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HOUSE OF REPRESENTATIVES

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FLOOR AMENDMENT NO._____ BY: _____

Amend S.B. 1365 (house committee report) by striking all below the enacting clause and substituting the following:

ARTICLE 1. STATE AND LOCAL ORGANIZATION AND GOVERNANCE

SECTION 1.01. Section 7.055, Education Code, is amended by adding Subsection (d) to read as follows:

(d) Notwithstanding any other law, the commissioner's power to delegate ministerial and executive functions under Subsection (b)(5) is a valid delegation of authority.

SECTION 1.02. Section 11.151(b), Education Code, is amended to read as follows:

(b) Except as provided by Sections 39A.201 and 39A.202, the [~~The~~] trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. All powers and duties not specifically delegated by statute to the agency or to the State Board of Education are reserved for the trustees, and the agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees.

SECTION 1.03. Section 11.1511(a), Education Code, is amended to read as follows:

(a) In addition to powers and duties under Section 11.151 or other law, the board of trustees of an independent school district has the powers and duties provided by Subsection (b), except as otherwise provided by Sections 39A.201 and 39A.202.

ARTICLE 2. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

SECTION 2.01. Chapter 5, Education Code, is amended by adding Section 5.003 to read as follows:

Sec. 5.003. APPEAL. In this title, if an order, decision, or determination is described as final, an interlocutory or

intermediate order, decision, report, or determination made or reached before the final order, decision, or determination may be appealed only as specifically authorized by this code or a rule adopted under this code.

SECTION 2.02. Sections 12.1141(b) and (d), Education Code, are amended to read as follows:

(b) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for expedited renewal of the charter, the charter automatically renews unless, not later than the 30th day after the date the charter holder submits the petition, the commissioner provides written notice to the charter holder that expedited renewal of the charter is denied. The commissioner may not deny expedited renewal of a charter if:

(1) the charter holder has been assigned the highest or second highest performance rating under Subchapter C, Chapter 39, for the three preceding school years;

(2) the charter holder has been assigned a financial performance accountability rating under Subchapter D, Chapter 39, indicating financial performance that is satisfactory or better for the three preceding school years; and

(3) no campus operating under the charter has been assigned an unacceptable [~~the lowest~~] performance rating under Subchapter C, Chapter 39, for the three preceding school years or such a campus has been closed.

(d) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for renewal of the charter, the commissioner may not renew the charter and shall allow the charter to expire if:

(1) the charter holder has been assigned an

unacceptable [~~the lowest~~] performance rating under Subchapter C, Chapter 39, for any three of the five preceding school years;

(2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance that is lower than satisfactory for any three of the five preceding school years;

(3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for any three of the five preceding school years; or

(4) any campus operating under the charter has been assigned an unacceptable [~~the lowest~~] performance rating under Subchapter C, Chapter 39, for the three preceding school years and such a campus has not been closed.

SECTION 2.03. Section 29.202(a), Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus assigned an unacceptable performance rating that is made publicly available under Section 39.054 [~~for:~~

[~~(1) the student achievement domain under Section 39.053(c)(1); and~~

[~~(2) the school progress domain under Section 39.053(c)(2)~~].

SECTION 2.04. Sections 39.057 and 39.058, Education Code, are transferred to Subchapter A, Chapter 39, Education Code, redesignated as Sections 39.003 and 39.004, Education Code, and amended to read as follows:

Sec. 39.003 [~~39.057~~]. SPECIAL [~~ACCREDITATION~~] INVESTIGATIONS. (a) The commissioner may authorize special

[~~accreditation~~] investigations to be conducted:

(1) when excessive numbers of absences of students eligible to be tested on state assessment instruments are determined;

(2) when excessive numbers of allowable exemptions from the required state assessment instruments are determined;

(3) in response to complaints submitted to the agency with respect to alleged violations of civil rights or other requirements imposed on the state by federal law or court order;

(4) in response to established compliance reviews of the district's financial accounting practices and state and federal program requirements;

(5) when extraordinary numbers of student placements in disciplinary alternative education programs, other than placements under Sections 37.006 and 37.007, are determined;

(6) in response to an allegation involving a conflict between members of the board of trustees or between the board and the district administration if it appears that the conflict involves a violation of a role or duty of the board members or the administration clearly defined by this code;

(7) when excessive numbers of students in special education programs under Subchapter A, Chapter 29, are assessed through assessment instruments developed or adopted under Section 39.023(b);

(8) in response to an allegation regarding or an analysis using a statistical method result indicating a possible violation of an assessment instrument security procedure established under Section 39.0301, including for the purpose of investigating or auditing a school district under that section;

(9) when a significant pattern of decreased academic performance has developed as a result of the promotion in the

preceding two school years of students who did not perform satisfactorily as determined by the commissioner under Section 39.0241(a) on assessment instruments administered under Section 39.023(a), (c), or (l);

(10) when excessive numbers of students eligible to enroll fail to complete an Algebra II course or any other advanced course as determined by the commissioner;

(11) when resource allocation practices as evaluated under Section 39.0821 indicate a potential for significant improvement in resource allocation;

(12) when a disproportionate number of students of a particular demographic group is graduating with a particular endorsement under Section 28.025(c-1);

(13) when an excessive number of students is graduating with a particular endorsement under Section 28.025(c-1);

(14) in response to a complaint submitted to the agency with respect to alleged inaccurate data that is reported through the Public Education Information Management System (PEIMS) or through other reports required by state or federal law or rule or court order and that is used by the agency to make a determination relating to public school accountability, including accreditation, under this chapter;

(15) when a school district for any reason fails to produce, at the request of the agency, evidence or an investigation report relating to an educator who is under investigation by the State Board for Educator Certification; or

(16) as the commissioner otherwise determines necessary.

(b) If the agency's findings in an investigation under Subsection (a)(6) indicate that the board of trustees has observed

a lawfully adopted policy that does not otherwise violate a law or rule, the agency may not substitute its judgment for that of the board.

(c) The commissioner may authorize special [~~accreditation~~] investigations to be conducted in response to repeated complaints submitted to the agency concerning imposition of excessive paperwork requirements on classroom teachers.

(d) Based on the results of a special [~~accreditation~~] investigation, the commissioner may:

(1) order any intervention or sanction described by [~~take appropriate action under~~] Chapter 39A, without regard to whether any academic, financial, accreditation, or other conditions required by that chapter to initiate the intervention or sanction have been met;

(2) lower the school district's accreditation status or a district's or campus's accountability rating; or

(3) take action under both Subdivisions (1) and (2).

(e) At any time before issuing a report with the agency's final findings, the commissioner may defer taking an action under Subsection (d) until:

(1) a person who is a third party, selected by the commissioner, has reviewed programs or other subjects of an investigation under this section and submitted a report identifying problems and proposing solutions;

(2) a district completes a corrective action plan developed by the commissioner; or

(3) the completion of actions under both Subdivisions (1) and (2).

(f) Based on the results of an action taken under Subsection (e), the commissioner may decline to take the deferred action under Subsection (d).

(g) Section 39A.301 applies to an action taken under Subsection (d)(1) in the same manner as that section applies to an action taken under Chapter 39A [~~Regardless of whether the commissioner lowers the school district's accreditation status or a district's or campus's performance rating under Subsection (d), the commissioner may take action under Section 39A.002 or 39A.051 if the commissioner determines that the action is necessary to improve any area of a district's or campus's performance, including the district's financial accounting practices~~].

Sec. 39.004 [~~39.058~~]. CONDUCT OF SPECIAL [~~ACCREDITATION~~] INVESTIGATIONS. (a) The agency shall adopt written procedures for conducting special [~~accreditation~~] investigations [~~under this subchapter~~], including procedures that allow the agency to obtain information from district employees in a manner that prevents a district or campus from screening the information. The agency shall make the procedures available on the agency Internet website. Agency staff must be trained in the procedures and must follow the procedures in conducting the special [~~accreditation~~] investigation.

(a-1) During the pendency of a special investigation under this section, the agency is not required to disclose the identity of any witness.

(b) After completing a special [~~accreditation~~] investigation, the agency shall present preliminary findings to any person or entity the agency finds has violated a law, rule, or policy. [~~Before issuing a report with its final findings, the agency must provide a person or entity the agency finds has violated a law, rule, or policy an opportunity for an informal review by the commissioner or a designated hearing examiner.~~]

(c) In presenting the agency's preliminary findings to a school district under Subsection (b), the agency:

(1) shall provide to the district a written report of the agency's preliminary findings of the investigation;

(2) shall provide to the district any evidence relied on by the agency in making the preliminary findings;

(3) shall disclose to the district the identity of any witness whose statements the agency relied on in making the preliminary findings; and

(4) may not include recommended sanctions or interventions.

(d) A written report of preliminary findings under Subsection (c) and all associated materials produced by the agency in support of the report are excepted from public disclosure as audit working papers of the agency under Section 552.116, Government Code. A school district may publicly release a report of preliminary findings only if the release is approved by an affirmative vote of the board of trustees of the district.

(e) Unless otherwise provided by law, all evidence collected by the agency in connection with a special investigation, including witness statements and videos of agency interviews, are confidential and not subject to disclosure under Chapter 552, Government Code, except that evidence described by this section may be disclosed:

(1) to a person with a legitimate interest in the investigation; or

(2) in connection with an administrative or other legal proceeding brought under this title.

(f) Not later than 30 days after the date on which the board of trustees of the school district receives the written report of the preliminary findings under Subsection (c), the board of trustees of a school district may accept the agency's findings or respond in writing to the agency.

(g) The agency shall consider any response submitted by the board of trustees of the school district under Subsection (f) before providing the board of trustees of a school district a final report in writing that includes proposed sanctions or interventions.

(h) Before the commissioner determines to order a sanction or intervention based on a final report, other than a sanction or intervention described by Section 39.005, the commissioner or the commissioner's designee shall provide an informal review. An informal review provided under this section is not a contested case for purposes of Chapter 2001, Government Code.

(i) In conducting a special investigation under Section 39.003, the commissioner or the commissioner's designee may subpoena a current or former school district employee, agent, or official to compel the employee, agent, or official to attend a deposition or produce documents reasonably necessary for the investigation.

(j) If a person fails to comply with a subpoena issued under Subsection (i), the commissioner, acting through the attorney general, may file suit to enforce the subpoena in a district court in this state. On a finding that good cause exists for issuing the subpoena, the court shall order the person to comply with the subpoena and the court may punish a person who fails to obey the court order.

(k) A court may not enjoin a special investigation conducted under this section prior to the conclusion of the special investigation.

(l) A school district must exhaust the administrative remedies provided under this subchapter before appealing the findings or final recommendations of a special investigation conducted under this section to a court.

SECTION 2.05. Subchapter A, Chapter 39, Education Code, is amended by adding Sections 39.005, 39.006, and 39.007 to read as follows:

Sec. 39.005. HEARING FOLLOWING INVESTIGATION. (a) This section applies to a school district that is the subject of a special investigation conducted under Section 39.003 that resulted in a final report in which the agency recommends the appointment of a board of managers, alternative management of a campus, or closure of the district or a district campus.

(b) Except as provided by Subsection (c), not later than 15 days after the date on which the board of trustees of the school district receives the final report of a special investigation under Section 39.004(g), a board of trustees of a school district to which this section applies may request a hearing if the board of trustees disagrees with the final report or a sanction or intervention recommended by the agency in the report.

(c) A school district and the agency may agree in writing to extend the time period for requesting a hearing under Subsection (b) by not more than an additional 30 days.

(d) If a board of trustees of a school district requests a hearing under Subsection (b), the hearing shall be conducted by the State Office of Administrative Hearings unless the district and the agency agree in writing to the appointment of another qualified person to conduct the hearing.

(e) Except as otherwise provided by this subchapter, a hearing conducted under this section is a contested case under Chapter 2001, Government Code.

(f) A hearing conducted under this section shall be held at the administrative offices of the school district that requested the hearing or at another location within the geographic boundaries of the district agreed to by the district and the agency, unless the

district and the agency agree in writing to a different location.

(g) To protect the privacy of a witness who is a child, the hearing examiner or the person conducting the hearing may:

(1) close the hearing to receive the testimony of the witness; or

(2) order that the testimony or a statement of the witness be presented using the procedures prescribed by Article 38.071, Code of Criminal Procedure.

(h) Not later than 90 days after the date on which the school district requests a hearing under Subsection (b), the hearing examiner or the person conducting the hearing shall issue and submit to the commissioner findings of fact and conclusions of law. The hearing examiner or the person conducting the hearing may not issue a recommendation for relief.

(i) A hearing conducted under this section may not be held on a Saturday, Sunday, or state or federal holiday, unless agreed to by the school district that requested the hearing and the agency.

Sec. 39.006. COMMISSIONER DETERMINATION. (a) After a hearing is conducted under Section 39.005, the commissioner shall provide an opportunity for the agency and the school district to present oral argument to the commissioner regarding the disagreement that formed the basis of the hearing. The commissioner shall provide the agency and the district with equal time for oral argument.

(b) After hearing any oral argument presented under Subsection (a), the commissioner shall issue a written decision to the school district that contains:

(1) findings of fact;

(2) conclusions of law; and

(3) sanctions, interventions, or other actions authorized by law.

(c) In determining the written decision under Subsection (b), the commissioner shall consider:

(1) the record of the hearing conducted under Section 39.005;

(2) the findings of fact and conclusions of law issued by the hearing examiner or the person conducting the hearing under Section 39.005(h); and

(3) the oral arguments presented under Subsection (a).

(d) The commissioner may accept, reject, or amend the conclusions of law issued by the hearing examiner or the person who conducted the hearing under Section 39.005 regarding the interpretation of a provision of this code.

(e) The commissioner may not reject or amend a finding of fact issued by the hearing examiner or the person who conducted the hearing under Section 39.005, unless the commissioner, after reviewing the record, determines that a finding of fact is not supported by substantial, admissible evidence.

(f) The commissioner shall provide in writing the legal basis and reason for any amendment or rejection of a finding of fact or conclusion of law made by the hearing examiner or the person who conducted the hearing under Section 39.005.

Sec. 39.007. JUDICIAL APPEAL. (a) Notwithstanding Chapter 2001, Government Code, a school district may only appeal a decision made by the commissioner under Section 39.006 in accordance with this section.

(b) A school district may appeal a decision made by the commissioner under Section 39.006 to:

(1) a district court with jurisdiction in the county in which the school district's central administrative offices are located; or

(2) a district court in Travis County, if agreed to by

the school district and the commissioner.

(c) A school district must file an appeal under this section not later than 30 days after the date on which the district received the written decision of the commissioner under Section 39.006(b).

(d) The filing of an appeal under this section does not affect or stay the enforcement of the commissioner's written decision issued under Section 39.006(b).

(e) A court hearing an appeal under this section shall review the decision issued by the commissioner under Section 39.006(b) under the substantial evidence rule as provided by Subchapter G, Chapter 2001, Government Code, after examining:

(1) the evidentiary record of the hearing conducted under Section 39.005;

(2) the findings of fact issued by the hearing examiner or the person that conducted the hearing under Section 39.005; and

(3) any amendment or rejection of a finding of fact made by the commissioner under Section 39.006.

(f) A court hearing an appeal under this section may not take additional evidence.

(g) A court hearing an appeal under this section may review any amendment to or rejection of a finding of fact made by the commissioner. If the court determines that the amendment or rejection was not supported by substantial evidence, the court shall reject the commissioner's amended finding of fact and consider instead the original finding issued by the hearing examiner or the person who conducted the hearing under Section 39.005.

(h) Notwithstanding Section 2001.174, Government Code, the court may not reverse or remand a decision issued by the commissioner under Section 39.006(b) based on a procedural error or

irregularity made by the commissioner, an agency investigator, or the hearing examiner or the person who conducted the hearing under Section 39.005, unless the court determines that the procedural error or irregularity is likely to have caused an erroneous decision by the commissioner.

SECTION 2.06. Section 39.054, Education Code, is amended by amending Subsections (a), (a-3), and (b-1) and adding Subsections (a-4) and (a-5) to read as follows:

(a) Except as provided by Subsection (a-4), the [~~The~~] commissioner shall adopt rules to evaluate school district and campus performance and assign each district and campus an overall performance rating of A, B, C, D, or F. In addition to the overall performance rating, the commissioner shall assign each district and campus a separate domain performance rating of A, B, C, D, or F for each domain under Section 39.053(c). An overall or domain performance rating of A reflects exemplary performance. An overall or domain performance rating of B reflects recognized performance. An overall or domain performance rating of C reflects acceptable performance. An overall or domain performance rating of D reflects performance that needs improvement. An overall or domain performance rating of F reflects unacceptable performance. A district may not receive an overall or domain performance rating of A if the district includes any campus with a corresponding overall or domain performance rating of D or F. If a school district has been approved under Section 39.0544 to assign campus performance ratings and the commissioner has not assigned a campus an overall performance rating of D or F, the commissioner shall assign the campus an overall performance rating based on the school district assigned performance rating under Section 39.0544. [~~A reference in law to an acceptable rating or acceptable performance includes an overall or domain performance rating of A, B, C, or D or performance~~

~~that is exemplary, recognized, or acceptable performance or performance that needs improvement.~~]

(a-3) Not later than August 15 of each year, the following information [~~performance ratings of each district and campus~~] shall be made publicly available as provided by rules adopted under this section:

(1) the performance ratings for each school district and campus; and

(2) if applicable, the number of consecutive school years of unacceptable performance ratings for each district and campus.

(a-4) Notwithstanding any other law, the commissioner may assign a school district or campus an overall performance rating of "Not Rated" if the commissioner determines that the assignment of a performance rating of A, B, C, D, or F would be inappropriate because:

(1) the district or campus is located in an area that is subject to a declaration of a state of disaster under Chapter 418, Government Code, and due to the disaster, performance indicators for the district or campus are difficult to measure or evaluate and would not accurately reflect quality of learning and achievement for the district or campus;

(2) the district or campus has experienced breaches or other failures in data integrity to the extent that accurate analysis of data regarding performance indicators is not possible;

(3) the number of students enrolled in the district or campus is insufficient to accurately evaluate the performance of the district or campus; or

(4) for other reasons outside the control of the district or campus, the performance indicators would not accurately reflect quality of learning and achievement for the district or

campus.

(a-5) Notwithstanding any other law, an overall performance rating of "Not Rated" is not included in calculating consecutive school years of unacceptable performance ratings and is not considered a break in consecutive school years of unacceptable performance ratings for purposes of any provision of this code.

(b-1) Consideration of the effectiveness of district programs under Section 39.052(b)(2)(B) or (C):

(1) must:

(A) be based on data collected through the Public Education Information Management System (PEIMS) for purposes of accountability under this chapter; and

(B) include the results of assessments required under Section 39.023; and

(2) may be based on the results of a special [~~accreditation~~] investigation conducted under Section 39.003 [~~39.057~~].

SECTION 2.07. Subchapter C, Chapter 39, Education Code, is amended by adding Section 39.0543 to read as follows:

Sec. 39.0543. PERFORMANCE RATING REQUIRING INTERVENTION OR OTHER ACTION. (a) A reference in law to an acceptable performance rating or acceptable performance includes an overall or domain performance rating of A, B, or C or performance that is exemplary, recognized, or acceptable. A reference in law to an unacceptable performance rating or unacceptable performance includes an overall or domain performance rating of F. For the purposes of public reporting requirements, an overall or domain performance rating of D shall be referred to as performance that needs improvement.

(b) A reference in law to an acceptable performance rating or acceptable performance for a school district, open-enrollment charter school, district campus, or charter school campus includes

an overall performance rating of D if, since previously receiving an overall performance rating of C or higher, the district, charter school, district campus, or charter school campus:

(1) has not previously received more than one overall performance rating of D; or

(2) has not received an overall performance rating of F.

(b-1) For the purposes of this section, an overall performance rating issued in a previous school year for a school district, open-enrollment charter school, district campus, or charter school campus of:

(1) met standard, academically acceptable, recognized, exemplary, A, B, or C is considered to be a performance rating of C or higher; and

(2) performance that needs improvement, academically unacceptable, or F is considered to be a rating of F.

(b-2) For purposes of determining whether a reference in law to an acceptable performance rating or acceptable performance includes an overall performance rating of D under Subsection (b), a performance rating of D assigned to a school district, open-enrollment charter school, district campus, or charter school campus prior to the 2018-2019 school year shall not be considered.

(b-3) Subsections (b-1) and (b-2) and this subsection expire September 1, 2027.

(c) A reference in law to an unacceptable performance rating or unacceptable performance includes a performance rating of D if the rating does not satisfy Subsection (b).

SECTION 2.08. Subchapter C, Chapter 39, Education Code, is amended by adding Sections 39.0545 and 39.0546 to read as follows:

Sec. 39.0545. ALTERNATIVE METHODS AND STANDARDS FOR EVALUATING PERFORMANCE FOR 2020-2021 SCHOOL YEAR. (a) This

section applies to a campus:

(1) that meets the participation requirements for all students in all subject areas for the annual measurement of achievement under Section 1111, Every Student Succeeds Act (20 U.S.C. Section 6311(c)(4)(E)); and

(2) to which the most recent performance rating assigned, other than a "Not Rated" rating, is a D, F, or performance that needs improvement.

(b) Notwithstanding any other law, the commissioner shall adopt rules to develop and implement alternative methods and standards for evaluating the performance for the 2020-2021 school year of a campus to which this section applies. The rules adopted under this section must evaluate a campus under the domains of indicators of achievement listed in Sections 39.053(c)(1) and (2).

(c) The commissioner shall review a campus to which this section applies under the alternative methods and standards adopted under Subsection (b) on the request of the school district in which the campus is located made by the deadline established by commissioner rule.

(d) An acceptable performance rating assigned under the alternative methods and standards adopted by the commissioner under Subsection (b) is considered a break in consecutive school years of unacceptable performance ratings under this code.

(e) If the commissioner determines that the campus would not be assigned an acceptable performance rating, the commissioner shall instead assign the campus a rating of "Not Rated."

(f) This section does not apply to an intervention ordered on the basis of consecutive school years of unacceptable performance ratings accrued before the effective date of this section.

(g) This section expires September 1, 2027.

Sec. 39.0546. COVID-19 RECOVERY ACCOUNTABILITY FOR 2021-2022 SCHOOL YEAR. (a) Notwithstanding any other law, the commissioner shall assign to a school district or campus a rating of "Not Rated" for the 2021-2022 school year, unless, after reviewing the district or campus under the methods and standards adopted under Section 39.054, the commissioner determines the district or campus should be assigned an overall performance rating of C or higher.

(b) Regardless of the rating assigned under this section, if the commissioner would have otherwise assigned a campus an unacceptable performance rating, the campus is considered to be a campus assigned an unacceptable performance rating for purposes of determining a student's eligibility for a public education grant under Section 29.202.

(c) Notwithstanding any other law, the commissioner shall take an action described by Section 39A.111(1) or (2) if a campus:

(1) is not assigned an overall performance rating of C or higher for the 2021-2022 school year; and

(2) has been assigned an unacceptable performance rating for five or more school years prior to the 2021-2022 school year.

(d) This section expires September 1, 2028.

SECTION 2.09. Sections 39.151(a), (b), and (e), Education Code, are amended to read as follows:

(a) The commissioner by rule shall provide a process for a school district or open-enrollment charter school to challenge an agency decision made under this chapter relating to an academic or financial accountability rating that affects the district or school, including a determination of consecutive school years of unacceptable performance ratings.

(b) The rules under Subsection (a) must provide for the

commissioner to appoint a committee to make recommendations to the commissioner on a challenge made to an agency decision relating to an academic performance rating or determination, including a determination of consecutive school years of unacceptable performance ratings, or financial accountability rating. The commissioner may not appoint an agency employee as a member of the committee.

(e) A school district or open-enrollment charter school may not challenge an agency decision relating to an academic or financial accountability rating under this chapter, including a decision relating to a determination of consecutive school years of unacceptable performance ratings, in another proceeding if the district or school has had an opportunity to challenge the decision under this section.

SECTION 2.10. Section 39A.003, Education Code, is amended by adding Subsection (d) to read as follows:

(d) A conservator or management team may exercise the powers and duties defined by the commissioner under Subsection (a) or described by Subsection (c) regardless of whether the conservator or management team was appointed to oversee the operations of a school district in its entirety or the operations of a certain campus within the district.

SECTION 2.11. Section 39A.004, Education Code, is amended to read as follows:

Sec. 39A.004. APPOINTMENT OF BOARD OF MANAGERS. The commissioner may appoint a board of managers to exercise the powers and duties of a school district's board of trustees if the district is subject to commissioner action under:

(1) Section 39A.001(1) [~~39A.001~~] and:

(A) [~~(1)~~] has a current accreditation status of accredited-warned or accredited-probation;

(B) [~~(2)~~] fails to satisfy any standard under Section 39.054(e); or

(C) [~~(3)~~] fails to satisfy financial accountability standards as determined by commissioner rule; or

(2) Section 39A.001(2).

SECTION 2.12. Sections 39A.006(a) and (b), Education Code, are amended to read as follows:

(a) This section applies:

(1) regardless of whether a school district has satisfied the accreditation criteria; and

(2) to a conservator or management team appointed under any provision of this title, regardless of the scope or any changes to the scope of the conservator's or team's oversight.

(b) If for two consecutive school years, including the current school year, a school district has had a conservator or management team assigned to the district or a district campus for any reason under this title, the commissioner may appoint a board of managers to exercise the powers and duties of the board of trustees of the district.

SECTION 2.13. Section 39A.061(b), Education Code, is amended to read as follows:

(b) The commissioner may authorize a targeted improvement plan, [~~or~~] an updated targeted improvement plan, or a local improvement plan to supersede the provisions of and satisfy the requirements of developing, reviewing, and revising a campus improvement plan under Subchapter F, Chapter 11.

SECTION 2.14. Subchapter B, Chapter 39A, Education Code, is amended by adding Section 39A.065 to read as follows:

Sec. 39A.065. LOCAL IMPROVEMENT PLAN. (a) A school district, open-enrollment charter school, district campus, or charter school campus that is assigned a rating of D that qualifies

under Section 39.0543(b) shall develop and implement a local improvement plan.

(b) A local improvement plan must be presented to the board of trustees of the school district or governing board of the open-enrollment charter school.

(c) The commissioner shall adopt rules to establish requirements for a local improvement plan components and training. The commissioner may not require a school district or open-enrollment charter school to submit the local improvement plan to the agency.

SECTION 2.15. Section 39A.102, Education Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) Subject to Subsection (b-1), the [~~The~~] commissioner may appoint a monitor, conservator, management team, or board of managers to the school district to ensure and oversee district-level support to low-performing campuses and the implementation of the updated targeted improvement plan.

(b-1) The commissioner shall appoint a conservator to a school district under Subsection (b) unless and until:

(1) each campus in the district for which a campus turnaround plan has been ordered under Section 39A.101 receives an acceptable performance rating for the school year; or

(2) the commissioner determines a conservator is not necessary.

SECTION 2.16. The heading to Section 39A.110, Education Code, is amended to read as follows:

Sec. 39A.110. MODIFICATION OF [~~CHANGE IN~~] CAMPUS TURNAROUND PLAN [~~PERFORMANCE RATING~~].

SECTION 2.17. Section 39A.110, Education Code, is amended by adding Subsection (c) to read as follows:

(c) The commissioner may authorize modification of an approved campus turnaround plan if the commissioner determines that due to a change in circumstances occurring after the plan's approval under Section 39A.107, a modification of the plan is necessary to achieve the plan's objectives.

SECTION 2.18. Section 39A.111, Education Code, is amended to read as follows:

Sec. 39A.111. CONTINUED UNACCEPTABLE PERFORMANCE RATING. If a campus is considered to have an unacceptable performance rating for five [~~three~~] consecutive school years [~~after the campus is ordered to submit a campus turnaround plan under Section 39A.101~~], the commissioner, subject to Section 39A.112, shall order:

(1) appointment of a board of managers to govern the school district as provided by Section 39A.202; or

(2) closure of the campus.

SECTION 2.19. Subchapter C, Chapter 39A, Education Code, is amended by adding Sections 39A.117 and 39A.118 to read as follows:

Sec. 39A.117. INTERVENTION FOR CERTAIN DISTRICTS OR CAMPUSES. (a) For purposes of this section:

(1) an acceptable performance rating includes:

(A) a rating of met standard, academically acceptable, recognized, exemplary, A, B, or C; or

(B) a rating of D that meets the requirements of Section 39.0543(b);

(2) an unacceptable performance rating includes:

(A) a rating of performance that needs improvement, academically unacceptable, or F; or

(B) a rating of D that meets the requirements of Section 39.0543(c); and

(3) a rating of "Not Rated" is not considered an

acceptable or unacceptable performance rating and may not be considered a break in consecutive years of unacceptable performance.

(b) As soon as practicable after the effective date of S.B. 1365, 87th Legislature, Regular Session, 2021, or similar legislation, the commissioner shall:

(1) determine the number of school years of unacceptable performance ratings occurring after the 2012-2013 school year for each school district, open-enrollment charter school, district campus, or charter school campus by determining the number of unacceptable performance ratings assigned to each district, charter school, district campus, or charter school campus since the most recent acceptable performance rating was assigned to the district, charter school, district campus, or charter school campus; and

(2) use the number of school years of unacceptable performance ratings as the base number of consecutive years of unacceptable performance for which the performance rating in the 2021-2022 school year will be added.

(c) Exemptions from interventions authorized under Sections 11.174 and 28.020 and Section 5, Chapter 919 (H.B. 4205), Acts of the 86th Legislature, Regular Session, 2019, apply to an intervention ordered under this section and the commissioner shall make necessary modifications to an intervention ordered under this section in accordance with those provisions of law.

(d) This section may not be construed to:

(1) provide a school district or open-enrollment charter school additional remedies or appellate or other review for previous interventions, sanctions, or performance ratings ordered or assigned; or

(2) prohibit the commissioner from taking any action

or ordering any intervention or sanction otherwise authorized by law.

(e) To the extent of a conflict with any other transition provision affecting this section, this transition provision prevails.

(f) This section expires September 1, 2027.

Sec. 39A.118. INTERVENTION IF ASSIGNED CERTAIN PERFORMANCE NEEDS IMPROVEMENT RATING. (a) Until another performance rating is issued, the agency may not implement the intervention or sanctions listed under Subsection (b) for a school district, open-enrollment charter school, district campus, or charter school campus, if the performance rating initiating the action under Subsection (b) is based on the first or second overall performance rating of D, since previously receiving a rating of C or higher.

(a-1) For purposes of this section, a performance rating of D assigned prior to the 2018-2019 school year shall not be considered. This subsection expires September 1, 2027.

(b) The following interventions or sanctions are subject to a pause under Subsection (a):

(1) revocation of a charter under Section 12.115(c);

(2) annexation under Section 13.054;

(3) change in accreditation status under rules adopted for accreditation under Section 39.052; and

(4) interventions or sanctions under Section 39A.101(a), 39A.107(a) or (c), or 39A.111.

(c) The performance rating identified under Subsection (a):

(1) may not be included in calculating consecutive school years of unacceptable performance ratings; and

(2) is not considered a break in consecutive school years of unacceptable performance ratings.

(d) Interventions or sanctions implemented prior to a pause

under Subsection (a) shall continue during a school year for which interventions or sanctions listed under Subsection (b) are paused.

(e) This section does not apply to a commissioner action based on performance or reasons not listed as interventions or sanctions under Subsection (b).

SECTION 2.20. Section 39A.201(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section 11.151(b) or 11.1511(a) or any other provision of this code, a [~~A~~] board of managers may exercise all of the powers and duties assigned to a board of trustees of a school district by law, rule, or regulation.

SECTION 2.21. Section 39A.202(a), Education Code, is amended to read as follows:

(a) Notwithstanding Section 11.151(b) or 11.1511(a) or any other provision of this code, if [~~If~~] the commissioner appoints a board of managers to govern a school district:

(1) the powers of the board of trustees of the district are suspended for the period of the appointment; and

(2) the commissioner shall appoint a district superintendent.

SECTION 2.22. Section 39A.301(a), Education Code, is amended to read as follows:

(a) A school district or open-enrollment charter school must appeal under this section if the district or charter school [~~that~~] intends to challenge a decision by the commissioner under this chapter to:

(1) close the district or a district campus or the charter school;

(2) [~~or to~~] pursue alternative management of a district campus or the charter school;

(3) appoint a board of managers to the district or

charter school; or

(4) appoint a conservator or management team to the district or charter school [~~must appeal the decision under this section~~].

SECTION 2.23. Section 39A.116, Education Code, is transferred to Subchapter Z, Chapter 39A, Education Code, redesignated as Section 39A.906, Education Code, and amended to read as follows:

Sec. 39A.906 [~~39A.116~~]. COMMISSIONER AUTHORITY. A decision by the commissioner under Chapter 39 or this chapter [~~subchapter~~] is final and may not be appealed unless an applicable provision of Chapter 39 or this chapter provides otherwise.

SECTION 2.24. Section 39A.0545, Education Code, is repealed.

SECTION 2.25. (a) Sections 39.003 and 39.004, Education Code, as redesignated and amended by this Act, and Sections 39.005, 39.006, and 39.007, Education Code, as added by this Act, apply to a special investigation authorized, initiated, opened, or finalized on or after the effective date of this Act. A special investigation authorized or initiated by the Texas Education Agency under Section 39.057, Education Code, before the effective date of this Act that is open and not finalized on the effective date of this Act, shall be continued as if authorized by Section 39.003, Education Code, as redesignated and amended by this Act, and proceed subject to Section 39.004, Education Code, as redesignated and amended by this Act, and Sections 39.005, 39.006, and 39.007, Education Code, as added by this Act.

(b) Section 39A.006, Education Code, as amended by this Act, applies to a conservator or management team assigned to a school district before, on, or after the effective date of this Act.

SECTION 2.26. If this Act takes effect later than August 15,

2021, the Texas Education Agency shall publish the consecutive school years of unacceptable performance ratings as required by Section 39.054(a-3), Education Code, as amended by this Act, for each school district and campus as soon as practicable after the effective date of this Act.

SECTION 2.27. As soon as practicable after the effective date of this Act, the commissioner of education shall adopt rules to develop and implement alternative methods and standards for evaluating the performance of a campus for the 2020-2021 school year as required by Section 39.0545, Education Code, as added by this Act.

ARTICLE 3. PUBLIC SCHOOL FISCAL MANAGEMENT

SECTION 3.01. Section 44.052(c), Education Code, is amended to read as follows:

(c) A trustee of a school district who votes to approve any expenditure of school funds in violation of a provision of this code, for a purpose for which those funds may not be spent, or in excess of the item or items appropriated in the adopted budget or a supplementary or amended budget commits an offense. An offense under this subsection is a Class C misdemeanor.

SECTION 3.02. Section 45.105, Education Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c) Local school funds from district taxes, tuition fees of students not entitled to a free education, other local sources, and state funds not designated for a specific purpose may be used for the purposes listed for state and county available funds and for purchasing appliances and supplies, paying insurance premiums, paying janitors and other employees, buying school sites, buying, building, repairing, and renting school buildings, including acquiring school buildings and sites by leasing through annual

payments with an ultimate option to purchase, and, except as provided by Subsection (c-1), for other purposes necessary in the conduct of the public schools determined by the board of trustees. The accounts and vouchers for county districts must be approved by the county superintendent. If the state available school fund in any municipality or district is sufficient to maintain the schools in any year for at least eight months and leave a surplus, the surplus may be spent for the purposes listed in this subsection.

(c-1) Funds described by Subsection (c) may not be used to initiate or maintain any action or proceeding against the state or an agency or officer of the state arising out of a decision, order, or determination that is final and unappealable under a provision of this code, except that funds may be used for an action or proceeding that is specifically authorized by a provision of this code or a rule adopted under this code and that results in a final and unappealable decision, order, or determination.

SECTION 3.03. Section 48.201, Education Code, is amended to read as follows:

Sec. 48.201. PURPOSE. The purpose of the tier two component of the Foundation School Program is to provide each school district with the opportunity to provide the basic program and to supplement that program at a level of its own choice. An allotment under this subchapter may be used for any legal purpose other than:

(1) capital outlay or debt service; or

(2) a purpose prohibited by Section 45.105(c-1) or another provision of this code.

SECTION 3.04. Section 39A.203, Education Code, is repealed.

SECTION 3.05. Section 44.052(c), Education Code, as amended by this Act, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect when the

offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

ARTICLE 4. CONFORMING AMENDMENTS

SECTION 4.01. Section 7.028(a), Education Code, is amended to read as follows:

(a) Except as provided by Section 21.006(k), 22.093(l), 22.096, 28.006, 29.001(5), 29.010(a), 38.003, or 39.003 [~~39.057~~], the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, or Subchapter A, Chapter 37, only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements;

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapters 39 and 39A; and

(4) qualification for funding under Chapter 48.

SECTION 4.02. Section 12.013(b), Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

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

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as

applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

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

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that fails to satisfy any standard under Section 39.054(e);

(H) high school graduation under Section 28.025;

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

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

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

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 43, and 48;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) the provisions of Subchapter A, Chapter 39;

(Q) public school accountability and special investigations under Subchapters A, B, C, D, and J, Chapter 39, and Chapter 39A;

(R) [~~(Q)~~] options for local revenue levels in excess of entitlement under Chapter 49;

(S) [~~(R)~~] a bond or other obligation or tax rate under Chapters 43, 45, and 48; and

(T) [~~(S)~~] purchasing under Chapter 44.

SECTION 4.03. Section 12.056(b), Education Code, is amended to read as follows:

(b) A campus or program for which a charter is granted under this subchapter is subject to:

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

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

(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) high school graduation under Section 28.025;

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

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

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

(G) extracurricular activities under Section 33.081;

(H) health and safety under Chapter 38;

(I) the provisions of Subchapter A, Chapter 39;

(J) public school accountability and special investigations under Subchapters A, B, C, D, F, and J, Chapter 39, and Chapter 39A; and

(K) [~~(J)~~] the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059.

SECTION 4.04. Section 12.104(b), Education Code, as amended by Chapters 262 (H.B. 1597), 464 (S.B. 11), 467 (H.B. 4170), and 943 (H.B. 3), Acts of the 86th Legislature, Regular Session, 2019, is reenacted and amended to read as follows:

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

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

(2) the provisions in Chapter 554, Government Code; and

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

(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 or E-1, 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) the provisions of Subchapter A, Chapter 39;

(M) public school accountability and special investigations under Subchapters A, B, C, D, F, G, and J, Chapter 39, and Chapter 39A;

(N) [~~(M)~~] the requirement under Section 21.006 to report an educator's misconduct;

(O) [~~(N)~~] intensive programs of instruction under Section 28.0213;

(P) [~~(O)~~] the right of a school employee to report a crime, as provided by Section 37.148;

(Q) [~~(P)~~] bullying prevention policies and procedures under Section 37.0832;

(R) [~~(Q)~~] the right of a school under Section 37.0052 to place a student who has engaged in certain bullying behavior in a disciplinary alternative education program or to expel the student;

(S) [~~(R)~~] the right under Section 37.0151 to report to local law enforcement certain conduct constituting

assault or harassment;

(T) [~~(S)~~] a parent's right to information regarding the provision of assistance for learning difficulties to the parent's child as provided by Sections 26.004(b)(11) and 26.0081(c) and (d);

(U) [~~(T)~~] establishment of residency under Section 25.001;

(V) [~~(T)~~] school safety requirements under Sections 37.108, 37.1081, 37.1082, 37.109, 37.113, 37.114, 37.115, 37.207, and 37.2071;

(W) [~~(T)~~] the early childhood literacy and mathematics proficiency plans under Section 11.185; and

(X) [~~(U)~~] the college, career, and military readiness plans under Section 11.186.

SECTION 4.05. Section 12.1162(a), Education Code, is amended to read as follows:

(a) The commissioner shall take any of the actions described by Subsection (b) or by Section 39A.001, 39A.002, 39A.004, 39A.005, or 39A.007, to the extent the commissioner determines necessary, if an open-enrollment charter school, as determined by a report issued under Section 39.004(b) [~~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.

SECTION 4.06. Section 39.0302(a), Education Code, is amended to read as follows:

(a) During an agency investigation or audit of a school district under Section 39.0301(e) or (f), a special [~~an~~

~~accreditation~~] investigation under Section 39.003(a)(8) [~~39.057(a)(8)~~] or (14), a compliance review under Section 21.006(k), 22.093(l), or 22.096, or an investigation by the State Board for Educator Certification of an educator for an alleged violation of an assessment instrument security procedure established under Section 39.0301(a), the commissioner may issue a subpoena to compel the attendance of a relevant witness or the production, for inspection or copying, of relevant evidence that is located in this state.

SECTION 4.07. Section 39.056(h), Education Code, is amended to read as follows:

(h) The commissioner may at any time convert a monitoring review to a special [~~accreditation~~] investigation under Section 39.003 [~~39.057~~], provided the commissioner promptly notifies the school district of the conversion.

SECTION 4.08. Section 39A.001, Education Code, is amended to read as follows:

Sec. 39A.001. GROUNDS FOR COMMISSIONER ACTION. The commissioner shall take any of the actions authorized by this subchapter to the extent the commissioner determines necessary if:

(1) a school district does not satisfy:

(A) the accreditation criteria under Section 39.052;

(B) the academic performance standards under Section 39.053 or 39.054; or

(C) any financial accountability standard as determined by commissioner rule; or

(2) the commissioner considers the action to be appropriate on the basis of a special [~~accreditation~~] investigation under Section 39.003 [~~39.057~~].

SECTION 4.09. Sections 39A.256(a) and (b), Education Code,

are amended to read as follows:

(a) A board of managers appointed for an open-enrollment charter school [~~or a campus of an open-enrollment charter school~~] under this chapter or Chapter 12 has the powers and duties prescribed by Section 39A.201(b), if applicable, and Sections 39A.201(a), 39A.202, [~~39A.203,~~] and 39A.206(b).

(b) Except as otherwise provided by this subsection, the board of managers for an open-enrollment charter school [~~or a campus of an open-enrollment charter school~~] may not serve for a period that exceeds the period authorized by law for a board of managers appointed for a school district. A board of managers appointed to wind up the affairs of a former open-enrollment charter school or campus serves until dissolved by the commissioner.

SECTION 4.10. To the extent of any conflict, this article prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

ARTICLE 5. EFFECTIVE DATE

SECTION 5.01. 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, 2021.