relating to a school district contract to partner with an open-enrollment charter school to operate a district campus.

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

SECTION 1. Subchapter D, Chapter 11, Education Code, is amended by adding Section 11.174 to read as follows:

Sec. 11.174. CONTRACT WITH OPEN-ENROLLMENT CHARTER SCHOOL REGARDING OPERATION OF DISTRICT CAMPUS. (a) If the board of trustees of a school district contracts with the governing body of an open-enrollment charter school under Section 11.157 for the district to partner with the charter school to operate a district campus as provided by this section, the campus qualifies for:

(1) an exemption from intervention as provided by Subsection (f); and

(2) funding as provided under Section 42.2511.

(b) An open-enrollment charter school may contract with a school district under this section only if:

(1) the charter of the open-enrollment charter school has not been previously revoked; and

(2) for two of the three school years preceding the school year of the proposed operation of the district campus as described by Subsection (a), the charter school has received:

(A) an overall performance rating of acceptable or higher under Subchapter C, Chapter 39; and

(B) a financial accountability rating under Subchapter D, Chapter 39, indicating financial performance of satisfactory or higher.

(c) Before entering into a contract as provided by this section, a school district must consult with campus personnel regarding the provisions to be included in the contract between the school district and the open-enrollment charter school.

(d) To operate a district campus as provided by this section, the district campus must be granted a charter under Subchapter C, Chapter 12.

(e) The commissioner shall continue to evaluate and assign overall and domain performance ratings under Section 39.054 to a district campus subject to a contract described by Subsection (a).

(f) This subsection applies only to a district campus subject to a contract described by Subsection (a) that received an overall performance rating of unacceptable under Subchapter C, Chapter 39, for the school year before operation of the district campus under the contract began. The commissioner may not impose a
sanction or take action against the campus under Section 39.107(a) or (e) for failure to satisfy academic performance standards during the first two school years the open-enrollment charter school operates the district campus. The overall performance rating received by the campus during those first two school years is not included in calculating consecutive school years and is not considered a break in consecutive school years under Section 39.107(a) or (e). A campus subject to Subsection (f) that receives an overall performance rating of unacceptable under Subchapter C, Chapter 39, for any school year after the first two school years the school district and the open-enrollment charter school began operation of the district campus may receive an exemption from a sanction or other action only if the campus receives approval for the exemption from the commissioner.

(h) Subject to Subsection (i), a contract entered into by the board of trustees of a school district and the governing body of an open-enrollment charter school for the operation of a district campus as provided by Subsection (a) must include a provision addressing student eligibility for enrollment.

(i) The contract of a campus subject to Subsection (f) must provide that any student residing in the attendance zone of the district campus as the attendance zone existed before operation of the district campus under the contract shall be admitted for enrollment at the campus. The contract must establish enrollment preference for students who do not reside in the attendance zone as follows:

(1) other students residing in the school district in which the campus is located; and

(2) students who reside outside the school district.

(j) The commissioner may adopt rules as necessary to administer this section, including requiring a school district to notify the commissioner of any contract entered into under this section by the district and open-enrollment charter school.

(k) This section does not prohibit a contract between a school district and another entity for the provision of services for the campus.

SECTION 2. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2511 to read as follows:

Sec. 42.2511. SCHOOL DISTRICT ENTITLEMENT FOR CERTAIN STUDENTS. (a) This section applies only to a school district that has entered into a contract with an open-enrollment charter school to operate a district campus as provided by Section 11.174.

(b) A provision of this chapter or Chapter 41, a school district subject to this section is entitled to receive for each student in average daily attendance at the campus described by Subsection (a) an amount equivalent to the difference, if the difference results in increased funding, between:

(1) the amount described by Section 12.106; and

(2) the amount to which the district would be entitled under this chapter.

(c) The commissioner shall adopt rules as necessary to administer this section.

SECTION 3. The commissioner of education is required to implement this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commissioner of education, but is not required to, implement this Act using other appropriations available for the purpose.

SECTION 4. This Act applies beginning with the 2017-2018 school year.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

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