

By: Anchia

H.B. No. 3144

A BILL TO BE ENTITLED

AN ACT

relating to establishment of the Public Charter School Authority.

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

SECTION 1. Chapter 12, Education Code, is amended by adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. PUBLIC CHARTER SCHOOL AUTHORITY

Sec. 12.071. DEFINITION. In this subchapter, "authority" means the Public Charter School Authority.

Sec. 12.072. PUBLIC CHARTER SCHOOL AUTHORITY: ESTABLISHMENT; GENERAL POWERS AND DUTIES. The Public Charter School Authority is established to:

(1) grant charters for open-enrollment charter schools under Subchapter D; and

(2) oversee the operations of open-enrollment charter schools in accordance with this subchapter and Subchapter D, including imposing sanctions under that subchapter.

Sec. 12.073. SUNSET REVIEW. The authority is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the authority is abolished and this subchapter expires September 1, 2025.

Sec. 12.074. COMPOSITION; ELIGIBILITY. (a) The authority is composed of seven members appointed as follows:

(1) three members appointed by the governor, one of whom must be appointed from a list of candidates submitted to the

1 governor by the speaker of the house of representatives;

2 (2) two members appointed by the lieutenant governor;

3 (3) one member appointed by the commissioner; and

4 (4) one member appointed by the chair of the State
5 Board of Education.

6 (b) To be eligible to be appointed as a member of the
7 authority, a person must have demonstrated expertise in at least
8 one of the following:

9 (1) public or nonprofit governance;

10 (2) management and finance;

11 (3) public charter school leadership;

12 (4) assessment of students, curriculum, and
13 instruction; or

14 (5) public school law.

15 (c) In making appointments to the authority, the appointing
16 authorities shall ensure that the authority as a whole has
17 expertise in the following:

18 (1) student learning, quality teaching, and
19 evaluation of and accountability by successful schools;

20 (2) the operation of a financially sound enterprise,
21 including the leadership and management techniques and budgeting
22 and accounting skills used in the start-up of a successful
23 enterprise;

24 (3) the educational, social, and economic development
25 needs of this state;

26 (4) the needs and interests of the students and
27 parents in this state; and

1 (5) methods to involve parents and other members of
2 the community in individual schools.

3 (d) A person who is employed by a public school is
4 ineligible to be appointed to or to serve as a member of the
5 authority.

6 (e) The initial appointments to the authority shall be made
7 as soon as practicable after the effective date of this subchapter.
8 This subsection expires September 1, 2014.

9 Sec. 12.075. TERMS; VACANCY. (a) The members of the
10 authority serve staggered four-year terms, with the terms of either
11 three or four members expiring February 1 of each odd-numbered
12 year. A member may not serve more than two consecutive terms. For
13 purposes of that prohibition, a member is considered to have served
14 a term only if the member has served more than half of the term.

15 (a-1) Notwithstanding Subsection (a), the initial members
16 appointed to the authority shall determine by lot which three of the
17 seven initial members will serve terms that expire February 1,
18 2015, and which four of the seven initial members will serve terms
19 that expire February 1, 2017. This subsection expires January 1,
20 2018.

21 (b) A vacancy on the authority shall be filled in the same
22 manner as the original appointment for that position. An
23 appointment to fill a vacancy shall be made not later than the 30th
24 day after the date the vacancy occurs.

25 Sec. 12.076. PRESIDING OFFICER. (a) A majority of the
26 members of the authority shall designate a member of the authority
27 as the presiding officer of the authority.

1 (b) The members of the authority shall designate a presiding
2 officer in March of each odd-numbered year or may replace a
3 presiding officer at any other time by a vote of a majority of the
4 members.

5 Sec. 12.077. MEETINGS. (a) The authority shall meet at
6 least four times each year.

7 (b) The authority shall meet at the call of the presiding
8 officer or of at least four members.

9 Sec. 12.078. REIMBURSEMENT. A member of the authority is
10 not entitled to compensation for service as a member of the
11 authority but is entitled to reimbursement for actual and necessary
12 expenses incurred in performing functions as a member of the
13 authority, as provided in the General Appropriations Act.

14 Sec. 12.079. EXECUTIVE DIRECTOR; PERSONNEL AND RESOURCES.
15 (a) The presiding officer of the authority may employ, terminate
16 the employment of, and establish the salary of an executive
17 director or of any other personnel for the authority as the
18 presiding officer considers necessary.

19 (b) The agency may provide the authority with operational
20 and staff support as agreed to by the agency and the authority.

21 Sec. 12.080. SEPARATE AUTHORITY AND AGENCY
22 RESPONSIBILITIES. The authority shall, in coordination with the
23 agency, develop and administer policies that clearly separate the
24 responsibilities of the authority and the responsibilities of the
25 agency as to open-enrollment charter schools.

26 Sec. 12.081. ANNUAL REPORT. Not later than November 1 of
27 each year, the authority shall submit a report to the legislature

1 concerning the authority's actions and the performance of
2 open-enrollment charter schools during the preceding year.

3 Sec. 12.082. RULES. The authority may adopt rules as
4 necessary to carry out its powers and duties under this subchapter
5 and under Subchapter D.

6 SECTION 2. Section 12.101, Education Code, is amended by
7 amending Subsections (a) and (b) and adding Subsections (b-1) and
8 (b-2) to read as follows:

9 (a) In accordance with this subchapter, the authority
10 [~~State Board of Education~~] may grant a charter on the application of
11 an eligible entity for an open-enrollment charter school to operate
12 in a facility of a commercial or nonprofit entity, an eligible
13 entity, or a school district, including a home-rule school
14 district. In this subsection, "eligible entity" means:

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

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

19 (3) an organization that is exempt from taxation under
20 Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section
21 501(c)(3)); or

22 (4) a governmental entity.

23 (b) After thoroughly investigating and evaluating an
24 applicant, the authority [~~The State Board of Education~~] may grant a
25 charter for an open-enrollment charter school only to an applicant
26 that meets any financial, governing, curriculum development and
27 implementation, and operational standards adopted by the authority

1 ~~[commissioner]~~ under this subchapter. The State Board of Education
2 may not grant a total of more than 215 charters for an
3 open-enrollment charter school.

4 (b-1) The authority may not grant more than one charter for
5 an open-enrollment charter school to any charter holder. The
6 authority may consolidate charters for an open-enrollment charter
7 school held by multiple charter holders into a single charter held
8 by a single charter holder with the written consent to the terms of
9 consolidation by each charter holder affected by the consolidation.

10 (b-2) The initial term of a charter granted under this
11 section is five years.

12 SECTION 3. Section 12.1012, Education Code, is amended by
13 amending Subdivision (1) and adding Subdivision (1-a) to read as
14 follows:

15 (1) "Authority" means the Public Charter School
16 Authority established under Subchapter C-1.

17 (1-a) "Charter holder" means the entity to which a
18 charter is granted under this subchapter.

19 SECTION 4. Section 12.104(b), Education Code, is amended to
20 read as follows:

21 (b) An open-enrollment charter school is subject to:

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

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

27 (A) the Public Education Information Management

System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

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

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

(D) accelerated instruction under Section 28.0211;

(E) high school graduation requirements under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

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

(I) extracurricular activities under Section 33.081;

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

(K) health and safety under Chapter 38;

(L) public school accountability under Subchapters B, C, D, E, F, G, and J, Chapter 39;

(M) the requirement under Section 21.006 to report an educator's misconduct; and

(N) intensive programs of instruction under Section 28.0213.

SECTION 5. Sections 12.1052(d) and (e), Education Code, are amended to read as follows:

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

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

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

SECTION 6. Section 12.1053(a), Education Code, is amended to read as follows:

(a) This section applies to an open-enrollment charter

1 school unless the school's charter otherwise describes procedures
2 for purchasing and contracting and the procedures are approved by
3 the authority [~~State Board of Education~~].

4 SECTION 7. Section 12.1057(a), Education Code, is amended
5 to read as follows:

6 (a) An employee of an open-enrollment charter school
7 [~~operating under a charter granted by the State Board of Education~~]
8 who qualifies for membership in the Teacher Retirement System of
9 Texas shall be covered under the system to the same extent a
10 qualified employee of a school district is covered.

11 SECTION 8. Sections 12.110(a), (c), and (d), Education
12 Code, are amended to read as follows:

13 (a) The authority [~~State Board of Education~~] shall adopt:

14 (1) an application form and a procedure that must be
15 used to apply for a charter for an open-enrollment charter school;
16 and

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

19 (c) As part of the application procedure, the authority
20 [~~board~~] may require a petition supporting a charter for a school
21 signed by a specified number of parents or guardians of school-age
22 children residing in the area in which a school is proposed or may
23 hold a public hearing to determine parental support for the school.

24 (d) The authority [~~board~~] may approve or deny an application
25 based on criteria the authority [~~it~~] adopts. The criteria the
26 authority [~~board~~] adopts must include:

27 (1) criteria relating to improving student

1 performance and encouraging innovative programs; and

2 (2) a statement from any school district whose
3 enrollment is likely to be affected by the open-enrollment charter
4 school, including information relating to any financial difficulty
5 that a loss in enrollment may have on the district.

6 SECTION 9. Section 12.1101, Education Code, is amended to
7 read as follows:

8 Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION. The
9 authority [~~commissioner~~] by rule shall adopt a procedure for
10 providing notice to the following persons on receipt by the
11 authority [~~State Board of Education~~] of an application for a
12 charter for an open-enrollment charter school under Section 12.110:

13 (1) the board of trustees of each school district from
14 which the proposed open-enrollment charter school is likely to draw
15 students, as determined by the authority [~~commissioner~~]; and

16 (2) each member of the legislature that represents the
17 geographic area to be served by the proposed school, as determined
18 by the authority [~~commissioner~~].

19 SECTION 10. Section 12.111(a), Education Code, is amended
20 to read as follows:

21 (a) Each charter granted under this subchapter must:

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

25 (2) specify the period for which the charter or any
26 charter renewal is valid;

27 (3) provide that continuation or renewal of the

1 charter is contingent on acceptable student performance on
2 assessment instruments adopted under Subchapter B, Chapter 39, and
3 on compliance with any accountability provision specified by the
4 charter, by a deadline or at intervals specified by the charter;

5 (4) establish the level of student performance that is
6 considered acceptable for purposes of Subdivision (3);

7 (5) specify any basis, in addition to a basis
8 specified by this subchapter, on which the charter may be placed on
9 probation or revoked or on which renewal of the charter may be
10 denied;

11 (6) prohibit discrimination in admission policy on the
12 basis of sex, national origin, ethnicity, religion, disability,
13 academic, artistic, or athletic ability, or the district the child
14 would otherwise attend in accordance with this code, although the
15 charter may:

16 (A) provide for the exclusion of a student who
17 has a documented history of a criminal offense, a juvenile court
18 adjudication, or discipline problems under Subchapter A, Chapter
19 37; and

20 (B) provide for an admission policy that requires
21 a student to demonstrate artistic ability if the school specializes
22 in performing arts;

23 (7) specify the grade levels to be offered;

24 (8) describe the governing structure of the program,
25 including:

26 (A) the officer positions designated;

27 (B) the manner in which officers are selected and

1 removed from office;

2 (C) the manner in which members of the governing
3 body of the school are selected and removed from office;

4 (D) the manner in which vacancies on that
5 governing body are filled;

6 (E) the term for which members of that governing
7 body serve; and

8 (F) whether the terms are to be staggered;

9 (9) specify the powers or duties of the governing body
10 of the school that the governing body may delegate to an officer;

11 (10) specify the manner in which the school will
12 distribute to parents information related to the qualifications of
13 each professional employee of the program, including any
14 professional or educational degree held by each employee, a
15 statement of any certification under Subchapter B, Chapter 21, held
16 by each employee, and any relevant experience of each employee;

17 (11) describe the process by which the person
18 providing the program will adopt an annual budget;

19 (12) describe the manner in which an annual audit of
20 the financial and programmatic operations of the program is to be
21 conducted, including the manner in which the person providing the
22 program will provide information necessary for the school district
23 in which the program is located to participate, as required by this
24 code or by commissioner [~~State Board of Education~~] rule, in the
25 Public Education Information Management System (PEIMS);

26 (13) describe the facilities to be used;

27 (14) describe the geographical area served by the

1 program; and

2 (15) specify any type of enrollment criteria to be
3 used.

4 SECTION 11. Section 12.112, Education Code, is amended to
5 read as follows:

6 Sec. 12.112. FORM. A charter for an open-enrollment
7 charter school shall be in the form of a written contract signed by
8 the chair of the authority [~~State Board of Education~~] and the chief
9 operating officer of the school.

10 SECTION 12. Section 12.113(a), Education Code, is amended
11 to read as follows:

12 (a) Each charter the authority [~~State Board of Education~~]
13 grants for an open-enrollment charter school must:

14 (1) satisfy this subchapter; and

15 (2) include the information that is required under
16 Section 12.111 consistent with the information provided in the
17 application and any modification the authority [~~board~~] requires.

18 SECTION 13. Section 12.114(a), Education Code, is amended
19 to read as follows:

20 (a) A revision of a charter of an open-enrollment charter
21 school may be made only with the approval of the authority
22 [~~commissioner~~].

23 SECTION 14. Section 12.115, Education Code, is amended to
24 read as follows:

25 Sec. 12.115. BASIS FOR MODIFICATION, PLACEMENT ON
26 PROBATION, REVOCATION, OR DENIAL OF RENEWAL. (a) The authority
27 [~~commissioner~~] may modify, place on probation, revoke, or deny

renewal of the charter of an open-enrollment charter school if the
authority ~~[commissioner]~~ determines that the charter holder:

(1) committed a material violation of the charter,
including failure to satisfy accountability provisions prescribed
by the charter;

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

(3) failed to protect the health, safety, or welfare
of the students enrolled at the school; or

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

(b) The action the authority ~~[commissioner]~~ takes under
Subsection (a) shall be based on the best interest of the school's
students, the severity of the violation, and any previous violation
the school has committed.

SECTION 15. Section 12.116(a), Education Code, is amended
to read as follows:

(a) The authority ~~[commissioner]~~ shall adopt a procedure to
be used for modifying, placing on probation, revoking, or denying
renewal of the charter of an open-enrollment charter school.

SECTION 16. Section 12.1161(a), Education Code, is amended
to read as follows:

(a) If the authority ~~[Except as provided by Subsection (b),
if the commissioner]~~ revokes or denies the renewal of a charter of
an open-enrollment charter school~~[7]~~ or ~~[if]~~ an open-enrollment
charter school surrenders its charter, the school may not:

(1) continue to operate under this subchapter; or

(2) receive state funds under this subchapter.

SECTION 17. Section 12.1162, Education Code, is amended to read as follows:

Sec. 12.1162. ADDITIONAL SANCTIONS. (a) The authority ~~[commissioner]~~ shall take any of the actions described by Subsection (b) or by Section 39.102(a), to the extent the authority ~~[commissioner]~~ determines necessary, if an open-enrollment charter school, as determined by a report issued under Section 39.058(b):

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

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

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

(b) The authority ~~[commissioner]~~ may direct the commissioner to temporarily withhold funding or may ~~[7]~~ suspend the authority of an open-enrollment charter school to operate~~[7]~~ or take any other reasonable action the authority ~~[commissioner]~~ determines necessary to protect the health, safety, or welfare of students enrolled at the school based on evidence that conditions at the school present a danger to the health, safety, or welfare of the students.

(c) After action is taken ~~[the commissioner acts]~~ under Subsection (b), the open-enrollment charter school may not receive funding and may not resume operating until a determination is made that:

(1) despite initial evidence, the conditions at the

1 school do not present a danger of material harm to the health,
2 safety, or welfare of students; or

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

6 (d) Not later than the third business day after the date
7 action is taken [~~the commissioner acts~~] under Subsection (b), the
8 authority [~~commissioner~~] shall provide the charter holder an
9 opportunity for a hearing.

10 (e) Immediately after a hearing under Subsection (d), the
11 authority [~~commissioner~~] must cease or direct the commissioner to
12 cease the action under Subsection (b), as applicable, or initiate
13 action under Section 12.116.

14 (f) The authority [~~commissioner~~] shall adopt rules
15 implementing this section. Chapter 2001, Government Code, does not
16 apply to a hearing under this section.

17 SECTION 18. The heading to Section 12.1163, Education Code,
18 is amended to read as follows:

19 Sec. 12.1163. AUDIT BY AUTHORITY [~~COMMISSIONER~~].

20 SECTION 19. Sections 12.1163(a) and (c), Education Code,
21 are amended to read as follows:

22 (a) To the extent consistent with this section, the
23 authority [~~commissioner~~] may audit the records of:

- 24 (1) an open-enrollment charter school;
25 (2) a charter holder; and
26 (3) a management company.

27 (c) Unless the authority [~~commissioner~~] has specific cause

1 to conduct an additional audit, the authority [~~commissioner~~] may
2 not conduct more than one on-site audit under this section [~~Section~~
3 ~~12.1163~~] during any fiscal year, including any financial and
4 administrative records. For purposes of this subsection, an audit
5 of a charter holder or management company associated with an
6 open-enrollment charter school is not considered an audit of the
7 school.

8 SECTION 20. Section 12.1164(a), Education Code, is amended
9 to read as follows:

10 (a) The authority [~~commissioner~~] must notify the Teacher
11 Retirement System of Texas in writing of the revocation, denial of
12 renewal, or surrender of a charter under this subchapter not later
13 than the 10th business day after the date of the event.

14 SECTION 21. Sections 12.118(a) and (c), Education Code, are
15 amended to read as follows:

16 (a) The authority [~~commissioner~~] shall designate an
17 impartial organization with experience in evaluating school choice
18 programs to conduct, under the supervision of the authority, an
19 annual evaluation of open-enrollment charter schools.

20 (c) The evaluation of open-enrollment charter schools must
21 also include an evaluation of:

22 (1) the costs of instruction, administration, and
23 transportation incurred by open-enrollment charter schools;

24 (2) the effect of open-enrollment charter schools on
25 school districts and on teachers, students, and parents in those
26 districts; and

27 (3) other issues, as determined by the authority

1 ~~[commissioner]~~.

2 SECTION 22. Section 12.119, Education Code, is amended to
3 read as follows:

4 Sec. 12.119. BYLAWS; ANNUAL REPORT. (a) A charter holder
5 shall file with the authority ~~[State Board of Education]~~ a copy of
6 its articles of incorporation and bylaws, or comparable documents
7 if the charter holder does not have articles of incorporation or
8 bylaws, within the period and in the manner prescribed by the
9 authority ~~[board]~~.

10 (b) Each year within the period and in a form prescribed by
11 the authority ~~[State Board of Education]~~, each open-enrollment
12 charter school shall file with the authority ~~[board]~~ the following
13 information:

14 (1) the name, address, and telephone number of each
15 officer and member of the governing body of the open-enrollment
16 charter school; and

17 (2) the amount of annual compensation the
18 open-enrollment charter school pays to each officer and member of
19 the governing body.

20 (c) On request, the authority ~~[State Board of Education]~~
21 shall provide the information required by this section and Section
22 12.111(a)(8) to a member of the public. The authority ~~[board]~~ may
23 charge a reasonable fee to cover the authority's ~~[board's]~~ cost in
24 providing the information.

25 SECTION 23. Section 12.122(a), Education Code, is amended
26 to read as follows:

27 (a) Notwithstanding the Texas Nonprofit Corporation Law

1 ~~[Texas Non-Profit Corporation Act (Article 1396-1.01 et seq.,~~
2 ~~Vernon's Texas Civil Statutes)]~~ or other law, on request of the
3 authority ~~[commissioner]~~, the attorney general may bring suit
4 against a member of the governing body of an open-enrollment
5 charter school for breach of a fiduciary duty by the member,
6 including misapplication of public funds.

7 SECTION 24. Section 12.123, Education Code, is amended to
8 read as follows:

9 Sec. 12.123. TRAINING FOR MEMBERS OF GOVERNING BODY OF
10 SCHOOL AND OFFICERS. (a) The authority ~~[commissioner]~~ shall adopt
11 rules prescribing training for:

12 (1) members of governing bodies of open-enrollment
13 charter schools; and

14 (2) officers of open-enrollment charter schools.

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

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

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

19 (A) the agency and regional education service
20 centers;

21 (B) entities other than the agency and service
22 centers, subject to approval by the authority ~~[commissioner]~~; or

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

25 (3) require training to be provided concerning:

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

27 (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.

SECTION 25. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1231 to read as follows:

Sec. 12.1231. TRAINING FOR AGENCY AND AUTHORITY EMPLOYEES. Each agency employee assigned responsibility related to granting charters for open-enrollment charter schools or providing oversight or monitoring of charter holders or open-enrollment charter schools and each authority employee must, not later than the 30th day after the employee's first day of agency or authority employment, participate in training on charter school authorization, oversight, and monitoring provided by a nationally recognized organization of charter school authorizers identified by the authority.

SECTION 26. Section 12.126, Education Code, is amended to read as follows:

Sec. 12.126. CERTAIN MANAGEMENT SERVICES CONTRACTS PROHIBITED. The authority ~~[commissioner]~~ may prohibit, deny renewal of, suspend, or revoke a contract between an open-enrollment charter school and a management company providing management services to the school if the authority ~~[commissioner]~~ determines that the management company has:

(1) failed to provide educational or related services

1 in compliance with the company's contractual or other legal
2 obligation to any open-enrollment charter school in this state or
3 to any other similar school in another state;

4 (2) failed to protect the health, safety, or welfare
5 of the students enrolled at an open-enrollment charter school
6 served by the company;

7 (3) violated this subchapter or a rule adopted under
8 this subchapter; or

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

11 SECTION 27. Section 12.127(b), Education Code, is amended
12 to read as follows:

13 (b) On request of the authority [~~commissioner~~], the
14 attorney general may bring suit on behalf of the state against a
15 management company liable under Subsection (a) for:

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

18 (2) injunctive relief; or

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

21 SECTION 28. Sections 12.128(c) and (d), Education Code, are
22 amended to read as follows:

23 (c) The authority [~~commissioner~~] shall:

24 (1) take possession and assume control of the property
25 described by Subsection (a) of an open-enrollment charter school
26 that ceases to operate; and

27 (2) supervise the disposition of the property in

1 accordance with law.

2 (d) The authority ~~[commissioner]~~ may adopt rules necessary
3 to administer this section.

4 SECTION 29. Section 12.135(a), Education Code, is amended
5 to read as follows:

6 (a) On the application of the charter holder, the authority
7 ~~[commissioner]~~ may grant designation as a charter district to an
8 open-enrollment charter school that meets financial standards
9 adopted by the authority ~~[commissioner]~~. The financial standards
10 must require an open-enrollment charter school to have an
11 investment grade credit rating as specified by Section 45.0541.

12 SECTION 30. Section 221.0071(a), Human Resources Code, is
13 amended to read as follows:

14 (a) Notwithstanding any other law and in addition to the
15 number of charters allowed under Subchapter D, Chapter 12,
16 Education Code, the Public Charter School Authority ~~[State Board of~~
17 ~~Education]~~ may grant a charter on the application of a detention,
18 correctional, or residential facility established only for
19 juvenile offenders under Section 51.12, 51.125, or 51.126, Family
20 Code.

21 SECTION 31. Section 221.056(d), Human Resources Code, is
22 amended to read as follows:

23 (d) Notwithstanding any other law and in addition to the
24 number of charters allowed under Subchapter D, Chapter 12,
25 Education Code, the Public Charter School Authority ~~[State Board of~~
26 ~~Education]~~ shall grant a charter on the application of a
27 residential treatment facility established under this section for a

1 school chartered for the purposes of this section.

2 SECTION 32. Section 1579.154(a), Insurance Code, is amended
3 to read as follows:

4 (a) A charter school is eligible to participate in the
5 program if the school agrees:

6 (1) that all records of the school relating to
7 participation in the program are open to inspection by the trustee,
8 the administering firm, the commissioner of education, the Public
9 Charter School Authority, or a designee of any of those entities;
10 and

11 (2) to have the school's accounts relating to
12 participation in the program annually audited by a certified public
13 accountant at the school's expense.

14 SECTION 33. (a) The amendment of Chapter 12, Education
15 Code, by this Act to transfer authority for charter schools from the
16 State Board of Education and the commissioner of education to the
17 Public Charter School Authority does not affect the status of a
18 charter, including any legal rights, duties, and obligations based
19 on a charter, granted under Subchapter D, Chapter 12, Education
20 Code, before May 1, 2014.

21 (b) Section 12.101(b-1), Education Code, as added by this
22 Act, does not affect the status of any charter for an
23 open-enrollment charter school, including any legal rights,
24 duties, and obligations based on a charter, that is among multiple
25 charters granted to a single charter holder before September 1,
26 2013.

27 SECTION 34. Notwithstanding Section 12.1231, Education

Code, as added by this Act, not later than June 1, 2014, each Texas Education Agency employee assigned responsibility related to granting charters for open-enrollment charter schools or providing oversight or monitoring of charter holders or open-enrollment charter schools and each Public Charter School Authority employee who began that employment before May 1, 2014, must participate in training as described by Section 12.1231, Education Code, as added by this Act.

SECTION 35. (a) Effective May 1, 2014, except as provided by Subsection (b) of this section:

(1) all functions and activities performed immediately before that date by the State Board of Education that specifically relate only to open-enrollment charter schools or by the commissioner of education under Subchapter D, Chapter 12, Education Code, are transferred to the Public Charter School Authority;

(2) a rule, form, policy, procedure, or decision of the State Board of Education that specifically relates only to open-enrollment charter schools or of the commissioner of education under Subchapter D, Chapter 12, Education Code, continues in effect as a rule, form, policy, procedure, or decision of the Public Charter School Authority and remains in effect until amended or replaced by the Public Charter School Authority;

(3) a reference in law or administrative rule to the State Board of Education that specifically relates only to open-enrollment charter schools means the Public Charter School Authority;

1 (4) all money, contracts, leases, rights, property,
2 records, and bonds and other obligations of the State Board of
3 Education or of the commissioner of education under Subchapter D,
4 Chapter 12, Education Code, that specifically relate only to
5 open-enrollment charter schools are transferred to the Public
6 Charter School Authority;

7 (5) a court case, administrative proceeding, contract
8 negotiation, or other proceeding involving the State Board of
9 Education that specifically relates only to open-enrollment
10 charter schools or involving the commissioner of education under
11 Subchapter D, Chapter 12, Education Code, is transferred without
12 change in status to the Public Charter School Authority, and the
13 Public Charter School Authority assumes, without a change in
14 status, the position of the State Board of Education or
15 commissioner of education, as applicable, in a negotiation or
16 proceeding relating to an activity transferred by this Act to the
17 Public Charter School Authority to which the State Board of
18 Education or commissioner of education, as applicable, is a party;

19 (6) an employee of the State Board of Education
20 assigned only or primarily to duties relating to open-enrollment
21 charter schools becomes an employee of the Texas Education Agency;
22 and

23 (7) any unexpended and unobligated balance of money
24 appropriated by the legislature for the State Board of Education
25 for carrying out duties that specifically relate to open-enrollment
26 charter schools is transferred to the Public Charter School
27 Authority.

1 (b) Notwithstanding Subsection (a) of this section, the
2 commissioner of education remains responsible for administering
3 state funding and the Public Education Information Management
4 System (PEIMS) for purposes of Subchapter D, Chapter 12, Education
5 Code, to the same extent the commissioner of education had that
6 responsibility on April 30, 2014.

7 (c) In the period beginning on January 1, 2014, and ending
8 on April 30, 2014:

9 (1) the State Board of Education and the commissioner
10 of education shall continue to perform their respective functions
11 and activities relating to open-enrollment charter schools as
12 provided under the Education Code or other law as if the law had not
13 been amended or repealed, as applicable, and the former law is
14 continued in effect for that purpose; and

15 (2) a person who is authorized or required by law to
16 take an action relating to the State Board of Education, a member of
17 the State Board of Education, or the commissioner of education
18 relating to open-enrollment charter schools shall continue to take
19 that action under the law as if the law had not been amended or
20 repealed, as applicable, and the former law is continued in effect
21 for that purpose.

22 SECTION 36. Before May 1, 2014, the State Board of Education
23 may agree with the Public Charter School Authority to transfer any
24 property of the State Board of Education to the Public Charter
25 School Authority to implement the transfer required by Section 35
26 of this Act.

27 SECTION 37. This Act takes effect September 1, 2013.