
 14-68 this state. The depository bank shall increase the amount of the
 14-69 bond if the charter holder determines the increase is necessary to

15-1 adequately protect the funds of the charter holder deposited with
 15-2 the depository bank.

15-3 (c) The bond shall be conditioned on:

15-4 (1) the faithful performance of all duties and
 15-5 obligations imposed by law on the depository;

15-6 (2) the payment on presentation of all checks or
 15-7 drafts on order of the charter holder, in accordance with its orders
 15-8 entered by the charter holder according to law;

15-9 (3) the payment on demand of any demand deposit in the
 15-10 depository;

15-11 (4) the payment, after the expiration of the period of
 15-12 notice required, of any time deposit in the depository;

15-13 (5) the faithful keeping of school funds by the
 15-14 depository and the accounting for the funds according to law; and

15-15 (6) the faithful paying over to the successor
 15-16 depository all balances remaining in the accounts.

15-17 (d) The bond and the surety on the bond must be approved by
 15-18 the charter holder. A premium on the depository bond may not be
 15-19 paid out of charter holder funds related to operation of the public
 15-20 charter district.

15-21 (e) The charter holder shall file a copy of the depository
 15-22 contract and bond with the agency.

15-23 (f) Instead of the bond required under Subsection (b), the
 15-24 depository bank may deposit or pledge, with the charter holder or
 15-25 with a trustee designated by the charter holder, approved
 15-26 securities, as defined by Section 45.201, in an amount sufficient
 15-27 to adequately protect the funds of the charter holder deposited
 15-28 with the depository bank. A depository bank may give a bond and
 15-29 deposit or pledge approved securities in an aggregate amount
 15-30 sufficient to adequately protect the funds of the charter holder
 15-31 deposited with the depository bank. The charter holder shall
 15-32 periodically designate the amount of approved securities or the
 15-33 aggregate amount of the bond and approved securities necessary to
 15-34 adequately protect the charter holder. The charter holder may not
 15-35 designate an amount less than the balance of charter holder funds on
 15-36 deposit with the depository bank from day to day, less any
 15-37 applicable Federal Deposit Insurance Corporation insurance. The
 15-38 depository bank may substitute approved securities on obtaining the
 15-39 approval of the charter holder. For purposes of this subsection,
 15-40 the approved securities are valued at their market value.

15-41 Sec. 11A.205. EFFECT OF ACCEPTING STATE FUNDING. A charter
 15-42 holder who accepts state funds under Section 11A.201 or 11A.202
 15-43 agrees to be subject to all requirements, prohibitions, and
 15-44 sanctions authorized under this chapter.

15-45 Sec. 11A.206. PROPERTY PURCHASED OR LEASED WITH STATE
 15-46 FUNDS. (a) Property purchased or leased with funds received by a
 15-47 charter holder under Section 11A.201 or 11A.202:

15-48 (1) is considered to be public property for all
 15-49 purposes under state law;

15-50 (2) is held in trust by the charter holder for the
 15-51 benefit of this state and the students of the public charter
 15-52 district; and

15-53 (3) may be used only for a purpose for which a school
 15-54 district may use school district property.

15-55 (b) The commissioner shall:

15-56 (1) take possession and assume control of the property
 15-57 described by Subsection (a) of a public charter district that
 15-58 ceases to operate; and

15-59 (2) supervise the disposition of the property in
 15-60 accordance with law.

15-61 (c) This section does not affect the priority of a security
 15-62 interest in or lien on property established by a creditor in
 15-63 compliance with law if the security interest or lien arose in
 15-64 connection with the sale or lease of the property to the charter
 15-65 holder.

15-66 (d) The commissioner shall adopt rules for identifying
 15-67 public property in accordance with Subsection (a).

15-68 (e) The commissioner may bring an action in district court
 15-69 in Travis County for injunctive or other relief to enforce this

16-1 section. In identifying public property held by a charter holder,
 16-2 the court shall use the criteria adopted by the commissioner under
 16-3 Subsection (d). Except as otherwise provided by this subsection,
 16-4 the court shall enter any order under this subsection concerning
 16-5 public property held by the charter holder necessary to best serve
 16-6 the interests of the students of a public charter district. In the
 16-7 case of a public charter district that has ceased to operate, the
 16-8 court shall enter any order under this subsection concerning public
 16-9 property held by the charter holder necessary to best serve the
 16-10 interests of this state. The court may order title to real or
 16-11 personal public property held by the charter holder transferred to
 16-12 a trust established for the purpose of managing the property or may
 16-13 make other disposition of the property necessary to best serve the
 16-14 interests of this state.

16-15 Sec. 11A.207. USE OF MUNICIPAL FUNDS FOR PUBLIC CHARTER
 16-16 DISTRICT LAND OR FACILITIES. A municipality to which a charter is
 16-17 granted under this chapter may borrow funds, issue obligations, or
 16-18 otherwise spend its funds to acquire land or acquire, construct,
 16-19 expand, or renovate school buildings or facilities and related
 16-20 improvements for its public charter district within the city limits
 16-21 of the municipality in the same manner the municipality is
 16-22 authorized to borrow funds, issue obligations, or otherwise spend
 16-23 its funds in connection with any other public works project.

16-24 Sec. 11A.208. TEXTBOOKS; FUNDING FOR TECHNOLOGY. A public
 16-25 charter district is entitled to textbooks under Chapter 31 and
 16-26 funding for technology under Subchapter A, Chapter 32, and is
 16-27 subject to those provisions as if the public charter district were a
 16-28 school district.

16-29 Sec. 11A.209. ANNUAL BUDGET. The governing body of a
 16-30 charter holder shall annually adopt a budget for the district.

16-31 Sec. 11A.210. ANNUAL AUDIT. The governing body of a charter
 16-32 holder shall conduct an annual audit in a manner that complies with
 16-33 Section 44.008.

16-34 Sec. 11A.211. STATE FUNDING UNDER CERTAIN SCHOOL DISTRICT
 16-35 AGREEMENTS. Notwithstanding any other provision of Chapter 41 or
 16-36 42, and in addition to any other funds to which a school district
 16-37 may be entitled, a school district that enters into an agreement
 16-38 with a charter school operating under a charter granted under this
 16-39 chapter to provide education services to a student enrolled in the
 16-40 school district is entitled to receive the greater of the following
 16-41 amounts of state funding:

16-42 (1) the amount the charter school would receive under
 16-43 Section 11A.201 if the student were enrolled in the charter school;
 16-44 or

16-45 (2) the amount to which the school district is
 16-46 entitled under Chapters 41 and 42 for the student.

16-47 [Sections 11A.212-11A.250 reserved for expansion]

16-48 SUBCHAPTER F. OPERATION OF PUBLIC CHARTER DISTRICT

16-49 Sec. 11A.251. ADMISSION POLICY. (a) Except as provided by
 16-50 this section, a public charter district may not discriminate in
 16-51 admission policy on the basis of sex, national origin, ethnicity,
 16-52 religion, disability, or academic, artistic, or athletic ability or
 16-53 the district the child would otherwise attend in accordance with
 16-54 this code.

16-55 (b) A public charter district is not required to admit a
 16-56 person if the person:

16-57 (1) has engaged in conduct or misbehavior within the
 16-58 preceding year that has resulted in:

16-59 (A) removal to a disciplinary alternative
 16-60 education program; or

16-61 (B) expulsion;

16-62 (2) has engaged in delinquent conduct or conduct in
 16-63 need of supervision and is on probation or other conditional
 16-64 release for the conduct; or

16-65 (3) has been convicted of a criminal offense and is on
 16-66 probation or other conditional release.

16-67 (c) A public charter district admission policy may require a
 16-68 student to demonstrate artistic ability if the school specializes
 16-69 in performing arts.

17-1 Sec. 11A.252. ADMISSION OF STUDENTS. (a) For admission to
 17-2 a public charter district campus, the governing body of the
 17-3 district shall:

17-4 (1) require the applicant to complete and submit an
 17-5 application not later than a reasonable deadline the district
 17-6 establishes; and

17-7 (2) on receipt of more acceptable applications for
 17-8 admission under this section than available positions in the
 17-9 school:

17-10 (A) fill the available positions by lottery; or
 17-11 (B) subject to Subsection (b), fill the available
 17-12 positions in the order in which applications received before the
 17-13 application deadline were received.

17-14 (b) A public charter district may fill applications for
 17-15 admission under Subsection (a)(2)(B) only if the district published
 17-16 a notice of the opportunity to apply for admission to the district.
 17-17 A notice published under this subsection must:

17-18 (1) state the application deadline;

17-19 (2) be published in a newspaper of general circulation
 17-20 in the community in which the district campus is located not later
 17-21 than the seventh day before the application deadline; and

17-22 (3) be made available on the public charter district's
 17-23 Internet website, if available.

17-24 (c) A public charter district may exempt an applicant from
 17-25 the requirements of Subsection (a)(2) if the applicant is:

17-26 (1) the child or grandchild of a member of the
 17-27 governing body of the charter holder at the time the district's
 17-28 charter was first granted;

17-29 (2) the child of an employee of the district or the
 17-30 charter holder; or

17-31 (3) a sibling of a student who is enrolled in the
 17-32 district.

17-33 (d) A public charter district that specializes in one or
 17-34 more performing arts may require an applicant to audition for
 17-35 admission to the school.

17-36 Sec. 11A.253. STUDENT ENROLLMENT. (a) Except as provided
 17-37 by Subsection (b) or as otherwise determined impracticable by the
 17-38 commissioner, during a public charter district's first year of
 17-39 operation, the district must have a student enrollment of at least
 17-40 100 and not more than 500 at any time during the school year.

17-41 (b) A public charter district may have a student enrollment
 17-42 of less than 100 if approved by the commissioner.

17-43 (c) Not later than a public charter district's third year of
 17-44 operation, at least 25 percent of the district's students must be
 17-45 enrolled in one or more grade levels for which assessment
 17-46 instruments are administered under Sections 39.023(a), (c), and
 17-47 (l).

17-48 (d) The commissioner may grant a waiver from the
 17-49 requirements of Subsection (c) for a public charter district that
 17-50 opens a campus serving prekindergarten or kindergarten students and
 17-51 agrees to:

17-52 (1) add at least one higher grade level class each
 17-53 school year after opening the campus; and

17-54 (2) until the campus complies with Subsection (c),
 17-55 adopt accountability measures to assess the performance of the
 17-56 students not assessed under Section 39.023(a).

17-57 (e) The commissioner may grant a waiver from the
 17-58 requirements of Subsection (c) for a public charter district that
 17-59 was operating an open-enrollment charter school campus on January
 17-60 1, 2007, serving prekindergarten, kindergarten, and first, second,
 17-61 and third grade students if the public charter district:

17-62 (1) adopts one or more nationally norm-referenced
 17-63 assessment instruments approved by the commissioner;

17-64 (2) administers the assessment instruments to its
 17-65 second grade students at intervals and in the manner specified by
 17-66 commissioner rule; and

17-67 (3) meets the applicable standards for student
 17-68 performance on the assessment instruments, as determined by
 17-69 commissioner rule.

18-1 (f) The commissioner shall adopt rules necessary to
 18-2 implement this section.

18-3 Sec. 11A.254. TUITION AND FEES RESTRICTED. (a) A public
 18-4 charter district may not charge tuition to an eligible student who
 18-5 applies for admission to the district under this chapter.

18-6 (b) The governing body of a public charter district may
 18-7 require a student to pay any fee that the board of trustees of a
 18-8 school district may charge under Section 11.158(a). The governing
 18-9 body may not require a student to pay a fee that the board of
 18-10 trustees of a school district may not charge under Section
 18-11 11.158(b).

18-12 Sec. 11A.255. TRANSPORTATION. A public charter district
 18-13 shall provide transportation to each student attending the school
 18-14 to the same extent a school district is required by law to provide
 18-15 transportation to district students.

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

18-20 (b) The code of conduct must include:
 18-21 (1) standards for student behavior, including the
 18-22 types of prohibited behaviors and the possible consequences of
 18-23 misbehavior; and

18-24 (2) the district's due process procedures regarding
 18-25 expulsion of a student.

18-26 (c) A final decision of the governing body of a public
 18-27 charter district regarding action taken under the code of conduct
 18-28 may not be appealed.

18-29 (d) A public charter district may not expel a student for:
 18-30 (1) low academic performance; or
 18-31 (2) a reason that is not authorized by Section 37.007
 18-32 or specified in the district's code of conduct as conduct that may
 18-33 result in expulsion.

18-34 (e) Section 37.002 does not apply to a public charter
 18-35 district except to the extent specified by the governing body of the
 18-36 public charter district in the district's code of conduct.

18-37 Sec. 11A.257. IMPROVED LEARNING ENVIRONMENT. A public
 18-38 charter district may, if the district determines that the rule
 18-39 would improve the learning environment at a district campus, adopt
 18-40 a rule that:

18-41 (1) requires students at a district campus to wear
 18-42 school uniforms; or

18-43 (2) establishes a same-sex campus or classroom.

18-44 [Sections 11A.258-11A.300 reserved for expansion]

18-45 SUBCHAPTER G. PUBLIC CHARTER DISTRICT EMPLOYEES

18-46 Sec. 11A.301. MINIMUM TEACHER QUALIFICATIONS. A person
 18-47 employed as a teacher by a public charter district must hold a
 18-48 baccalaureate degree.

18-49 Sec. 11A.302. NOTICE OF PROFESSIONAL EMPLOYEE
 18-50 QUALIFICATIONS. (a) Each public charter district shall provide to
 18-51 the parent or guardian of each student enrolled at a campus in the
 18-52 district written notice of the qualifications of each professional
 18-53 employee, including each teacher, employed at the campus.

18-54 (b) The notice must include:
 18-55 (1) any professional or educational degree held by the
 18-56 employee;

18-57 (2) a statement of any certification under Subchapter
 18-58 B, Chapter 21, held by the employee; and

18-59 (3) any relevant experience of the employee.

18-60 Sec. 11A.303. MEMBERSHIP IN TEACHER RETIREMENT SYSTEM OF
 18-61 TEXAS. (a) An employee of a public charter district who qualifies
 18-62 for membership in the Teacher Retirement System of Texas shall be
 18-63 covered under the system to the same extent a qualified employee of
 18-64 a school district is covered.

18-65 (b) For each employee of a public charter district covered
 18-66 under the system, the public charter district is responsible for
 18-67 making any contribution that otherwise would be the legal
 18-68 responsibility of a school district, and the state is responsible
 18-69 for making contributions to the same extent it would be legally

19-1 responsible if the employee were a school district employee.

19-2 Sec. 11A.304. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF.

19-3 (a) This section applies to a charter holder that on January 1,
19-4 2006, operated an open-enrollment charter school.

19-5 (b) Each school year, using state funds received by the
19-6 charter holder for that purpose under Subsection (e), a charter
19-7 holder that participated in the program under Chapter 1579,
19-8 Insurance Code, for the 2005-2006 school year shall provide
19-9 employees of the charter holder, other than administrators,
19-10 compensation in the form of annual salaries, incentives, or other
19-11 compensation determined appropriate by the charter holder that
19-12 results in an average compensation increase for classroom teachers,
19-13 full-time librarians, full-time counselors, and full-time school
19-14 nurses who are employed by the charter holder and who would be
19-15 entitled to a minimum salary under Section 21.402 if employed by a
19-16 school district, in an amount at least equal to \$2,500.

19-17 (c) Using state funds received by the charter holder for
19-18 that purpose under Subsection (f), a charter holder that
19-19 participated in the program under Chapter 1579, Insurance Code, for
19-20 the 2005-2006 school year shall provide employees of the charter
19-21 holder, other than administrators, compensation in the form of
19-22 annual salaries, incentives, or other compensation determined
19-23 appropriate by the charter holder that results in average
19-24 compensation increases as follows:

19-25 (1) for full-time employees other than employees who
19-26 would be entitled to a minimum salary under Section 21.402 if
19-27 employed by a school district, an average increase at least equal to
19-28 \$500; and

19-29 (2) for part-time employees, an average increase at
19-30 least equal to \$250.

19-31 (d) Each school year, using state funds received by the
19-32 charter holder for that purpose under Subsection (g), a charter
19-33 holder that did not participate in the program under Chapter 1579,
19-34 Insurance Code, for the 2005-2006 school year shall provide
19-35 employees of the charter holder, other than administrators,
19-36 compensation in the form of annual salaries, incentives, or other
19-37 compensation determined appropriate by the charter holder that
19-38 results in an average compensation increase for classroom teachers,
19-39 full-time librarians, full-time counselors, and full-time school
19-40 nurses who are employed by the charter holder and who would be
19-41 entitled to a minimum salary under Section 21.402 if employed by a
19-42 school district, in an amount at least equal to \$2,000.

19-43 (e) Each school year, in addition to any amounts to which a
19-44 charter holder is entitled under this chapter, a charter holder
19-45 that participated in the program under Chapter 1579, Insurance
19-46 Code, for the 2005-2006 school year is entitled to state aid in an
19-47 amount, as determined by the commissioner, equal to the product of
19-48 \$2,500 multiplied by the number of classroom teachers, full-time
19-49 librarians, full-time counselors, and full-time school nurses
19-50 employed by the charter holder at a public charter district campus.

19-51 (f) In addition to any amounts to which a charter holder is
19-52 entitled under this chapter, a charter holder that participated in
19-53 the program under Chapter 1579, Insurance Code, for the 2005-2006
19-54 school year is entitled to state aid in an amount, as determined by
19-55 the commissioner, equal to the sum of:

19-56 (1) the product of \$500 multiplied by the number of
19-57 full-time employees other than employees who would be entitled to a
19-58 minimum salary under Section 21.402 if employed by a school
19-59 district; and

19-60 (2) the product of \$250 multiplied by the number of
19-61 part-time employees.

19-62 (g) Each school year, in addition to any amounts to which a
19-63 charter holder is entitled under this chapter, a charter holder
19-64 that did not participate in the program under Chapter 1579,
19-65 Insurance Code, for the 2005-2006 school year is entitled to state
19-66 aid in an amount, as determined by the commissioner, equal to the
19-67 product of \$2,000 multiplied by the number of classroom teachers,
19-68 full-time librarians, full-time counselors, and full-time school
19-69 nurses employed by the charter holder at a public charter district

20-1 campus.

20-2 (h) A payment under this section is in addition to wages the
 20-3 charter holder would otherwise pay the employee during the school
 20-4 year.

20-5 [Sections 11A.305-11A.350 reserved for expansion]

20-6 SUBCHAPTER H. POWERS AND DUTIES OF COMMISSIONER

20-7 Sec. 11A.351. AUDIT. (a) To the extent consistent with
 20-8 this section, the commissioner may audit the records of:

20-9 (1) a public charter district or campus;

20-10 (2) a charter holder; and

20-11 (3) a management company.

20-12 (b) An audit under Subsection (a) must be limited to matters
 20-13 directly related to the management or operation of a public charter
 20-14 district, including any financial, student, and administrative
 20-15 records.

20-16 (c) Unless the commissioner has specific cause to conduct an
 20-17 additional audit, the commissioner may not conduct more than one
 20-18 on-site audit of a public charter district under this section
 20-19 during any fiscal year, including any audit of financial, student,
 20-20 and administrative records. For purposes of this subsection, an
 20-21 audit of a charter holder or management company associated with a
 20-22 public charter district is not considered an audit of the district.

20-23 Sec. 11A.352. SUBPOENA. (a) The commissioner may issue a
 20-24 subpoena to compel the attendance and testimony of a witness or the
 20-25 production of materials relevant to an audit or investigation under
 20-26 this chapter.

20-27 (b) A subpoena may be issued throughout the state and may be
 20-28 served by any person designated by the commissioner.

20-29 (c) If a person fails to comply with a subpoena issued under
 20-30 this section, the commissioner, acting through the attorney
 20-31 general, may file suit to enforce the subpoena in a district court
 20-32 in Travis County or in the county in which the audit or
 20-33 investigation is conducted. The court shall order compliance with
 20-34 the subpoena if the court finds that good cause exists to issue the
 20-35 subpoena.

20-36 (d) This section expires September 1, 2009.

20-37 Sec. 11A.353. SANCTIONS. (a) The commissioner shall take
 20-38 any of the actions described by Subsection (b) or by Section
 20-39 39.131(a), to the extent the commissioner determines necessary, if
 20-40 a public charter district, as determined by a report issued under
 20-41 Section 39.076(b):

20-42 (1) commits a material violation of the district's
 20-43 charter;

20-44 (2) fails to satisfy generally accepted accounting
 20-45 standards of fiscal management; or

20-46 (3) fails to comply with this chapter or another
 20-47 applicable rule or law.

20-48 (b) The commissioner may temporarily withhold funding,
 20-49 suspend the authority of a public charter district to operate, or
 20-50 take any other reasonable action the commissioner determines
 20-51 necessary to protect the health, safety, or welfare of students
 20-52 enrolled at a district campus based on evidence that conditions at
 20-53 the district campus present a danger to the health, safety, or
 20-54 welfare of the students.

20-55 (c) After the commissioner acts under Subsection (b), the
 20-56 public charter district may not receive funding and may not resume
 20-57 operating until a determination is made that:

20-58 (1) despite initial evidence, the conditions at the
 20-59 district campus do not present a danger of material harm to the
 20-60 health, safety, or welfare of students; or

20-61 (2) the conditions at the district campus that
 20-62 presented a danger of material harm to the health, safety, or
 20-63 welfare of students have been corrected.

20-64 (d) Not later than the third business day after the date the
 20-65 commissioner acts under Subsection (b), the commissioner shall
 20-66 provide the charter holder an opportunity for a hearing. This
 20-67 subsection does not apply to an action taken by the commissioner
 20-68 under Chapter 39.

20-69 (e) Immediately after a hearing under Subsection (d), the

21-1 commissioner must cease the action under Subsection (b) or initiate
21-2 action under Section 11A.108.

21-3 Sec. 11A.354. CONSULTATION WITH CHARTER HOLDERS. The
21-4 commissioner shall periodically consult with representatives of
21-5 charter holders regarding the duties and mission of the agency
21-6 relating to the operation of public charter districts. The
21-7 commissioner shall determine the frequency of the consultations.

21-8 Sec. 11A.355. EFFECT ON COMMISSIONER'S AUTHORITY. Nothing
21-9 in this chapter limits the commissioner's authority under Chapter
21-10 39.

21-11 Sec. 11A.356. RULES. The commissioner may adopt rules for
21-12 the administration of this chapter.

21-13 [Sections 11A.357-11A.400 reserved for expansion]

21-14 SUBCHAPTER I. BLUE RIBBON CHARTER CAMPUS PILOT PROGRAM

21-15 Sec. 11A.401. DEFINITIONS. In this subchapter:

21-16 (1) "Blue ribbon charter campus" and "campus" mean the
21-17 public school formed when an eligible entity is granted a blue
21-18 ribbon charter under this subchapter.

21-19 (2) "Eligible entity" means an organization that is
21-20 exempt from taxation under Section 501(a), Internal Revenue Code of
21-21 1986, as an organization described by Section 501(c)(3) of that
21-22 code.

21-23 Sec. 11A.402. AUTHORIZATION. (a) In accordance with this
21-24 subchapter, the commissioner may authorize not more than three
21-25 charter holders to grant a charter to an eligible entity to operate
21-26 a blue ribbon charter campus if:

21-27 (1) the charter holder proposes to grant the blue
21-28 ribbon charter to replicate a distinctive education program;

21-29 (2) the charter holder has demonstrated the ability to
21-30 replicate the education program;

21-31 (3) the education program has been implemented by the
21-32 charter holder for at least seven school years; and

21-33 (4) the charter school in which the charter holder has
21-34 implemented the program has been rated recognized or exemplary
21-35 under Subchapter D, Chapter 39, for at least five school years.

21-36 (b) A charter holder that assumed operation of an existing
21-37 charter school program during the seven years preceding the
21-38 proposed authorization under Subsection (a) may be authorized to
21-39 grant a blue ribbon charter under Subsection (a) if:

21-40 (1) the performance level of the program at a campus
21-41 before and after the charter holder assumed operation of the
21-42 program meets the qualifications described by Subsection (a); and

21-43 (2) the charter holder has met the qualifications
21-44 described by Subsection (a) since assuming operation of the
21-45 program.

21-46 (c) A charter holder may grant a blue ribbon charter only to
21-47 an eligible entity that meets any financial, governing, and
21-48 operational standards adopted by the commissioner under this
21-49 subchapter.

21-50 (d) A charter holder may grant not more than two blue ribbon
21-51 charters under this subchapter.

21-52 Sec. 11A.403. APPLICABILITY OF CERTAIN LAWS. (a) A blue
21-53 ribbon charter campus is considered a public charter district
21-54 campus for purposes of state and federal law.

21-55 (b) A blue ribbon charter granted under this subchapter is
21-56 not considered for purposes of the limit on the number of public
21-57 charter districts imposed by Section 11A.002.

21-58 Sec. 11A.404. RELATIONSHIP BETWEEN CHARTER HOLDER AND BLUE
21-59 RIBBON CHARTER CAMPUS. (a) The governing body of the charter
21-60 holder authorizing a blue ribbon charter is responsible for the
21-61 management and operation of the campus operated under a blue ribbon
21-62 charter. A blue ribbon charter campus is subject to the rules and
21-63 policies of the governing body of the charter holder that granted
21-64 the blue ribbon charter.

21-65 (b) For purposes of academic and financial accountability
21-66 and all other purposes under this chapter and Chapter 39, a blue
21-67 ribbon charter campus is considered a campus of the public charter
21-68 district operated by the charter holder that granted the blue
21-69 ribbon charter.

22-1 (c) A charter holder is entitled to receive funding for a
 22-2 blue ribbon charter campus as if the blue ribbon charter campus were
 22-3 a campus of the public charter district operated by the charter
 22-4 holder.

22-5 Sec. 11A.405. APPLICATION FOR AUTHORIZATION. (a) The
 22-6 commissioner by rule shall adopt an application form and procedures
 22-7 for a charter holder to apply for authorization to grant a blue
 22-8 ribbon charter to an eligible entity under this subchapter.

22-9 (b) The application must specify:

22-10 (1) the criteria that will be used to grant blue ribbon
 22-11 charters;

22-12 (2) procedures for governance and management of
 22-13 campuses operating under a blue ribbon charter; and

22-14 (3) the performance standard by which continuation of
 22-15 a blue ribbon charter will be determined.

22-16 (c) A determination by the commissioner regarding an
 22-17 application under this section is final and may not be appealed.

22-18 Sec. 11A.406. REVOCATION OF AUTHORIZATION. (a) The
 22-19 commissioner may revoke a charter holder's authorization to grant a
 22-20 blue ribbon charter or operate a campus granted a blue ribbon
 22-21 charter if the commissioner determines that the purposes of this
 22-22 subchapter are not being satisfied.

22-23 (b) On revocation of a charter holder's authority under this
 22-24 section, the charter holder shall:

22-25 (1) operate a campus granted a blue ribbon charter as a
 22-26 standard campus of the charter holder under this chapter; or

22-27 (2) close the campus effective at the end of the school
 22-28 year in which the commissioner revokes the authorization.

22-29 Sec. 11A.407. CONTENT. (a) Each blue ribbon charter
 22-30 granted under this subchapter must:

22-31 (1) describe the educational program to be offered,
 22-32 which may be a general or specialized education program;

22-33 (2) provide that continuation of the charter is
 22-34 contingent on satisfactory student performance under Subchapter B,
 22-35 Chapter 39, and on compliance with other applicable accountability
 22-36 provisions under Chapter 39;

22-37 (3) specify any basis, in addition to a basis
 22-38 specified by this subchapter, on which the charter may be placed on
 22-39 probation or revoked;

22-40 (4) prohibit discrimination in admission on the basis
 22-41 of national origin, ethnicity, race, religion, or disability;

22-42 (5) describe the governing structure of the blue
 22-43 ribbon charter campus;

22-44 (6) specify any procedure or requirement, in addition
 22-45 to those under Chapter 38, that the campus will follow to ensure the
 22-46 health and safety of students and employees; and

22-47 (7) describe the manner in which the campus and
 22-48 charter holder granting the blue ribbon charter will comply with
 22-49 financial and operational requirements, including requirements
 22-50 related to the Public Education Information Management System
 22-51 (PEIMS) under Section 11A.158 and the audit requirements under
 22-52 Section 11A.210.

22-53 (b) A charter holder may reserve the right to approve
 22-54 contracts, governance alterations, personnel decisions, and other
 22-55 matters affecting the operation of the blue ribbon charter campus.

22-56 (c) A blue ribbon charter must specify the basis and
 22-57 procedure to be used by the charter holder for placing the blue
 22-58 ribbon charter campus on probation or revoking the charter, which
 22-59 must include an opportunity for an informal review of the blue
 22-60 ribbon charter campus and governing body of the campus by the
 22-61 charter holder. A charter holder's decision to place on probation
 22-62 or revoke a blue ribbon charter is final and may not be appealed.

22-63 Sec. 11A.408. FORM. A blue ribbon charter issued under this
 22-64 subchapter must be in the form and substance of a written contract
 22-65 signed by the president or equivalent officer of the governing body
 22-66 of the charter holder granting the blue ribbon charter and the
 22-67 president or equivalent officer of the governing body of the
 22-68 eligible entity to which the blue ribbon charter is granted.

22-69 Sec. 11A.409. REVISION. A blue ribbon charter granted

23-1 under this subchapter may be revised with the approval of the
 23-2 charter holder that granted the charter.

23-3 [Sections 11A.410-11A.450 reserved for expansion]

23-4 SUBCHAPTER J. RECEIVERSHIP FOR CERTAIN OPEN-ENROLLMENT CHARTER
 23-5 SCHOOLS

23-6 Sec. 11A.451. DEFINITIONS. In this subchapter:

23-7 (1) "Assets" means:

23-8 (A) public funds, as determined under Section
 23-9 12.107, as that section existed on January 1, 2007; and

23-10 (B) public property, as determined under Section
 23-11 12.128, as that section existed on January 1, 2007.

23-12 (2) "Records" means government records, as determined
 23-13 under Section 12.1052, as that section existed on January 1, 2007.

23-14 Sec. 11A.452. APPLICABILITY. The commissioner shall
 23-15 appoint a receiver under this subchapter for each open-enrollment
 23-16 charter school that on April 1, 2007, was operating under a charter
 23-17 issued under Subchapter D, Chapter 12, as that subchapter existed
 23-18 on January 1, 2007, and:

23-19 (1) is not authorized to operate as a public charter
 23-20 district under this chapter; or

23-21 (2) elects not to operate as a public charter district
 23-22 under this chapter.

23-23 Sec. 11A.453. APPOINTMENT OF RECEIVER; BOND REQUIRED.

23-24 (a) The commissioner shall appoint a receiver to protect the
 23-25 assets and direct the dissolution of open-enrollment charter
 23-26 schools subject to this subchapter.

23-27 (b) The receiver shall execute a bond in an amount set by the
 23-28 commissioner to ensure the proper performance of the receiver's
 23-29 duties.

23-30 (c) Until discharged by the commissioner, the receiver
 23-31 shall perform the duties that the commissioner directs to preserve
 23-32 the assets and direct the dissolution of the open-enrollment
 23-33 charter school under this subchapter.

23-34 Sec. 11A.454. POWERS AND DUTIES OF RECEIVER. (a) After
 23-35 appointment and execution of bond under Section 11A.453, the
 23-36 receiver shall take possession of:

23-37 (1) assets and records in the possession of the
 23-38 open-enrollment charter school specified by the commissioner; and

23-39 (2) any Foundation School Program funds and any other
 23-40 public funds received by the school's charter holder.

23-41 (b) On request of the receiver, the attorney general shall
 23-42 file a suit for attachment, garnishment, or involuntary bankruptcy
 23-43 and take any other action necessary for the dissolution of an
 23-44 open-enrollment charter school under this subchapter.

23-45 (c) If the charter holder of an open-enrollment charter
 23-46 school or an officer or employee of such a school refuses to
 23-47 transfer school assets or records to a receiver under this
 23-48 subsection, the receiver may ask the attorney general to petition a
 23-49 court for recovery of the assets or records. If the court grants
 23-50 the petition, the court shall award attorney's fees and court costs
 23-51 to the state.

23-52 (d) A record described by this section is a public school
 23-53 record for purposes of Section 37.10(c)(2), Penal Code.

23-54 Sec. 11A.455. DISPOSITION OF ASSETS. (a) A receiver shall
 23-55 wind up the affairs of an open-enrollment charter school and,
 23-56 except as provided by Subsection (b), reduce its assets to cash for
 23-57 the purpose of discharging all existing liabilities and obligations
 23-58 of the school. In winding up the affairs of a school, the receiver
 23-59 shall cooperate in any bankruptcy proceeding affecting the school.
 23-60 The receiver shall distribute any remaining balance to the
 23-61 commissioner.

23-62 (b) A receiver shall offer free of charge any equipment and
 23-63 supplies of an open-enrollment charter school dissolved under this
 23-64 subchapter to school districts, giving priority to districts based
 23-65 on the percentage of the charter school's students that reside in
 23-66 the districts.

23-67 (c) The commissioner shall use money in the foundation
 23-68 school fund and money received under this section to pay the costs
 23-69 described by Section 11A.458 and discharge liabilities and

24-1 obligations of open-enrollment charter schools under this
 24-2 subchapter. The commissioner shall deposit any remaining balance
 24-3 in the foundation school fund.

24-4 Sec. 11A.456. DISPOSITION OF RECORDS. (a) The records of
 24-5 an open-enrollment charter school subject to this subchapter shall
 24-6 be transferred in the manner specified by the commissioner to a
 24-7 custodian designated by the commissioner. The commissioner may
 24-8 designate any appropriate entity to serve as custodian of records,
 24-9 including the agency, a regional education service center, or a
 24-10 school district. In designating a custodian, the commissioner
 24-11 shall ensure that the transferred records, including student and
 24-12 personnel records, are transferred to a custodian capable of:

24-13 (1) maintaining the records;
 24-14 (2) making the records readily accessible to students,
 24-15 parents, former school employees, and other persons entitled to
 24-16 access; and
 24-17 (3) complying with applicable state or federal law
 24-18 restricting access to the records.

24-19 (b) The commissioner is entitled to access to any records
 24-20 transferred to a custodian under this section as the commissioner
 24-21 determines necessary for auditing, investigative, or monitoring
 24-22 purposes.

24-23 Sec. 11A.457. LIABILITY. A receiver is not personally
 24-24 liable for actions taken by the receiver under this subchapter.

24-25 Sec. 11A.458. COSTS OF RECEIVERSHIP. The commissioner may
 24-26 authorize reimbursement of reasonable costs related to the
 24-27 receivership, including:

24-28 (1) payment of fees to the receiver for the receiver's
 24-29 services; and

24-30 (2) payment of fees to attorneys, accountants, or any
 24-31 other person that provides goods or services necessary to the
 24-32 operation of the receivership.

24-33 Sec. 11A.459. EXEMPTION FROM COMPETITIVE BIDDING. The
 24-34 competitive bidding requirements of this code and the contracting
 24-35 requirements of Chapter 2155, Government Code, do not apply to the
 24-36 appointment of a receiver, attorney, accountant, or other person
 24-37 appointed under this subchapter.

24-38 SECTION 3. Subchapter D, Chapter 12, Education Code, is
 24-39 amended by adding Section 12.1058 to read as follows:

24-40 Sec. 12.1058. APPLICABILITY OF PUBLIC CHARTER DISTRICT
 24-41 PROVISIONS. (a) An open-enrollment charter school is subject to
 24-42 Sections 11A.201, 11A.204, 11A.205, 11A.206, and 11A.210.

24-43 (b) The commissioner may bring an action for injunctive or
 24-44 other relief as provided by Section 11A.203(d) to enforce Section
 24-45 12.107.

24-46 (c) For purposes of this section, a reference in a law
 24-47 described by this section to a public charter district means an
 24-48 open-enrollment charter school.

24-49 SECTION 4. Subchapter E, Chapter 12, Education Code, is
 24-50 amended by amending Sections 12.151, 12.152, and 12.156 and adding
 24-51 Section 12.157 to read as follows:

24-52 Sec. 12.151. DEFINITIONS [DEFINITION]. In this subchapter,
 24-53 "institution of higher education" and "public senior college or
 24-54 university" have ~~has~~ the meanings ~~meaning~~ assigned by Section
 24-55 61.003.

24-56 Sec. 12.152. AUTHORIZATION. ~~[(a)]~~ In accordance with this
 24-57 subchapter and Chapter 11A ~~[Subchapter D]~~, the State Board of
 24-58 Education may grant a charter on the application of a public senior
 24-59 college or university for a public ~~[an open-enrollment]~~ charter
 24-60 district ~~[school]~~ to operate on the campus of the public senior
 24-61 college or university or in the same county in which the campus of
 24-62 the public senior college or university is located.

24-63 Sec. 12.156. APPLICABILITY OF CERTAIN PROVISIONS.
 24-64 (a) Except as otherwise provided by this subchapter, Chapter 11A
 24-65 ~~[Subchapter D]~~ applies to a college or university charter school as
 24-66 though the college or university charter school were granted a
 24-67 charter under that chapter ~~[subchapter]~~.

24-68 (b) A charter granted under this subchapter is not
 24-69 considered for purposes of the limit on the number of public

25-1 ~~[open-enrollment]~~ charter districts ~~[schools]~~ imposed by Section
 25-2 11A.002 ~~[12.101(b)]~~.

25-3 (c) A college or university charter school is not subject to
 25-4 a prohibition, restriction, or requirement relating to:

25-5 (1) open meetings and public information under Section
 25-6 11A.053;

25-7 (2) maintenance of records under Section 11A.054;

25-8 (3) purchasing and contracting under Section 11A.055;

25-9 (4) conflict of interest under Section 11A.056;

25-10 (5) nepotism under Section 11A.057;

25-11 (6) composition of a governing body under Section
 25-12 11A.152;

25-13 (7) restrictions on serving as a member of a governing
 25-14 body or as an officer or employee under Section 11A.153;

25-15 (8) liability of members of a governing body under
 25-16 Section 11A.154;

25-17 (9) training for members of a governing body under
 25-18 Section 11A.155;

25-19 (10) bylaws and annual reports under Section 11A.156;

25-20 (11) quarterly financial reports under Section
 25-21 11A.157; and

25-22 (12) depository bond and security requirements under
 25-23 Section 11A.204.

25-24 (d) A college or university charter school and the governing
 25-25 body of the school are subject to regulations and procedures that
 25-26 govern a public senior college or university relating to open
 25-27 meetings, records retention, purchasing, contracting, conflicts of
 25-28 interest, and nepotism.

25-29 Sec. 12.157. ADVANCED TECHNICAL ACADEMIES. (a) A college
 25-30 or university charter school may operate as an advanced technical
 25-31 academy. The school's educational program must:

25-32 (1) focus on advanced career and technology education;

25-33 (2) provide for a course of study that enables a
 25-34 participating student to combine high school courses and
 25-35 college-level courses during grade levels nine through 12;

25-36 (3) allow a participating student to complete high
 25-37 school and, on or before the fifth anniversary of the date of the
 25-38 student's first day of high school, receive a high school diploma
 25-39 and either:

25-40 (A) an associate's degree or a certificate for a
 25-41 trade or occupation; or

25-42 (B) at least 60 semester credit hours toward a
 25-43 baccalaureate degree;

25-44 (4) include articulation agreements with other
 25-45 institutions of higher education to provide a participating student
 25-46 access to postsecondary educational and training opportunities at
 25-47 the institution of higher education; and

25-48 (5) provide a participating student flexibility in
 25-49 class scheduling and academic mentoring.

25-50 (b) Each articulation agreement under Subsection (a)(4)
 25-51 must address:

25-52 (1) curriculum alignment;

25-53 (2) instructional materials;

25-54 (3) the instructional calendar;

25-55 (4) courses of study;

25-56 (5) eligibility of students for higher education
 25-57 financial assistance;

25-58 (6) student enrollment and attendance;

25-59 (7) grading periods and policies; and

25-60 (8) administration of statewide assessment
 25-61 instruments under Subchapter B, Chapter 39.

25-62 (c) The P-16 Council established under Section 61.076 shall
 25-63 provide guidance in case of any conflict that arises between
 25-64 parties to an articulation agreement under Subsection (a)(4).

25-65 (d) A college or university charter school operating as an
 25-66 advanced technical academy under this section is entitled to
 25-67 receive funding under Section 11A.201 in proportion to the amount
 25-68 of time spent by the student on courses for which the student will
 25-69 receive credit toward a high school diploma, in accordance with

26-1 rules adopted by the commissioner, while completing the course of
 26-2 study established by the applicable articulation agreement under
 26-3 Subsection (a)(4).

26-4 SECTION 5. Section 5.001, Education Code, is amended by
 26-5 adding Subdivision (5-a) and amending Subdivision (6) to read as
 26-6 follows:

26-7 (5-a) "Public charter campus" means a campus operated
 26-8 by a public charter district.

26-9 (6) "Public charter district [~~Open-enrollment charter~~
 26-10 ~~school~~]" means a public school authorized by [~~that has been~~
 26-11 ~~granted~~] a charter under Chapter 11A [~~Subchapter D, Chapter 12~~].

26-12 SECTION 6. Section 7.003, Education Code, is amended to
 26-13 read as follows:

26-14 Sec. 7.003. LIMITATION ON AUTHORITY. An educational
 26-15 function not specifically delegated to the agency or the board
 26-16 under this code is reserved to and shall be performed by school
 26-17 districts or [~~open-enrollment~~] charter schools.

26-18 SECTION 7. Subsection (b), Section 7.009, Education Code,
 26-19 is amended to read as follows:

26-20 (b) The agency shall solicit and collect from the
 26-21 Legislative Budget Board, centers for education research
 26-22 established under Section 1.005, and exemplary or recognized school
 26-23 districts, campuses, and public charter districts [~~open-enrollment~~
 26-24 ~~charter schools~~], as rated under Section 39.072, examples of best
 26-25 practices relating to instruction, public school finance, resource
 26-26 allocation, and business practices, including best practices
 26-27 relating to curriculum, scope and sequence, compensation and
 26-28 incentive systems, bilingual education and special language
 26-29 programs, compensatory education programs, and the effective use of
 26-30 instructional technology, including online courses.

26-31 SECTION 8. Subsections (b) and (d), Section 7.010,
 26-32 Education Code, are amended to read as follows:

26-33 (b) Each school district, public charter district
 26-34 [~~open-enrollment charter school~~], and institution of higher
 26-35 education shall participate in an electronic student records system
 26-36 that satisfies standards approved by the commissioner of education
 26-37 and the commissioner of higher education.

26-38 (d) The commissioner of education or the commissioner of
 26-39 higher education may solicit and accept grant funds to maintain the
 26-40 electronic student records system and to make the system available
 26-41 to school districts, public charter districts [~~open-enrollment~~
 26-42 ~~charter schools~~], and institutions of higher education.

26-43 SECTION 9. Subsection (b), Section 7.028, Education Code,
 26-44 is amended to read as follows:

26-45 (b) The board of trustees of a school district or the
 26-46 governing body of a public charter district [~~an open-enrollment~~
 26-47 ~~charter school~~] has primary responsibility for ensuring that the
 26-48 district [~~or school~~] complies with all applicable requirements of
 26-49 state educational programs.

26-50 SECTION 10. Subchapter B, Chapter 7, Education Code, is
 26-51 amended by adding Section 7.029 to read as follows:

26-52 Sec. 7.029. STUDY OF DROPOUT RECOVERY CHARTER SCHOOLS.

26-53 (a) The agency shall:

26-54 (1) study innovative dropout recovery charter schools
 26-55 in this state and other states; and

26-56 (2) prepare a report regarding the findings of the
 26-57 study.

26-58 (b) The report required under Subsection (a) must:

26-59 (1) identify any highly effective dropout recovery
 26-60 charter schools;

26-61 (2) identify the areas of the state with the highest
 26-62 number of students identified as at risk of dropping out of school,
 26-63 as defined by Section 29.081(d), and establish locations where
 26-64 dropout recovery charter schools will have the greatest impact on
 26-65 recovering dropouts in those areas;

26-66 (3) identify possible incentives for public charter
 26-67 districts and campuses that enroll dropouts;

26-68 (4) identify possible incentives for businesses that
 26-69 cooperate with public charter districts to establish opportunities

27-1 for employment, including internship programs, for students
 27-2 enrolled in a dropout recovery charter school;

27-3 (5) identify persons involved in dropout recovery
 27-4 programs and what those persons determine are key components of an
 27-5 effective dropout recovery program;

27-6 (6) provide results of the effectiveness of the
 27-7 following on the success of a dropout recovery program;

27-8 (A) open entry and exit into and out of the
 27-9 program, with a student able to master course curriculum at the
 27-10 student's pace;

27-11 (B) flexible scheduling and a year-round
 27-12 program;

27-13 (C) teachers trained to handle the academic and
 27-14 emotional needs of the student;

27-15 (D) a career-oriented course curriculum with a
 27-16 focus on the practical application of the curriculum;

27-17 (E) a clear code of student conduct and
 27-18 consistent enforcement of the rules of that code;

27-19 (F) extensive support services offered for the
 27-20 health and welfare of the student;

27-21 (G) employment opportunities arranged through
 27-22 the program for the benefit of the student's schedule; and

27-23 (H) multiple options for a student to choose in
 27-24 tailoring the program to the needs of the student; and

27-25 (7) recommend legislation or other actions necessary
 27-26 to implement a dropout recovery charter school pilot program in the
 27-27 areas of the state with the highest number of students identified as
 27-28 at risk of dropping out of school and in other areas determined by
 27-29 the agency to have a need for the program.

27-30 (c) Not later than December 1, 2008, the agency shall
 27-31 deliver the report produced under Subsection (a) to the governor,
 27-32 the lieutenant governor, the speaker of the house of
 27-33 representatives, and the presiding officers of the standing
 27-34 committees of each house of the legislature with primary
 27-35 jurisdiction over public education.

27-36 (d) This section expires January 1, 2009.

27-37 SECTION 11. Subdivision (17), Subsection (b), Section
 27-38 7.055, Education Code, is amended to read as follows:

27-39 (17) The commissioner shall distribute funds to public
 27-40 charter districts [~~open-enrollment charter schools~~] as required
 27-41 under Chapter 11A [~~Subchapter D, Chapter 12~~].

27-42 SECTION 12. Subdivision (9), Subsection (c), Section 7.102,
 27-43 Education Code, is amended to read as follows:

27-44 (9) The board may grant a charter for a public charter
 27-45 district [~~an open-enrollment charter or approve a charter revision~~]
 27-46 as provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

27-47 SECTION 13. Subsection (e), Section 11.003, Education Code,
 27-48 is amended to read as follows:

27-49 (e) The commissioner may require a public charter district
 27-50 [~~an open-enrollment charter school~~] to enter into a cooperative
 27-51 shared services arrangement for administrative services if the
 27-52 commissioner determines, after an audit conducted under Section
 27-53 11A.351 [~~12.1163~~], that such a cooperative shared services
 27-54 arrangement would promote the efficient operation of the district
 27-55 [~~school~~].

27-56 SECTION 14. Section 12.002, Education Code, is amended to
 27-57 read as follows:

27-58 Sec. 12.002. CLASSES OF CHARTER. The classes of charter
 27-59 under this chapter are:

27-60 (1) a home-rule school district charter as provided by
 27-61 Subchapter B;

27-62 (2) a campus or campus program charter as provided by
 27-63 Subchapter C; or

27-64 (3) a college or university [~~an open-enrollment~~]
 27-65 charter as provided by Subchapter E [~~D~~].

27-66 SECTION 15. Subsections (b) and (c), Section 21.058,
 27-67 Education Code, are amended to read as follows:

27-68 (b) Notwithstanding Section 21.041(b)(7), not later than
 27-69 the fifth day after the date the board receives notice under Article

28-1 42.018, Code of Criminal Procedure, of the conviction of a person
28-2 who holds a certificate under this subchapter, the board shall:

- 28-3 (1) revoke the certificate held by the person; and
- 28-4 (2) provide to the person and to any school district or
28-5 public charter district [~~open-enrollment charter school~~] employing
28-6 the person at the time of revocation written notice of:

- 28-7 (A) the revocation; and
- 28-8 (B) the basis for the revocation.

28-9 (c) A school district or public charter district
28-10 [~~open-enrollment charter school~~] that receives notice under
28-11 Subsection (b) of the revocation of a certificate issued under this
28-12 subchapter shall:

28-13 (1) immediately remove the person whose certificate
28-14 has been revoked from campus or from an administrative office, as
28-15 applicable, to prevent the person from having any contact with a
28-16 student; and

28-17 (2) as soon as practicable, terminate the employment
28-18 of the person in accordance with the person's contract and with this
28-19 subchapter.

28-20 SECTION 16. Subsection (b), Section 21.652, Education Code,
28-21 is amended to read as follows:

28-22 (b) In adopting rules under this section, the commissioner
28-23 shall include rules governing eligibility for and participation by
28-24 a public charter district [~~an open-enrollment charter school~~] in
28-25 the program.

28-26 SECTION 17. Subsection (c), Section 21.702, Education Code,
28-27 is amended to read as follows:

28-28 (c) In adopting rules under this section, the commissioner
28-29 shall include rules governing eligibility for and participation by
28-30 a public charter district [~~an open-enrollment charter school~~] in
28-31 the program.

28-32 SECTION 18. Subsections (b) and (c), Section 22.083,
28-33 Education Code, are amended to read as follows:

28-34 (b) A public charter district [~~An open-enrollment charter~~
28-35 ~~school~~] shall obtain from any law enforcement or criminal justice
28-36 agency all criminal history record information that relates to:

- 28-37 (1) a person whom the district [~~school~~] intends to
28-38 employ in any capacity; or
- 28-39 (2) a person who has indicated, in writing, an
28-40 intention to serve as a volunteer with the district [~~school~~].

28-41 (c) A school district, public charter district
28-42 [~~open-enrollment charter school~~], private school, regional
28-43 education service center, or shared services arrangement may obtain
28-44 from any law enforcement or criminal justice agency all criminal
28-45 history record information that relates to:

- 28-46 (1) a volunteer or employee of the district, school,
28-47 service center, or shared services arrangement; or
- 28-48 (2) an employee of or applicant for employment by a
28-49 person that contracts with the district, school, service center, or
28-50 shared services arrangement to provide services, if:

- 28-51 (A) the employee or applicant has or will have
28-52 continuing duties related to the contracted services; and
- 28-53 (B) the duties are or will be performed on school
28-54 property or at another location where students are regularly
28-55 present.

28-56 SECTION 19. Section 22.084, Education Code, is amended to
28-57 read as follows:

28-58 Sec. 22.084. ACCESS TO CRIMINAL HISTORY RECORDS OF SCHOOL
28-59 BUS DRIVERS, BUS MONITORS, AND BUS AIDES. (a) Except as provided
28-60 by Subsections (c) and (d), a school district, public charter
28-61 district [~~open-enrollment charter school~~], private school,
28-62 regional education service center, or shared services arrangement
28-63 that contracts with a person for transportation services shall
28-64 obtain from any law enforcement or criminal justice agency all
28-65 criminal history record information that relates to:

- 28-66 (1) a person employed by the person as a bus driver; or
- 28-67 (2) a person the person intends to employ as a bus
28-68 driver.

28-69 (b) Except as provided by Subsections (c) and (d), a person

29-1 that contracts with a school district, public charter district
 29-2 [~~open-enrollment charter school~~], private school, regional
 29-3 education service center, or shared services arrangement to provide
 29-4 transportation services shall submit to the district, school,
 29-5 service center, or shared services arrangement the name and other
 29-6 identification data required to obtain criminal history record
 29-7 information of each person described by Subsection (a). If the
 29-8 district, school, service center, or shared services arrangement
 29-9 obtains information that a person described by Subsection (a) has
 29-10 been convicted of a felony or a misdemeanor involving moral
 29-11 turpitude, the district, school, service center, or shared services
 29-12 arrangement shall inform the chief personnel officer of the person
 29-13 with whom the district, school, service center, or shared services
 29-14 arrangement has contracted, and the person may not employ that
 29-15 person to drive a bus on which students are transported without the
 29-16 permission of the board of trustees of the district or service
 29-17 center, the governing body of the public charter district
 29-18 [~~open-enrollment charter school~~], or the chief executive officer of
 29-19 the private school or shared services arrangement.

29-20 (c) A commercial transportation company that contracts with
 29-21 a school district, public charter district [~~open-enrollment~~
 29-22 ~~charter school~~], private school, regional education service
 29-23 center, or shared services arrangement to provide transportation
 29-24 services may obtain from any law enforcement or criminal justice
 29-25 agency all criminal history record information that relates to:

29-26 (1) a person employed by the commercial transportation
 29-27 company as a bus driver, bus monitor, or bus aide; or

29-28 (2) a person the commercial transportation company
 29-29 intends to employ as a bus driver, bus monitor, or bus aide.

29-30 (d) If the commercial transportation company obtains
 29-31 information that a person employed or to be employed by the company
 29-32 has been convicted of a felony or a misdemeanor involving moral
 29-33 turpitude, the company may not employ that person to drive or to
 29-34 serve as a bus monitor or bus aide on a bus on which students are
 29-35 transported without the permission of the board of trustees of the
 29-36 district or service center, the governing body of the public
 29-37 charter district [~~open-enrollment charter school~~], or the chief
 29-38 executive officer of the private school or shared services
 29-39 arrangement. Subsections (a) and (b) do not apply if information is
 29-40 obtained as provided by Subsection (c).

29-41 SECTION 20. Subdivision (3), Section 22.101, Education
 29-42 Code, is amended to read as follows:

29-43 (3) "Participating charter school" means a public
 29-44 charter district [~~an open-enrollment charter school~~] established
 29-45 under Chapter 11A [~~Subchapter D, Chapter 12,~~] that participates in
 29-46 the program established under Chapter 1579, Insurance Code.

29-47 SECTION 21. Section 25.088, Education Code, is amended to
 29-48 read as follows:

29-49 Sec. 25.088. SCHOOL ATTENDANCE OFFICER. The school
 29-50 attendance officer may be selected by:

- 29-51 (1) the county school trustees of any county;
- 29-52 (2) the board of trustees of any school district or the
 29-53 boards of trustees of two or more school districts jointly; or
- 29-54 (3) the governing body of a public charter district
 29-55 [~~an open-enrollment charter school~~].

29-56 SECTION 22. Subsection (a), Section 25.089, Education Code,
 29-57 is amended to read as follows:

29-58 (a) An attendance officer may be compensated from the funds
 29-59 of the county, independent school district, or public charter
 29-60 district [~~open-enrollment charter school~~], as applicable.

29-61 SECTION 23. Subsection (b), Section 25.090, Education Code,
 29-62 is amended to read as follows:

29-63 (b) If the governing body of a public charter district [~~an~~
 29-64 ~~open-enrollment charter school~~] has not selected an attendance
 29-65 officer for a district campus, the duties of attendance officer
 29-66 shall be performed by the peace officers of the county in which the
 29-67 campus [~~school~~] is located.

29-68 SECTION 24. Subsections (d) and (e), Section 25.093,
 29-69 Education Code, are amended to read as follows:

30-1 (d) A fine collected under this section shall be deposited
30-2 as follows:

30-3 (1) one-half shall be deposited to the credit of the
30-4 operating fund of, as applicable:

30-5 (A) the school district in which the child
30-6 attends school;

30-7 (B) the public charter district [~~open-enrollment~~
30-8 ~~charter school~~] the child attends; or

30-9 (C) the juvenile justice alternative education
30-10 program that the child has been ordered to attend; and

30-11 (2) one-half shall be deposited to the credit of:

30-12 (A) the general fund of the county, if the
30-13 complaint is filed in the justice court or the constitutional
30-14 county court; or

30-15 (B) the general fund of the municipality, if the
30-16 complaint is filed in municipal court.

30-17 (e) At the trial of any person charged with violating this
30-18 section, the attendance records of the child may be presented in
30-19 court by any authorized employee of the school district or public
30-20 charter district [~~open-enrollment charter school~~], as applicable.

30-21 SECTION 25. Subsections (a) and (b), Section 25.095,
30-22 Education Code, are amended to read as follows:

30-23 (a) A school district or public charter district
30-24 [~~open-enrollment charter school~~] shall notify a student's parent in
30-25 writing at the beginning of the school year that if the student is
30-26 absent from school on 10 or more days or parts of days within a
30-27 six-month period in the same school year or on three or more days or
30-28 parts of days within a four-week period:

30-29 (1) the student's parent is subject to prosecution
30-30 under Section 25.093; and

30-31 (2) the student is subject to prosecution under
30-32 Section 25.094 or to referral to a juvenile court in a county with a
30-33 population of less than 100,000 for conduct that violates that
30-34 section.

30-35 (b) A school district or public charter district shall
30-36 notify a student's parent if the student has been absent from
30-37 school, without excuse under Section 25.087, on three days or parts
30-38 of days within a four-week period. The notice must:

30-39 (1) inform the parent that:

30-40 (A) it is the parent's duty to monitor the
30-41 student's school attendance and require the student to attend
30-42 school; and

30-43 (B) the parent is subject to prosecution under
30-44 Section 25.093; and

30-45 (2) request a conference between school officials and
30-46 the parent to discuss the absences.

30-47 SECTION 26. Subsections (a) and (b), Section 25.0951,
30-48 Education Code, are amended to read as follows:

30-49 (a) If a student fails to attend school without excuse on 10
30-50 or more days or parts of days within a six-month period in the same
30-51 school year, a school district or public charter district shall
30-52 within seven school days of the student's last absence:

30-53 (1) file a complaint against the student or the
30-54 student's parent or both in a county, justice, or municipal court
30-55 for an offense under Section 25.093 or 25.094, as appropriate, or
30-56 refer the student to a juvenile court in a county with a population
30-57 of less than 100,000 for conduct that violates Section 25.094; or

30-58 (2) refer the student to a juvenile court for conduct
30-59 indicating a need for supervision under Section 51.03(b)(2), Family
30-60 Code.

30-61 (b) If a student fails to attend school without excuse on
30-62 three or more days or parts of days within a four-week period but
30-63 does not fail to attend school for the time described by Subsection
30-64 (a), the school district or public charter district may:

30-65 (1) file a complaint against the student or the
30-66 student's parent or both in a county, justice, or municipal court
30-67 for an offense under Section 25.093 or 25.094, as appropriate, or
30-68 refer the student to a juvenile court in a county with a population
30-69 of less than 100,000 for conduct that violates Section 25.094; or

31-1 (2) refer the student to a juvenile court for conduct
 31-2 indicating a need for supervision under Section 51.03(b)(2), Family
 31-3 Code.

31-4 SECTION 27. Subsections (a), (c), (d), and (e), Section
 31-5 26.0085, Education Code, are amended to read as follows:

31-6 (a) A school district or public charter district
 31-7 [~~open-enrollment charter school~~] that seeks to withhold
 31-8 information from a parent who has requested public information
 31-9 relating to the parent's child under Chapter 552, Government Code,
 31-10 and that files suit as described by Section 552.324, Government
 31-11 Code, to challenge a decision by the attorney general issued under
 31-12 Subchapter G, Chapter 552, Government Code, must bring the suit not
 31-13 later than the 30th calendar day after the date the [~~school~~]
 31-14 district [~~or open-enrollment charter school~~] receives the decision
 31-15 of the attorney general being challenged.

31-16 (c) Notwithstanding any other law, a school district or
 31-17 public charter district [~~open-enrollment charter school~~] may not
 31-18 appeal the decision of a court in a suit filed under Subsection (a).
 31-19 This subsection does not affect the right of a parent to appeal the
 31-20 decision.

31-21 (d) If the school district or public charter district
 31-22 [~~open-enrollment charter school~~] does not bring suit within the
 31-23 period established by Subsection (a), the [~~school~~] district [~~or~~
 31-24 ~~open-enrollment charter school~~] shall comply with the decision of
 31-25 the attorney general.

31-26 (e) A school district or public charter district
 31-27 [~~open-enrollment charter school~~] that receives a request from a
 31-28 parent for public information relating to the parent's child shall
 31-29 comply with Chapter 552, Government Code. If an earlier deadline
 31-30 for bringing suit is established under Chapter 552, Government
 31-31 Code, Subsection (a) does not apply. This section does not affect
 31-32 the earlier deadline for purposes of Section 552.353(b)(3),
 31-33 Government Code, [552.353(b)(3)] for a suit brought by an officer
 31-34 for public information.

31-35 SECTION 28. Subsection (j), Section 28.0211, Education
 31-36 Code, is amended to read as follows:

31-37 (j) A school district [~~or open-enrollment charter school~~]
 31-38 shall provide students required to attend accelerated programs
 31-39 under this section with transportation to those programs if the
 31-40 programs occur outside of regular school hours.

31-41 SECTION 29. Subsection (f), Section 29.010, Education Code,
 31-42 is amended to read as follows:

31-43 (f) This section does not create an obligation for or impose
 31-44 a requirement on a school district [~~or open-enrollment charter~~
 31-45 ~~school~~] that is not also created or imposed under another state law
 31-46 or a federal law.

31-47 SECTION 30. Subsections (a) and (c), Section 29.012,
 31-48 Education Code, are amended to read as follows:

31-49 (a) Except as provided by Subsection (b)(2), not later than
 31-50 the third day after the date a person 22 years of age or younger is
 31-51 placed in a residential facility, the residential facility shall:

31-52 (1) if the person is three years of age or older,
 31-53 notify the school district in which the facility is located, unless
 31-54 the facility is a public charter district [~~an open-enrollment~~
 31-55 ~~charter school~~]; or

31-56 (2) if the person is younger than three years of age,
 31-57 notify a local early intervention program in the area in which the
 31-58 facility is located.

31-59 (c) For purposes of enrollment in a school, a person who
 31-60 resides in a residential facility is considered a resident of the
 31-61 school district or geographical area served by the public charter
 31-62 district campus [~~open-enrollment charter school~~] in which the
 31-63 facility is located.

31-64 SECTION 31. Subsections (c), (d), and (e), Section 29.062,
 31-65 Education Code, are amended to read as follows:

31-66 (c) Not later than the 30th day after the date of an on-site
 31-67 monitoring inspection, the agency shall report its findings to the
 31-68 school district [~~or open-enrollment charter school~~] and to the
 31-69 division of accreditation.

32-1 (d) The agency shall notify a school district [~~or~~
 32-2 ~~open-enrollment charter school~~] found in noncompliance in writing,
 32-3 not later than the 30th day after the date of the on-site
 32-4 monitoring. The district [~~or open-enrollment charter school~~] shall
 32-5 take immediate corrective action.

32-6 (e) If a school district [~~or open-enrollment charter~~
 32-7 ~~school~~] fails to satisfy appropriate standards adopted by the
 32-8 commissioner for purposes of Subsection (a), the agency shall apply
 32-9 sanctions, which may include the removal of accreditation, loss of
 32-10 foundation school funds, or both.

32-11 SECTION 32. Subsections (a), (b), (b-1), (c), (e), (k), and
 32-12 (l), Section 29.087, Education Code, are amended to read as
 32-13 follows:

32-14 (a) The agency shall develop a process by which a school
 32-15 district or public charter district [~~open-enrollment charter~~
 32-16 ~~school~~] may apply to the commissioner for authority to operate a
 32-17 program to prepare eligible students to take a high school
 32-18 equivalency examination.

32-19 (b) Any school district or public charter district
 32-20 [~~open-enrollment charter school~~] may apply for authorization to
 32-21 operate a program under this section. As part of the application
 32-22 process, the commissioner shall require a district [~~or school~~] to
 32-23 provide information regarding the operation of any similar program
 32-24 during the preceding five years.

32-25 (b-1) A school district or public charter district
 32-26 [~~open-enrollment charter school~~] authorized by the commissioner on
 32-27 or before August 31, 2003, to operate a program under this section
 32-28 may continue to operate that program in accordance with this
 32-29 section.

32-30 (c) A school district or public charter district
 32-31 [~~open-enrollment charter school~~] may not increase enrollment of
 32-32 students in a program authorized by this section by more than five
 32-33 percent of the number of students enrolled in the similar program
 32-34 operated by the district [~~or school~~] during the 2000-2001 school
 32-35 year.

32-36 (e) A school district or public charter district
 32-37 [~~open-enrollment charter school~~] shall inform each student who has
 32-38 completed a program authorized by this section of the time and place
 32-39 at which the student may take the high school equivalency
 32-40 examination. Notwithstanding any provision of this section, a
 32-41 student may not take the high school equivalency examination except
 32-42 as authorized by Section 7.111.

32-43 (k) The board of trustees of a school district or the
 32-44 governing body [~~board~~] of a public charter district [~~an~~
 32-45 ~~open-enrollment charter school~~] shall:

32-46 (1) hold a public hearing concerning the proposed
 32-47 application of the district [~~or school~~] before applying to operate
 32-48 a program authorized by this section; and

32-49 (2) subsequently hold a public hearing annually to
 32-50 review the performance of the program.

32-51 (l) The commissioner may revoke a school district's or
 32-52 public charter district's [~~open-enrollment charter school's~~]
 32-53 authorization under this section after consideration of relevant
 32-54 factors, including performance of students participating in the
 32-55 district's [~~or school's~~] program on assessment instruments required
 32-56 under Chapter 39, the percentage of students participating in the
 32-57 district's [~~or school's~~] program who complete the program and
 32-58 perform successfully on the high school equivalency examination,
 32-59 and other criteria adopted by the commissioner. A decision by the
 32-60 commissioner under this subsection is final and may not be
 32-61 appealed.

32-62 SECTION 33. Subsections (a) through (d), (i), and (j),
 32-63 Section 29.155, Education Code, are amended to read as follows:

32-64 (a) From amounts appropriated for the purposes of this
 32-65 section, the commissioner may make grants to school districts and
 32-66 public charter districts [~~open-enrollment charter schools~~] to
 32-67 implement or expand kindergarten and prekindergarten programs by:

32-68 (1) operating an existing half-day kindergarten or
 32-69 prekindergarten program on a full-day basis; or

33-1 (2) implementing a prekindergarten program at a campus
33-2 that does not have a prekindergarten program.

33-3 (b) A school district or public charter district
33-4 [~~open-enrollment charter school~~] may use funds received under this
33-5 section to employ teachers and other personnel for a kindergarten
33-6 or prekindergarten program and acquire curriculum materials or
33-7 equipment, including computers, for use in kindergarten and
33-8 prekindergarten programs.

33-9 (c) To be eligible for a grant under this section, a school
33-10 district or public charter district [~~open-enrollment charter~~
33-11 ~~school~~] must apply to the commissioner in the manner and within the
33-12 time prescribed by the commissioner.

33-13 (d) In awarding grants under this section, the commissioner
33-14 shall give priority to school districts and public charter
33-15 districts [~~open-enrollment charter schools~~] in which the level of
33-16 performance of students on the assessment instruments administered
33-17 under Section 39.023 to students in grade three is substantially
33-18 below the average level of performance on those assessment
33-19 instruments for all school districts in the state.

33-20 (i) In carrying out the purposes of Subsection (g), a school
33-21 district or public charter district [~~open-enrollment charter~~
33-22 ~~school~~] may use funds granted to the district [~~or school~~] under this
33-23 section [~~subsection~~] in contracting with another entity, including
33-24 a private entity.

33-25 (j) If a school district or public charter district
33-26 [~~open-enrollment charter school~~] returns to the commissioner funds
33-27 granted under this section, the commissioner may grant those funds
33-28 to another entity, including a private entity, for the purposes of
33-29 Subsection (g).

33-30 SECTION 34. Subsection (b), Section 29.905, Education Code,
33-31 is amended to read as follows:

33-32 (b) The agency shall make the program available to a school
33-33 on the request of the board of trustees of [~~or~~] the school district
33-34 of which the school is a part, or if the school is a public charter
33-35 district [~~an open-enrollment charter school~~], on the request of the
33-36 governing body of the district [~~school~~].

33-37 SECTION 35. Subchapter C, Chapter 32, Education Code, is
33-38 amended by adding Section 32.1011 to read as follows:

33-39 Sec. 32.1011. APPLICABILITY TO PUBLIC CHARTER DISTRICTS.
33-40 This subchapter applies to a public charter district as if the
33-41 public charter district were a school district.

33-42 SECTION 36. Sections 32.102 through 32.106, Education Code,
33-43 are amended to read as follows:

33-44 Sec. 32.102. AUTHORITY. (a) As provided by this
33-45 subchapter, a school district [~~or open-enrollment charter school~~]
33-46 may transfer to a student enrolled in the district [~~or school~~]:

33-47 (1) any data processing equipment donated to the
33-48 district [~~or school~~], including equipment donated by:

33-49 (A) a private donor; or
33-50 (B) a state eleemosynary institution or a state
33-51 agency under Section 2175.128, Government Code;

33-52 (2) any equipment purchased by the district [~~or~~
33-53 ~~school~~], to the extent consistent with Section 32.105; and

33-54 (3) any surplus or salvage equipment owned by the
33-55 district [~~or school~~].

33-56 (b) A school district [~~or open-enrollment charter school~~]
33-57 may accept:

33-58 (1) donations of data processing equipment for
33-59 transfer under this subchapter; and

33-60 (2) any gifts, grants, or donations of money or
33-61 services to purchase, refurbish, or repair data processing
33-62 equipment under this subchapter.

33-63 Sec. 32.103. ELIGIBILITY; PREFERENCE. (a) A student is
33-64 eligible to receive data processing equipment under this subchapter
33-65 only if the student does not otherwise have home access to data
33-66 processing equipment, as determined by the student's school
33-67 district [~~or open-enrollment charter school~~].

33-68 (b) In transferring data processing equipment to students,
33-69 a school district [~~or open-enrollment charter school~~] shall give

34-1 preference to educationally disadvantaged students.

34-2 Sec. 32.104. REQUIREMENTS FOR TRANSFER. Before
34-3 transferring data processing equipment to a student, a school
34-4 district [~~or open-enrollment charter school~~] must:

34-5 (1) adopt rules governing transfers under this
34-6 subchapter, including provisions for technical assistance to the
34-7 student by the district [~~or school~~];

34-8 (2) determine that the transfer serves a public
34-9 purpose and benefits the district [~~or school~~]; and

34-10 (3) remove from the equipment any offensive,
34-11 confidential, or proprietary information, as determined by the
34-12 district [~~or school~~].

34-13 Sec. 32.105. EXPENDITURE OF PUBLIC FUNDS. A school
34-14 district [~~or open-enrollment charter school~~] may spend public funds
34-15 to:

34-16 (1) purchase, refurbish, or repair any data processing
34-17 equipment transferred to a student under this subchapter; and

34-18 (2) store, transport, or transfer data processing
34-19 equipment under this subchapter.

34-20 Sec. 32.106. RETURN OF EQUIPMENT. (a) Except as provided
34-21 by Subsection (b), a student who receives data processing equipment
34-22 from a school district [~~or open-enrollment charter school~~] under
34-23 this subchapter shall return the equipment to the district [~~or~~
34-24 ~~school~~] not later than the earliest of:

34-25 (1) five years after the date the student receives the
34-26 equipment;

34-27 (2) the date the student graduates;

34-28 (3) the date the student transfers to another school
34-29 district [~~or open-enrollment charter school~~]; or

34-30 (4) the date the student withdraws from school.

34-31 (b) Subsection (a) does not apply if, at the time the
34-32 student is required to return the data processing equipment under
34-33 that subsection, the district [~~or school~~] determines that the
34-34 equipment has no marketable value.

34-35 SECTION 37. Section 33.007, Education Code, is amended to
34-36 read as follows:

34-37 Sec. 33.007. COUNSELING REGARDING HIGHER EDUCATION.

34-38 (a) Each counselor at an elementary, middle, or junior high
34-39 school, including a public charter district [~~an open-enrollment~~
34-40 ~~charter school~~] offering those grades, shall advise students and
34-41 their parents or guardians regarding the importance of higher
34-42 education, coursework designed to prepare students for higher
34-43 education, and financial aid availability and requirements.

34-44 (b) During the first school year a student is enrolled in a
34-45 high school or at the high school level in a public charter district
34-46 [~~an open-enrollment charter school~~], and again during a student's
34-47 senior year, a counselor shall provide information about higher
34-48 education to the student and the student's parent or guardian. The
34-49 information must include information regarding:

34-50 (1) the importance of higher education;

34-51 (2) the advantages of completing the recommended or
34-52 advanced high school program adopted under Section 28.025(a);

34-53 (3) the disadvantages of taking courses to prepare for
34-54 a high school equivalency examination relative to the benefits of
34-55 taking courses leading to a high school diploma;

34-56 (4) financial aid eligibility;

34-57 (5) instruction on how to apply for federal financial
34-58 aid;

34-59 (6) the center for financial aid information
34-60 established under Section 61.0776;

34-61 (7) the automatic admission of certain students to
34-62 general academic teaching institutions as provided by Section
34-63 51.803; and

34-64 (8) the eligibility and academic performance
34-65 requirements for the TEXAS Grant as provided by Subchapter M,
34-66 Chapter 56 [~~as added by Chapter 1590, Acts of the 76th Legislature,~~
34-67 ~~Regular Session, 1999~~].

34-68 SECTION 38. Section 33.901, Education Code, is amended to
34-69 read as follows:

35-1 Sec. 33.901. BREAKFAST PROGRAMS. If at least 10 percent of
 35-2 the students enrolled in one or more schools in a school district or
 35-3 enrolled in a public charter district campus [~~an open-enrollment~~
 35-4 ~~charter school~~] are eligible for free or reduced-price breakfasts
 35-5 under the national school breakfast program provided for by the
 35-6 Child Nutrition Act of 1966 (42 U.S.C. Section 1773), the governing
 35-7 body of the district [~~or the open-enrollment charter school~~] shall
 35-8 participate in the program and make the benefits of the program
 35-9 available to all eligible students in the schools or campus
 35-10 [~~school~~].

35-11 SECTION 39. Subsection (e), Section 37.007, Education Code,
 35-12 is amended to read as follows:

35-13 (e) In accordance with 20 U.S.C. Section 7151, a local
 35-14 educational agency, including a school district, home-rule school
 35-15 district, or public charter district [~~open-enrollment charter~~
 35-16 ~~school~~], shall expel a student who brings a firearm, as defined by
 35-17 18 U.S.C. Section 921, to school. The student must be expelled from
 35-18 the student's regular campus for a period of at least one year,
 35-19 except that:

35-20 (1) the superintendent or other chief administrative
 35-21 officer of the school district or of the other local educational
 35-22 agency, as defined by 20 U.S.C. Section 7801, may modify the length
 35-23 of the expulsion in the case of an individual student;

35-24 (2) the district or other local educational agency
 35-25 shall provide educational services to an expelled student in a
 35-26 disciplinary alternative education program as provided by Section
 35-27 37.008 if the student is younger than 10 years of age on the date of
 35-28 expulsion; and

35-29 (3) the district or other local educational agency may
 35-30 provide educational services to an expelled student who is 10 years
 35-31 of age or older in a disciplinary alternative education program as
 35-32 provided in Section 37.008.

35-33 SECTION 40. Subsection (j), Section 37.008, Education Code,
 35-34 is amended to read as follows:

35-35 (j) If a student placed in a disciplinary alternative
 35-36 education program enrolls in another school district before the
 35-37 expiration of the period of placement, the board of trustees of the
 35-38 district requiring the placement shall provide to the district in
 35-39 which the student enrolls, at the same time other records of the
 35-40 student are provided, a copy of the placement order. The district
 35-41 in which the student enrolls shall inform each educator who will
 35-42 have responsibility for, or will be under the direction and
 35-43 supervision of an educator who will have responsibility for, the
 35-44 instruction of the student of the contents of the placement order.
 35-45 Each educator shall keep the information received under this
 35-46 subsection confidential from any person not entitled to the
 35-47 information under this subsection, except that the educator may
 35-48 share the information with the student's parent or guardian as
 35-49 provided for by state or federal law. The district in which the
 35-50 student enrolls may continue the disciplinary alternative
 35-51 education program placement under the terms of the order or may
 35-52 allow the student to attend regular classes without completing the
 35-53 period of placement. A school district may take any action
 35-54 permitted by this subsection if:

35-55 (1) the student was placed in a disciplinary
 35-56 alternative education program by a public charter district [~~an~~
 35-57 ~~open-enrollment charter school~~] under Section 11A.256 [~~12.131~~] and
 35-58 the public charter district [~~school~~] provides to the school
 35-59 district a copy of the placement order; or

35-60 (2) the student was placed in a disciplinary
 35-61 alternative education program by a school district in another state
 35-62 and:

35-63 (A) the out-of-state district provides to the
 35-64 school district a copy of the placement order; and

35-65 (B) the grounds for the placement by the
 35-66 out-of-state district are grounds for placement in the school
 35-67 district in which the student is enrolling.

35-68 SECTION 41. Subdivision (2), Subsection (a), Section
 35-69 37.022, Education Code, is amended to read as follows:

36-1 (2) "District or school" includes an independent
 36-2 school district, a home-rule school district, a campus or campus
 36-3 program charter holder, or a public charter district [~~an~~
 36-4 ~~open-enrollment charter school~~].

36-5 SECTION 42. Section 39.051, Education Code, is amended by
 36-6 adding Subsection (h) to read as follows:

36-7 (h) The commissioner by rule shall adopt accountability
 36-8 measures to be used in assessing the progress of students who in the
 36-9 prior year attended an academically unacceptable charter school
 36-10 that was dissolved in accordance with Subchapter J, Chapter 11A.
 36-11 The results of assessment instruments required under this chapter
 36-12 and administered within one year of the student's enrollment in a
 36-13 school district shall not be used as indicators for a campus or
 36-14 school district that the student attends.

36-15 SECTION 43. Subsection (c), Section 39.072, Education Code,
 36-16 is amended to read as follows:

36-17 (c) The agency shall evaluate against state standards and
 36-18 shall, not later than August 1 of each year, report the performance
 36-19 of each campus in a district and each public charter district
 36-20 [~~open-enrollment charter school~~] on the basis of the campus's
 36-21 performance on the indicators adopted under Sections 39.051(b)(1)
 36-22 through (8). Consideration of the effectiveness of district
 36-23 programs under Subsection (b)(2) or (3) must be based on data
 36-24 collected through the Public Education Information Management
 36-25 System for purposes of accountability under this chapter and
 36-26 include the results of assessments required under Section 39.023.

36-27 SECTION 44. Subsections (c) and (d), Section 39.114,
 36-28 Education Code, are amended to read as follows:

36-29 (c) A public charter district [~~An open-enrollment charter~~
 36-30 ~~school~~] is entitled to an allotment under this section in the same
 36-31 manner as a school district.

36-32 (d) The commissioner shall adopt rules to administer this
 36-33 section, including rules related to the permissible use of funds
 36-34 allocated under this section to a public charter district [~~an~~
 36-35 ~~open-enrollment charter school~~].

36-36 SECTION 45. Subsection (a), Section 39.131, Education Code,
 36-37 is amended to read as follows:

36-38 (a) If a school district does not satisfy the accreditation
 36-39 criteria under Section 39.071, the academic performance standards
 36-40 under Section 39.072, or any financial accountability standard as
 36-41 determined by commissioner rule, the commissioner shall take any of
 36-42 the following actions to the extent the commissioner determines
 36-43 necessary:

36-44 (1) issue public notice of the deficiency to the board
 36-45 of trustees;

36-46 (2) order a hearing conducted by the board of trustees
 36-47 of the district for the purpose of notifying the public of the
 36-48 unacceptable performance, the improvements in performance expected
 36-49 by the agency, and the sanctions that may be imposed under this
 36-50 section if the performance does not improve;

36-51 (3) order the preparation of a student achievement
 36-52 improvement plan that addresses each academic excellence indicator
 36-53 for which the district's performance is unacceptable, the
 36-54 submission of the plan to the commissioner for approval, and
 36-55 implementation of the plan;

36-56 (4) order a hearing to be held before the commissioner
 36-57 or the commissioner's designee at which the president of the board
 36-58 of trustees of the district and the superintendent shall appear and
 36-59 explain the district's low performance, lack of improvement, and
 36-60 plans for improvement;

36-61 (5) arrange an on-site investigation of the district;

36-62 (6) appoint an agency monitor to participate in and
 36-63 report to the agency on the activities of the board of trustees or
 36-64 the superintendent;

36-65 (7) appoint a conservator to oversee the operations of
 36-66 the district;

36-67 (8) appoint a management team to direct the operations
 36-68 of the district in areas of unacceptable performance or require the
 36-69 district to obtain certain services under a contract with another

37-1 person;

37-2 (9) if a district has a current accreditation status
37-3 of accredited-warned or accredited-probation, is rated
37-4 academically unacceptable, or fails to satisfy financial
37-5 accountability standards as determined by commissioner rule,
37-6 appoint a board of managers to exercise the powers and duties of the
37-7 board of trustees;

37-8 (10) if for two consecutive school years, including
37-9 the current school year, a district has received an accreditation
37-10 status of accredited-warned or accredited-probation, has been
37-11 rated academically unacceptable, or has failed to satisfy financial
37-12 accountability standards as determined by commissioner rule,
37-13 revoke the district's accreditation and:

37-14 (A) order closure of the district and annex the
37-15 district to one or more adjoining districts under Section 13.054;
37-16 or

37-17 (B) in the case of a home-rule school district or
37-18 public charter district [~~open-enrollment charter school~~], order
37-19 closure of all programs operated under the district's [~~or school's~~]
37-20 charter; or

37-21 (11) if a district has been rated academically
37-22 unacceptable for two consecutive school years, including the
37-23 current school year, due to the district's dropout rates, impose
37-24 sanctions designed to improve high school completion rates,
37-25 including:

37-26 (A) ordering the development of a dropout
37-27 prevention plan for approval by the commissioner;

37-28 (B) restructuring the district or appropriate
37-29 school campuses to improve identification of and service to
37-30 students who are at risk of dropping out of school, as defined by
37-31 Section 29.081;

37-32 (C) ordering lower student-to-counselor ratios
37-33 on school campuses with high dropout rates; and

37-34 (D) ordering the use of any other intervention
37-35 strategy effective in reducing dropout rates, including mentor
37-36 programs and flexible class scheduling.

37-37 SECTION 46. Section 39.1321, Education Code, is amended to
37-38 read as follows:

37-39 Sec. 39.1321. SANCTIONS FOR PUBLIC CHARTER DISTRICTS
37-40 [~~CHARTER SCHOOLS~~]. (a) Sanctions authorized under this chapter
37-41 for a school district or campus, including the provision of
37-42 technical assistance and campus intervention teams, apply in the
37-43 same manner to a public charter district [~~an open-enrollment~~
37-44 ~~charter school~~].

37-45 (b) The commissioner shall adopt rules to implement
37-46 procedures to impose any sanction provision under this chapter as
37-47 those provisions relate to public charter districts
37-48 [~~open-enrollment charter schools~~].

37-49 (c) In adopting rules under this section, the commissioner
37-50 shall require that the charter of a public charter district [~~an~~
37-51 ~~open-enrollment charter school~~]:

37-52 (1) be automatically revoked if the district [~~charter~~
37-53 ~~school~~] is ordered closed under this chapter; and

37-54 (2) be automatically modified to remove authorization
37-55 for an individual campus if the campus is ordered closed under this
37-56 chapter.

37-57 (d) If sanctions are imposed on a public charter district
37-58 [~~an open-enrollment charter school~~] under the procedures provided
37-59 by this chapter, the district [~~a charter school~~] is not entitled to
37-60 an additional hearing relating to the modification, placement on
37-61 probation, revocation, or denial of renewal of a charter as
37-62 provided by Chapter 11A [~~Subchapter D, Chapter 12~~].

37-63 SECTION 47. Subsection (a), Section 39.182, Education Code,
37-64 is amended to read as follows:

37-65 (a) Not later than December 1 of each year, the agency shall
37-66 prepare and deliver to the governor, the lieutenant governor, the
37-67 speaker of the house of representatives, each member of the
37-68 legislature, the Legislative Budget Board, and the clerks of the
37-69 standing committees of the senate and house of representatives with

38-1 primary jurisdiction over the public school system a comprehensive
38-2 report covering the preceding school year and containing:

38-3 (1) an evaluation of the achievements of the state
38-4 educational program in relation to the statutory goals for the
38-5 public education system under Section 4.002;

38-6 (2) an evaluation of the status of education in the
38-7 state as reflected by the academic excellence indicators adopted
38-8 under Section 39.051;

38-9 (3) a summary compilation of overall student
38-10 performance on academic skills assessment instruments required by
38-11 Section 39.023 with the number and percentage of students exempted
38-12 from the administration of those instruments and the basis of the
38-13 exemptions, aggregated by grade level, subject area, campus, and
38-14 district, with appropriate interpretations and analysis, and
38-15 disaggregated by race, ethnicity, gender, and socioeconomic
38-16 status;

38-17 (4) a summary compilation of overall performance of
38-18 students placed in a disciplinary alternative education program
38-19 established under Section 37.008 on academic skills assessment
38-20 instruments required by Section 39.023 with the number of those
38-21 students exempted from the administration of those instruments and
38-22 the basis of the exemptions, aggregated by district, grade level,
38-23 and subject area, with appropriate interpretations and analysis,
38-24 and disaggregated by race, ethnicity, gender, and socioeconomic
38-25 status;

38-26 (5) a summary compilation of overall performance of
38-27 students at risk of dropping out of school, as defined by Section
38-28 29.081(d), on academic skills assessment instruments required by
38-29 Section 39.023 with the number of those students exempted from the
38-30 administration of those instruments and the basis of the
38-31 exemptions, aggregated by district, grade level, and subject area,
38-32 with appropriate interpretations and analysis, and disaggregated
38-33 by race, ethnicity, gender, and socioeconomic status;

38-34 (6) an evaluation of the correlation between student
38-35 grades and student performance on academic skills assessment
38-36 instruments required by Section 39.023;

38-37 (7) a statement of the dropout rate of students in
38-38 grade levels 7 through 12, expressed in the aggregate and by grade
38-39 level, and a statement of the completion rates of students for grade
38-40 levels 9 through 12;

38-41 (8) a statement of:
38-42 (A) the completion rate of students who enter
38-43 grade level 9 and graduate not more than four years later;

38-44 (B) the completion rate of students who enter
38-45 grade level 9 and graduate, including students who require more
38-46 than four years to graduate;

38-47 (C) the completion rate of students who enter
38-48 grade level 9 and not more than four years later receive a high
38-49 school equivalency certificate;

38-50 (D) the completion rate of students who enter
38-51 grade level 9 and receive a high school equivalency certificate,
38-52 including students who require more than four years to receive a
38-53 certificate; and

38-54 (E) the number and percentage of all students who
38-55 have not been accounted for under Paragraph (A), (B), (C), or (D);

38-56 (9) a statement of the projected cross-sectional and
38-57 longitudinal dropout rates for grade levels 9 through 12 for the
38-58 next five years, assuming no state action is taken to reduce the
38-59 dropout rate;

38-60 (10) a description of a systematic, measurable plan
38-61 for reducing the projected cross-sectional and longitudinal
38-62 dropout rates to five percent or less for the 1997-1998 school year;

38-63 (11) a summary of the information required by Section
38-64 29.083 regarding grade level retention of students and information
38-65 concerning:

38-66 (A) the number and percentage of students
38-67 retained; and

38-68 (B) the performance of retained students on
38-69 assessment instruments required under Section 39.023(a);

39-1 (12) information, aggregated by district type and
 39-2 disaggregated by race, ethnicity, gender, and socioeconomic
 39-3 status, on:

39-4 (A) the number of students placed in a
 39-5 disciplinary alternative education program established under
 39-6 Section 37.008;

39-7 (B) the average length of a student's placement
 39-8 in a disciplinary alternative education program established under
 39-9 Section 37.008;

39-10 (C) the academic performance of students on
 39-11 assessment instruments required under Section 39.023(a) during the
 39-12 year preceding and during the year following placement in a
 39-13 disciplinary alternative education program; and

39-14 (D) the dropout rates of students who have been
 39-15 placed in a disciplinary alternative education program established
 39-16 under Section 37.008;

39-17 (13) a list of each school district or campus that does
 39-18 not satisfy performance standards, with an explanation of the
 39-19 actions taken by the commissioner to improve student performance in
 39-20 the district or campus and an evaluation of the results of those
 39-21 actions;

39-22 (14) an evaluation of the status of the curriculum
 39-23 taught in public schools, with recommendations for legislative
 39-24 changes necessary to improve or modify the curriculum required by
 39-25 Section 28.002;

39-26 (15) a description of all funds received by and each
 39-27 activity and expenditure of the agency;

39-28 (16) a summary and analysis of the instructional
 39-29 expenditures ratios and instructional employees ratios of school
 39-30 districts computed under Section 44.0071;

39-31 (17) a summary of the effect of deregulation,
 39-32 including exemptions and waivers granted under Section 7.056 or
 39-33 39.112;

39-34 (18) a statement of the total number and length of
 39-35 reports that school districts and school district employees must
 39-36 submit to the agency, identifying which reports are required by
 39-37 federal statute or rule, state statute, or agency rule, and a
 39-38 summary of the agency's efforts to reduce overall reporting
 39-39 requirements;

39-40 (19) a list of each school district that is not in
 39-41 compliance with state special education requirements, including:

39-42 (A) the period for which the district has not
 39-43 been in compliance;

39-44 (B) the manner in which the agency considered the
 39-45 district's failure to comply in determining the district's
 39-46 accreditation status; and

39-47 (C) an explanation of the actions taken by the
 39-48 commissioner to ensure compliance and an evaluation of the results
 39-49 of those actions;

39-50 (20) a comparison of the performance of public charter
 39-51 districts [~~open-enrollment charter schools~~] and school districts
 39-52 on the academic excellence indicators specified in Section
 39-53 39.051(b) and accountability measures adopted under Section
 39-54 39.051(g), with a separately aggregated comparison of the
 39-55 performance of public charter districts [~~open-enrollment charter~~
 39-56 ~~schools~~] predominantly serving students at risk of dropping out of
 39-57 school, as defined by Section 29.081(d), with the performance of
 39-58 school districts;

39-59 (21) a summary of the information required by Section
 39-60 38.0141 regarding student health and physical activity from each
 39-61 school district; and

39-62 (22) any additional information considered important
 39-63 by the commissioner or the State Board of Education.

39-64 SECTION 48. Subsections (a), (c), and (e), Section 39.301,
 39-65 Education Code, are amended to read as follows:

39-66 (a) The commissioner by rule shall provide a process for a
 39-67 school district or public charter district [~~open-enrollment~~
 39-68 ~~charter school~~] to challenge an agency decision made under this
 39-69 chapter relating to an academic or financial accountability rating

40-1 that affects the district [~~or school~~].

40-2 (c) The commissioner may limit a challenge under this
40-3 section to a written submission of any issue identified by the
40-4 school district or public charter district [~~open-enrollment~~
40-5 ~~charter school~~] challenging the agency decision.

40-6 (e) A school district or public charter district
40-7 [~~open-enrollment charter school~~] may not challenge an agency
40-8 decision relating to an academic or financial accountability rating
40-9 under this chapter in another proceeding if the district [~~or~~
40-10 ~~school~~] has had an opportunity to challenge the decision under this
40-11 section.

40-12 SECTION 49. Subsection (a), Section 39.302, Education Code,
40-13 is amended to read as follows:

40-14 (a) A school district or public charter district
40-15 [~~open-enrollment charter school~~] that intends to challenge a
40-16 decision by the commissioner under this chapter to close the
40-17 district or a district campus [~~or the charter school~~] or to pursue
40-18 alternative management of a district campus [~~or the charter school~~]
40-19 must appeal the decision under the procedures provided for a
40-20 contested case under Chapter 2001, Government Code.

40-21 SECTION 50. Section 46.012, Education Code, is amended to
40-22 read as follows:

40-23 Sec. 46.012. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
40-24 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~
40-25 ~~open-enrollment charter school~~] is not entitled to an allotment
40-26 under this subchapter.

40-27 SECTION 51. Section 46.036, Education Code, is amended to
40-28 read as follows:

40-29 Sec. 46.036. APPLICABILITY TO PUBLIC CHARTER DISTRICTS
40-30 [~~OPEN-ENROLLMENT CHARTER SCHOOLS~~]. A public charter district [~~An~~
40-31 ~~open-enrollment charter school~~] is not entitled to an allotment
40-32 under this subchapter.

40-33 SECTION 52. The heading to Section 53.351, Education Code,
40-34 is amended to read as follows:

40-35 Sec. 53.351. BONDS FOR AUTHORIZED [~~OPEN-ENROLLMENT~~]
40-36 CHARTER SCHOOL FACILITIES.

40-37 SECTION 53. Subsections (a) and (c) through (g), Section
40-38 53.351, Education Code, are amended to read as follows:

40-39 (a) The Texas Public Finance Authority shall establish a
40-40 nonprofit corporation to issue revenue bonds on behalf of
40-41 authorized [~~open-enrollment~~] charter schools for the acquisition,
40-42 construction, repair, or renovation of educational facilities of
40-43 those schools.

40-44 (c) The corporation has all powers granted under the Texas
40-45 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
40-46 Texas Civil Statutes) for the purpose of aiding authorized
40-47 [~~open-enrollment~~] charter schools in providing educational
40-48 facilities. The corporation may make expenditures from the fund
40-49 described by Subsection (e) and may solicit and accept grants for
40-50 deposit into the fund. In addition, Sections 53.131, 53.15, 53.31,
40-51 53.32, 53.331, 53.34, 53.35, 53.36(a), and 53.37-53.42 apply to and
40-52 govern the corporation and its procedures and bonds.

40-53 (d) The corporation shall adopt rules governing the
40-54 issuance of bonds on behalf of an authorized [~~open-enrollment~~]
40-55 charter school.

40-56 (e) The comptroller shall establish a fund dedicated to the
40-57 credit enhancement of bonds issued by any issuer that issues bonds
40-58 under this subchapter on behalf of an authorized charter school
40-59 [under this section]. The fund may receive donations. The
40-60 obligation of the fund is limited to an amount equal to the balance
40-61 of the fund.

40-62 (f) A revenue bond issued under this section is not a debt of
40-63 the state or any state agency, political corporation, or political
40-64 subdivision of the state and is not a pledge of the faith and credit
40-65 of any of these entities. A revenue bond is payable solely from the
40-66 revenue of the authorized [~~open-enrollment~~] charter school on whose
40-67 behalf the bond is issued. A revenue bond issued under this section
40-68 must contain on its face a statement to the effect that:

40-69 (1) neither the state nor a state agency, political

41-1 corporation, or political subdivision of the state is obligated to
41-2 pay the principal of or interest on the bond; and

41-3 (2) neither the faith and credit nor the taxing power
41-4 of the state or any state agency, political corporation, or
41-5 political subdivision of the state is pledged to the payment of the
41-6 principal of or interest on the bond.

41-7 (g) An educational facility financed in whole or in part
41-8 under this section is exempt from taxation if the facility:

41-9 (1) is owned by an authorized [~~open-enrollment~~]
41-10 charter school;

41-11 (2) is held for the exclusive benefit of the school;
41-12 and

41-13 (3) is held for the exclusive use of the students,
41-14 faculty, and staff members of the school.

41-15 SECTION 54. Subsection (c), Section 411.097, Government
41-16 Code, is amended to read as follows:

41-17 (c) A public charter district [~~An open-enrollment charter~~
41-18 ~~school~~] is entitled to obtain from the department criminal history
41-19 record information maintained by the department that relates to a
41-20 person who:

41-21 (1) is a member of the governing body of the public
41-22 charter district [~~school~~], as defined by Section 11A.001 [~~12.1012~~],
41-23 Education Code; or

41-24 (2) has agreed to serve as a member of the governing
41-25 body of the public charter district [~~school~~].

41-26 SECTION 55. Subsections (a) and (b), Section 2175.128,
41-27 Government Code, are amended to read as follows:

41-28 (a) If a disposition of a state agency's surplus or salvage
41-29 data processing equipment is not made under Section 2175.125 or
41-30 2175.184, the state agency shall transfer the equipment to:

41-31 (1) a school district or public charter district
41-32 [~~open-enrollment charter school~~] in this state under Subchapter C,
41-33 Chapter 32, Education Code;

41-34 (2) an assistance organization specified by the school
41-35 district or public charter district; or

41-36 (3) the Texas Department of Criminal Justice.

41-37 (b) If a disposition of the surplus or salvage data
41-38 processing equipment of a state eleemosynary institution or an
41-39 institution or agency of higher education is not made under other
41-40 law, the institution or agency shall transfer the equipment to:

41-41 (1) a school district or public charter district
41-42 [~~open-enrollment charter school~~] in this state under Subchapter C,
41-43 Chapter 32, Education Code;

41-44 (2) an assistance organization specified by the school
41-45 district or public charter district; or

41-46 (3) the Texas Department of Criminal Justice.

41-47 SECTION 56. Subsection (a), Section 2306.630, Government
41-48 Code, is amended to read as follows:

41-49 (a) Subject to Subsection (b), the following entities may
41-50 apply to receive a grant for an eligible project under this
41-51 subchapter:

41-52 (1) a private, nonprofit, tax-exempt organization
41-53 listed in Section 501(c)(3), Internal Revenue Code of 1986 (26
41-54 U.S.C. Section 501(c)(3));

41-55 (2) a public agency that operates a community-based
41-56 youth employment training program;

41-57 (3) a community housing development organization
41-58 certified by the state;

41-59 (4) an educational facility approved by the Texas
41-60 Youth Commission;

41-61 (5) a corps-based community service organization;

41-62 (6) a public charter district [~~an open-enrollment~~
41-63 ~~charter school~~] approved by the State Board of Education [~~Texas~~
41-64 ~~Education Agency~~]; or

41-65 (7) another entity authorized by board rule.

41-66 SECTION 57. Subdivision (6), Section 1575.002, Insurance
41-67 Code, is amended to read as follows:

41-68 (6) "Public school" means:

41-69 (A) a school district;

42-1 (B) another educational district whose employees
42-2 are members of the Teacher Retirement System of Texas;

42-3 (C) a regional education service center
42-4 established under Chapter 8, Education Code; or

42-5 (D) a public charter district ~~[an~~
42-6 ~~open-enrollment charter school]~~ established under Chapter 11A
42-7 ~~[Subchapter D, Chapter 12]~~, Education Code.

42-8 SECTION 58. Subdivision (3), Section 1579.002, Insurance
42-9 Code, is amended to read as follows:

42-10 (3) "Charter school" means a public charter district
42-11 ~~[an open-enrollment charter school]~~ established under Chapter 11A
42-12 ~~[Subchapter D, Chapter 12]~~, Education Code.

42-13 SECTION 59. Section 140.005, Local Government Code, is
42-14 amended to read as follows:

42-15 Sec. 140.005. ANNUAL FINANCIAL STATEMENT OF SCHOOL, ROAD,
42-16 OR OTHER DISTRICT. The governing body of a school district, public
42-17 charter district ~~[open-enrollment charter school]~~, junior college
42-18 district, or a district or authority organized under Article III,
42-19 Section 52, or Article XVI, Section 59, of the Texas Constitution,
42-20 shall prepare an annual financial statement showing for each fund
42-21 subject to the authority of the governing body during the fiscal
42-22 year:

42-23 (1) the total receipts of the fund, itemized by source
42-24 of revenue, including taxes, assessments, service charges, grants
42-25 of state money, gifts, or other general sources from which funds are
42-26 derived;

42-27 (2) the total disbursements of the fund, itemized by
42-28 the nature of the expenditure; and

42-29 (3) the balance in the fund at the close of the fiscal
42-30 year.

42-31 SECTION 60. Subsection (c), Section 140.006, Local
42-32 Government Code, is amended to read as follows:

42-33 (c) The presiding officer of a school district shall submit
42-34 a financial statement prepared under Section 140.005 to a daily,
42-35 weekly, or biweekly newspaper published within the boundaries of
42-36 the district. If a daily, weekly, or biweekly newspaper is not
42-37 published within the boundaries of the school district, the
42-38 financial statement shall be published in the manner provided by
42-39 Subsections (a) and (b). The financial statement of a public
42-40 charter district ~~[an open-enrollment charter school]~~ shall be made
42-41 available in the manner provided by Chapter 552, Government Code.

42-42 SECTION 61. Subdivision (2), Section 375.303, Local
42-43 Government Code, is amended to read as follows:

42-44 (2) "Eligible project" means a program authorized by
42-45 Section 379A.051 and a project as defined by Sections 2(11) and
42-46 4B(a)(2), Development Corporation Act of 1979 (Article 5190.6,
42-47 Vernon's Texas Civil Statutes). Notwithstanding this definition,
42-48 seeking a charter for or operating a public charter district ~~[an~~
42-49 ~~open-enrollment charter school]~~ authorized by Chapter 11A
42-50 ~~[Subchapter D, Chapter 12]~~, Education Code, ~~is [shall]~~ not ~~[be]~~
42-51 eligible project.

42-52 SECTION 62. Subsections (b) and (c), Section 375.308, Local
42-53 Government Code, are amended to read as follows:

42-54 (b) An authority may not:

42-55 (1) issue bonds or notes without the prior approval of
42-56 the governing body of the municipality that created the authority;

42-57 (2) seek a charter for or operate, within the
42-58 boundaries of the authority, a public charter district ~~[an~~
42-59 ~~open-enrollment charter school]~~ authorized by Chapter 11A
42-60 ~~[Subchapter D, Chapter 12]~~, Education Code; or

42-61 (3) levy ad valorem property taxes.

42-62 (c) A municipality may not seek a charter for or operate a
42-63 public charter district ~~[an open-enrollment charter school]~~
42-64 authorized by Chapter 11A ~~[Subchapter D, Chapter 12]~~, Education
42-65 Code, within the boundaries of the authority.

42-66 SECTION 63. Subdivision (15), Section 541.201,
42-67 Transportation Code, is amended to read as follows:

42-68 (15) "School activity bus" means a bus designed to
42-69 accommodate more than 15 passengers, including the operator, that

43-1 is owned, operated, rented, or leased by a school district, county
 43-2 school, public charter district [~~open-enrollment charter school~~],
 43-3 regional education service center, or shared services arrangement
 43-4 and that is used to transport public school students on a
 43-5 school-related activity trip, other than on routes to and from
 43-6 school. The term does not include a chartered bus, a bus operated
 43-7 by a mass transit authority, or a school bus.

43-8 SECTION 64. Subdivision (9), Section 57.042, Utilities
 43-9 Code, is amended to read as follows:

43-10 (9) "Public school" means a public elementary or
 43-11 secondary school, including a public charter district [~~an~~
 43-12 ~~open-enrollment charter school~~], a home-rule school district
 43-13 school, and a school with a campus or campus program charter.

43-14 SECTION 65. Subdivision (2), Section 4, Chapter 22, Acts of
 43-15 the 57th Legislature, 3rd Called Session, 1962 (Article 6228a-5,
 43-16 Vernon's Texas Civil Statutes), is amended to read as follows:

43-17 (2) "Educational institution" means a school district
 43-18 or a public charter district [~~an open-enrollment charter school~~].

43-19 SECTION 66. Section 40, Chapter 1504, Acts of the 77th
 43-20 Legislature, Regular Session, 2001, is amended to read as follows:

43-21 Sec. 40. (a) A public charter district that was [~~The~~
 43-22 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~
 43-23 ~~amended by this Act, applies beginning with the 2001-2002 school~~
 43-24 ~~year, except as provided by this section.~~

43-25 [~~(b) An open-enrollment charter school~~] operating as an
 43-26 open-enrollment charter school on September 1, 2001, is funded as
 43-27 follows:

43-28 (1) [~~for the 2001-2002 and 2002-2003 school years, the~~
 43-29 ~~school receives funding according to the law in effect on August 31,~~
 43-30 ~~2001,~~

43-31 [~~(2) for the 2003-2004 school year, the school~~
 43-32 ~~receives 90 percent of its funding according to the law in effect on~~
 43-33 ~~August 31, 2001, and 10 percent of its funding according to the~~
 43-34 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~
 43-35 ~~amended by this Act,~~

43-36 [~~(3) for the 2004-2005 school year, the school~~
 43-37 ~~receives 80 percent of its funding according to the law in effect on~~
 43-38 ~~August 31, 2001, and 20 percent of its funding according to the~~
 43-39 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~
 43-40 ~~amended by this Act,~~

43-41 [~~(4) for the 2005-2006 school year, the school~~
 43-42 ~~receives 70 percent of its funding according to the law in effect on~~
 43-43 ~~August 31, 2001, and 30 percent of its funding according to the~~
 43-44 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~
 43-45 ~~amended by this Act,~~

43-46 [~~(5) for the 2006-2007 school year, the school~~
 43-47 ~~receives 60 percent of its funding according to the law in effect on~~
 43-48 ~~August 31, 2001, and 40 percent of its funding according to the~~
 43-49 ~~change in law made by Sections 12.106 and 12.107, Education Code, as~~
 43-50 ~~amended by this Act,~~

43-51 [~~(6)~~] for the 2007-2008 school year, the school
 43-52 receives 50 percent of its funding according to the law in effect on
 43-53 August 31, 2001, and 50 percent of its funding according to the
 43-54 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~
 43-55 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th
 43-56 Legislature, Regular Session, 2007 [~~amended by this Act~~];

43-57 (2) [~~(7)~~] for the 2008-2009 school year, the school
 43-58 receives 40 percent of its funding according to the law in effect on
 43-59 August 31, 2001, and 60 percent of its funding according to the
 43-60 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~
 43-61 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th
 43-62 Legislature, Regular Session, 2007 [~~amended by this Act~~];

43-63 (3) [~~(8)~~] for the 2009-2010 school year, the school
 43-64 receives 30 percent of its funding according to the law in effect on
 43-65 August 31, 2001, and 70 percent of its funding according to the
 43-66 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~
 43-67 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th
 43-68 Legislature, Regular Session, 2007 [~~amended by this Act~~];

43-69 (4) [~~(9)~~] for the 2010-2011 school year, the school

44-1 receives 20 percent of its funding according to the law in effect on
44-2 August 31, 2001, and 80 percent of its funding according to the
44-3 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~
44-4 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th
44-5 Legislature, Regular Session, 2007 [~~amended by this Act~~];

44-6 (5) [~~(10)~~] for the 2011-2012 school year, the school
44-7 receives 10 percent of its funding according to the law in effect on
44-8 August 31, 2001, and 90 percent of its funding according to the
44-9 change in law made by Sections 11A.201 and 11A.203 [~~12.106 and~~
44-10 ~~12.107~~], Education Code, as added by S.B. No. 4, Acts of the 80th
44-11 Legislature, Regular Session, 2007 [~~amended by this Act~~]; and

44-12 (6) [~~(11)~~] for the 2012-2013 school year and subsequent
44-13 school years, the school receives 100 percent of its funding
44-14 according to the change in law made by Sections 11A.201 and 11A.203
44-15 [~~12.106 and 12.107~~], Education Code, as added by S.B. No. 4, Acts of
44-16 the 80th Legislature, Regular Session, 2007 [~~amended by this Act~~].

44-17 (b) [~~(c)~~] The commissioner of education may adopt rules as
44-18 necessary to implement this section.

44-19 SECTION 67. Section 12.106, Education Code, is repealed.

44-20 SECTION 68. Notwithstanding the repeal of Sections 12.107
44-21 and 12.128, Education Code, by this Act, those sections continue to
44-22 apply to state funds and property received or purchased by an
44-23 open-enrollment charter school before August 1, 2008.

44-24 SECTION 69. (a) The changes in law made by Sections 1, 4
44-25 through 9, 11 through 65, and 68 of this Act apply beginning August
44-26 1, 2008.

44-27 (b) The changes in law made by Sections 2, 3, 10, 66, and 67
44-28 of this Act apply beginning on the effective date of this Act.

44-29 SECTION 70. This Act takes effect immediately if it
44-30 receives a vote of two-thirds of all the members elected to each
44-31 house, as provided by Section 39, Article III, Texas Constitution.
44-32 If this Act does not receive the vote necessary for immediate
44-33 effect, this Act takes effect September 1, 2007.

44-34 * * * * *