88R14343 JES-F

By:  Dutton H.B. No. 5092

A BILL TO BE ENTITLED

AN ACT

relating to formation, funding, and support of and the applicability of certain laws to charter schools.

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

SECTION 1.  The heading to Section 12.052, Education Code, is amended to read as follows:

Sec. 12.052.  PETITION DRIVEN AUTHORIZATION.

SECTION 2.  Section 12.052(a), Education Code, is amended to read as follows:

(a)  In accordance with this subchapter, the board of trustees of a school district or the governing body of a home-rule school district shall grant or deny, through a public vote of the board of trustees or governing body, a charter to parents and teachers for a campus, two or more campuses, or a program on a campus if the board is presented with a petition signed by:

(1)  the parents of a majority of the students at the [~~that~~] school campus or at each campus, as applicable; and

(2)  a majority of the classroom teachers at the [~~that~~] school campus or at each campus, as applicable.

SECTION 3.  The heading to Section 12.0521, Education Code, is amended to read as follows:

Sec. 12.0521.  DISTRICT CHARTER [~~ALTERNATIVE~~] AUTHORIZATION.

SECTION 4.  Section 12.0521, Education Code, is amended by amending Subsections (a) and (b) and adding Subsections (d), (e), and (f) to read as follows:

(a)  Notwithstanding Section 12.052, in accordance with this subchapter and in the manner provided by this section, the board of trustees of a school district or the governing body of a home-rule school district may grant a charter for:

(1)  a new district campus; [~~or~~]

(2)  a program that is operated:

(A)  by an entity that has entered into a contract with the district under Section 11.157 to provide educational services to the district through the campus or program; and

(B)  at a facility located in the boundaries of the district; or

(3)  an existing district campus.

(b)  A student's parent or guardian may choose to enroll the student at a campus or in a program under this section. A school district may not assign a student to a campus or program under this section unless the student's parent or guardian has voluntarily enrolled the student at the campus or in the program. A student's parent or guardian may, at any time, remove the student from a campus or program under this section and enroll the student at the campus to which the student would ordinarily be assigned. If the campus to which the student would ordinarily be assigned is also a campus operated under a charter, the student's parent or guardian may enroll the student at another available campus in the district that is appropriate for the student's grade and is not operated under a charter.

(d)  A district charter may be granted to a campus, regardless of the performance rating under Subchapter C, Chapter 39, assigned to that campus in the previous school year.

(e)  A charter granted under this section is not considered for purposes of the limit on the number of charters for open-enrollment charter schools imposed by Section 12.101.

(f)  The commissioner may adopt rules as necessary for the administration of this section.

SECTION 5.  Section 12.0531, Education Code, is amended to read as follows:

Sec. 12.0531.  PERFORMANCE CONTRACT; DURATION OF CHARTER. (a) If a charter is granted under this subchapter, the board of trustees of the school district that granted the charter shall enter into a performance contract with the principal or equivalent chief operating officer of the campus or program. The performance contract must specify enhanced authority granted to the principal or equivalent officer in order to achieve the academic goals that must be met by campus or program students. A charter granted under this subchapter expires 10 years from the date the charter is granted unless the specified goals are substantially met, as determined by the board of trustees of the school district that granted the charter.

(b)  A charter granted pursuant to a contract between a school district and an entity granted a charter under this subchapter as authorized by Section 11.174(a)(2) must be granted to a school district campus for a term of not less than three years. The term of the charter may be shortened by an action authorized under Chapter 39A, except for the charter granted to a campus against which the commissioner may not impose a sanction or take action pursuant to Section 11.174(f). A charter described by this subsection may be placed on probation or revoked in accordance with Section 12.064.

SECTION 6.  Section 12.056(b), Education Code, as amended by Chapters 887 (S.B. 1697), 974 (S.B. 2081), and 1046 (S.B. 1365), Acts of the 87th Legislature, Regular Session, 2021, is reenacted and amended to read as follows:

(b)  A campus or program for which a charter is granted under this subchapter is subject to Sections 12.104(b), (b-2), and (b-3), and Sections 12.104(b-1), (b-4), and (c) apply to the campus or program, as if the campus or program is an open-enrollment charter school [~~:~~

[~~(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, except class size limits for prekindergarten classes imposed under Section 25.112, which do not apply;~~

[~~(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;~~

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

[~~(K)  parental options to retain a student under Section 28.02124~~].

SECTION 7.  Section 12.057(c), Education Code, is amended to read as follows:

(c)  A campus or program granted a charter under Section 12.052 or [~~,~~] 12.0521(a)(1)[~~, or 12.053~~] is immune from liability to the same extent as a school district, and its employees and volunteers are immune from liability to the same extent as school district employees and volunteers.

SECTION 8.  Section 12.062, Education Code, is amended to read as follows:

Sec. 12.062.  REVISION. (a) A charter granted under Section 12.052 [~~or 12.053~~] may be revised:

(1)  with the approval of the board of trustees that granted the charter; and

(2)  on a petition signed by a majority of the parents and a majority of the classroom teachers at the campus, at each campus, or in the program, as applicable.

(b)  A charter granted under Section 12.0521 may be revised with the approval of the board of trustees that granted the charter, and if applicable, the approval of the board of trustees or chief operating officer of the partnering school district, campus, or program. [~~A charter may be revised under this subsection only before the first day of instruction of a school year or after the final day of instruction of a school year.~~]

SECTION 9.  Section 12.063, Education Code, is amended to read as follows:

Sec. 12.063.  BASIS FOR PLACEMENT ON PROBATION OR REVOCATION. (a) A board of trustees may place on probation or revoke a charter it grants if the board determines that the campus, campuses, or program:

(1)  committed a material violation of the charter, including by failure to comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.0631;

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

(3)  failed to comply with this subchapter, another law, or a state agency rule.

(b)  The action the board takes under Subsection (a) shall be based on the best interest of campus or program students, the severity of the violation, and any previous violation the campus, campuses, or program has committed.

SECTION 10.  Section 12.064(b), Education Code, is amended to read as follows:

(b)  The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the campus or program for which a charter is granted under this subchapter and to parents and guardians of students at the campus or in the program. A hearing under this subsection must be held on a charter [~~the~~] campus or on the campus operating the [~~one of the campuses in the case of a cooperative~~] charter program.

SECTION 11.  Section 12.065, Education Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a)  Except as provided by Subsection (c), eligibility [~~Eligibility~~] criteria for admission of students to the campus or program for which a charter is granted under this subchapter must give priority on the basis of geographic and residency considerations. After priority is given on those bases, secondary consideration may be given to a student's age, grade level, or academic credentials in general or in a specific area, as necessary for the type of program offered.

(c)  A campus or program may enter into an agreement with and provide for enrollment preferences to children of employees of a business and industry partner in the same manner as an open-enrollment charter school under Section 12.117(e) if the business and industry partner provides donations described by Section 12.117(g) to the campus or program in an amount equal to at least 50 percent of the funds the campus or program is annually entitled to under Section 12.106.

SECTION 12.  Section 12.101(b-0), Education Code, is amended to read as follows:

(b-0)  The commissioner shall notify the State Board of Education of each charter the commissioner proposes to grant under this subchapter. Unless, before the 90th day after the date on which the board receives the notice from the commissioner, two-thirds [~~a majority~~] of the members of the board [~~present and voting~~] vote against the grant of that charter, the commissioner's proposal to grant the charter takes effect. The board may not deliberate or vote on any grant of a charter that is not proposed by the commissioner.

SECTION 13.  Section 12.1058, Education Code, is amended by amending Subsection (c) and adding Subsections (d), (d-1), (d-2), and (d-3) to read as follows:

(c)  Notwithstanding Subsection (a) or (b), an open-enrollment charter school operated by a tax exempt entity as described by Section 12.101(a)(3) is not considered to be a political subdivision, local government, or local governmental entity unless:

(1)  a [~~the applicable~~] statute specifically states that the statute applies to an open-enrollment charter school; or

(2)  a provision in this chapter states that a specific statute applies to an open-enrollment charter school.

(d)  A political subdivision other than a school district shall consider an open-enrollment charter school a school district for purposes of zoning, project permitting, platting and replatting processes, business licensing, franchises, utility services, eminent domain, signage, subdivision regulation, property development projects, the requirements for posting bonds or securities, contract requirements, land development standards as provided by Section 212.902, Local Government Code, tree and vegetation regulations, regulations of architectural features of a structure, construction of fences, landscaping, garbage disposal, noise levels, fees or other assessments, and construction or site development work. An open-enrollment charter school does not have the power of eminent domain.

(d-1)  A political subdivision other than a school district may not take any action that prohibits an open-enrollment charter school from operating a public school campus, educational support facility, athletic facility, or administrative office within the political subdivision's jurisdiction or on any specific property located within the jurisdiction of the political subdivision that it could not take against a school district. A political subdivision other than a school district shall grant approval in the same manner and follow the same timelines as if the charter school were a school district located in that political subdivision's jurisdiction.

(d-2)  This section applies to both owned and leased property of the open-enrollment charter school under Section 12.128.

(d-3)  Except as provided by this section, this section does not affect the authority granted by state law to a political subdivision to regulate an open-enrollment charter school regarding health and safety ordinances.

SECTION 14.  Sections 12.106(a) and (i), Education Code, are amended to read as follows:

(a)  A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average daily attendance to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266, excluding:

(1)  the adjustment under Section 48.052;

(2)  [~~,~~] the funding under Sections 48.101 and [~~, 48.110,~~] 48.111; [~~,~~] and

(3)  [~~48.112, and~~] enrichment funding under Section 48.202(a)[~~, to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266~~].

(i)  The agency may approve a transfer of a charter holder's remaining funds to another charter holder, a school district operating a charter school under Subchapter C, or a public junior or senior college operating a charter school under Subchapter E if the entity [~~charter holder~~] receiving the funds has not received notice of the expiration or revocation of the entity's [~~the charter holder's~~] charter [~~for an open-enrollment charter school~~] or notice of a reconstitution of the governing body of the charter holder under Section 12.1141 or 12.115 and satisfies any other qualification provided by a rule adopted by the commissioner under Subsection (j).

SECTION 15.  Section 12.110(d), Education Code, is amended to read as follows:

(d)  The commissioner shall approve or deny an application based on:

(1)  documented evidence collected through the application review process;

(2)  merit; and

(3)  other criteria as adopted by the commissioner, which must include:

(A)  criteria relating to the capability of the applicant to carry out the responsibilities provided by the charter and the likelihood that the applicant will operate a school of high quality; and

(B)  criteria relating to improving student performance and encouraging innovative programs[~~; and~~

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

SECTION 16.  Section 12.1101, Education Code, is amended to read as follows:

Sec. 12.1101.  NOTIFICATION OF CHARTER APPLICATION OR ESTABLISHMENT OF CAMPUS. (a) The commissioner by rule shall adopt a procedure for providing notice to the following persons [~~on receipt by the commissioner~~] of an application for a charter for an open-enrollment charter school submitted under Section 12.110 or of notice of the establishment of a campus as authorized under Section 12.101(b-4):

(1)  the superintendent and the board of trustees of each school district from which the proposed open-enrollment charter school or campus is likely to draw students, as determined by the commissioner; and

(2)  each member of the legislature that represents the geographic area to be served by the proposed school or campus, as determined by the commissioner.

(b)  The commissioner by rule shall adopt a procedure for providing notice of the approval of an expansion amendment under Section 12.114 to the superintendent and the board of trustees of each school district from which a new campus or the expansion of an existing campus proposed by the expansion amendment is likely to draw students, as determined by the commissioner.

SECTION 17.  Section 12.114(d), Education Code, is amended to read as follows:

(d)  A charter holder may submit a request for approval for an expansion amendment up to 36 [~~18~~] months before the date on which the expansion will be effective. A request for approval of an expansion amendment does not obligate the charter holder to complete the proposed expansion.

SECTION 18.  The heading to Section 12.117, Education Code, is amended to read as follows:

Sec. 12.117.  ADMISSION; SUPPORT BY BUSINESS AND INDUSTRY PARTNER.

SECTION 19.  Section 12.117, Education Code, is amended by amending Subsections (a) and (d) and adding Subsections (e), (f), and (g) to read as follows:

(a)  For admission to an open-enrollment charter school, the governing body of the school shall:

(1)  require the applicant to complete and submit the common admission application form described by Section 12.1173 not later than a reasonable deadline the school establishes; and

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

(A)  prioritize admitting:

(i)  a child who attended the school the previous year;

(ii)  a child who is a sibling of a student admitted to the school; or

(iii)  subject to Subsection (e), the child of a permanent employee of a business and industry partner under that subsection, if applicable; and

(B)  after admitting any eligible applicant described by Paragraph (A):

(i)  fill the remaining available positions by lottery; or

(ii) [~~(B)~~]  subject to Subsection (b), fill the remaining available positions in the order in which applications received before the application deadline were received.

(d)  Notwithstanding Section 12.111(a)(13), an open-enrollment charter school may admit a child of an employee or business and industry partner of the school as provided by this section regardless of whether the child resides in the geographic area served by the school.

(e)  An open-enrollment charter school may establish a partnership with a business and industry partner for the support of the school or a campus of the school by entering into a memorandum of understanding described by Subsection (f) with that partner. The memorandum of understanding under Subsection (f) must establish the maximum enrollment that may be reserved for children of permanent employees of the business and industry partner, which may not be more than 50 percent of the total enrollment capacity of the school or campus supported by the business and industry partner. The school or campus may not, and a memorandum of understanding entered into under Subsection (f) may not authorize or require the school or campus to, unenroll a student who is enrolled at the school in a school year or refuse to reenroll a student who was enrolled at the school during the previous school year to create an available position for the enrollment of a child of a partner employee.

(f)  A memorandum of understanding between an open-enrollment charter school and a business and industry partner must specify the methods by which the business and industry partner will support the charter school. Support provided by a business and industry partner:

(1)  must include a donation of funds or services under Subdivision (2) equal to a value of at least 50 percent of the funds the school campus is entitled to annually under Section 12.106; and

(2)  may include:

(A)  internships;

(B)  career counseling;

(C)  academic tutoring; and

(D)  enrichment activities.

(g)  The commissioner shall adopt rules as necessary to implement Subsections (e) and (f), including rules for qualification as a business and industry partner. The rules must permit a business and industry partner to be a corporation, limited liability company, partnership, or other private or public entity. In adopting rules regarding required donations to qualify as a business and industry partner, the commissioner shall consider the following types of donations as permissible:

(1)  real property on which the school or school campus is built;

(2)  a building or space used by the school or campus at no cost;

(3)  funds, materials, or labor for renovations to existing school or campus buildings; and

(4)  capital improvements to the school or campus, including investments in technology.

SECTION 20.  Section 12.1284(a), Education Code, is amended to read as follows:

(a)  After extinguishing all payable obligations owed by an open-enrollment charter school that ceases to operate, including a debt described by Section 12.128(e), a former charter holder shall:

(1)  remit to the agency:

(A)  any remaining funds described by Section 12.106(h); and

(B)  any state reimbursement amounts from the sale of property described by Section 12.128; or

(2)  transfer the remaining funds to another charter holder, a school district operating a charter school under Subchapter C, or a public junior or public senior college operating a charter school under Subchapter E, as provided by [~~under~~] Section 12.106(i).

SECTION 21.  Section 12.141(a), Education Code, is amended to read as follows:

(a)  The agency shall deposit funds received under Sections 12.106, 12.128, 12.1281, 12.1283, and 12.1284 into the charter school liquidation fund and may use the funds to:

(1)  pay expenses relating to managing and closing an open-enrollment charter school that ceases to operate, including:

(A)  maintenance of the school's student and other records; [~~and~~]

(B)  the agency's personnel costs associated with managing and closing the school; and

(C)  the agency's costs in conducting a special investigation of an open-enrollment charter school under Section 39.004;

(2)  dispose of property described by Section 12.128; and

(3)  maintain property described by Section 12.128, including expenses for insurance, utilities, maintenance, and repairs.

SECTION 22.  Section 29.171, Education Code, is amended by adding Subsection (d) to read as follows:

(d)  A school district or open-enrollment charter school that partners with a private prekindergarten program may use a facility or location for the program if the facility or location complies with any municipal ordinance applicable to the operation of a private prekindergarten program, if any have been adopted by the municipality in which the facility or location is located.

SECTION 23.  Section 39A.105(a), Education Code, is amended to read as follows:

(a)  A campus turnaround plan must include:

(1)  details on the method for restructuring, reforming, or reconstituting the campus;

(2)  a detailed description of the academic programs to be offered at the campus, including:

(A)  instructional methods;

(B)  length of school day and school year;

(C)  academic credit and promotion criteria; and

(D)  programs to serve special student populations;

(3)  if a district charter is to be granted for the campus under Section 12.0521 [~~12.0522~~]:

(A)  the term of the charter; and

(B)  information on the implementation of the charter;

(4)  written comments from:

(A)  the campus-level committee established under Section 11.251, if applicable;

(B)  parents; and

(C)  teachers at the campus; and

(5)  a detailed description of the budget, staffing, and financial resources required to implement the plan, including any supplemental resources to be provided by the school district or other identified sources.

SECTION 24.  Subchapter A, Chapter 48, Education Code, is amended by adding Section 48.012 to read as follows:

Sec. 48.012.  ENROLLMENT TRANSPARENCY REPORT. The agency shall annually prepare and publish a report indicating the amount of local revenue in excess of entitlement that each school district would have received if each student in the attendance zone of the district who was enrolled during the school year in an open-enrollment charter school or in a different school district had instead enrolled in that district.

SECTION 25.  Section 212.001, Local Government Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a)  "Open-enrollment charter school" means a school granted a charter under Subchapter C, D, or E, Chapter 12, Education Code.

SECTION 26.  Section 212.902, Local Government Code, is amended to read as follows:

Sec. 212.902.  SCHOOL DISTRICT AND OPEN-ENROLLMENT CHARTER SCHOOL LAND DEVELOPMENT STANDARDS. (a) This section applies to an agreement [~~agreements~~] between a school district or open-enrollment charter school [~~districts~~] and a [~~any~~] municipality which has annexed territory for limited purposes.

(b)  On request by a school district or open-enrollment charter school, a municipality shall enter an agreement with the board of trustees of the school district or the governing body of the open-enrollment charter school to establish review fees, review periods, and land development standards ordinances and to provide alternative water pollution control methodologies for school buildings constructed by the school district or open-enrollment charter school. The agreement shall include a provision exempting the district or charter school from all land development ordinances in cases where the district or charter school is adding temporary classroom buildings on an existing school campus.

(c)  If the municipality and the school district or open-enrollment charter school do not reach an agreement on or before the 120th day after the date on which the municipality receives the district's or charter school's request for an agreement, proposed agreements by the [~~school~~] district or charter school and the municipality shall be submitted to an independent arbitrator appointed by the presiding district judge whose jurisdiction includes the [~~school~~] district or charter school. The arbitrator shall, after a hearing at which both the [~~school~~] district or charter school and the municipality make presentations on their proposed agreements, prepare an agreement resolving any differences between the proposals. The agreement prepared by the arbitrator will be final and binding upon both the [~~school~~] district or charter school and the municipality. The cost of the arbitration proceeding shall be borne equally by the [~~school~~] district or charter school and the municipality.

(d)  A school district or open-enrollment charter school that requests an agreement under this section, at the time the district or charter school [~~it~~] makes the request, shall send a copy of the request to the commissioner of education. At the end of the 120-day period, the requesting district or charter school shall report to the commissioner the status or result of negotiations with the municipality. A municipality may send a separate status report to the commissioner. The district or charter school shall send to the commissioner a copy of each agreement between the district or charter school and a municipality under this section.

(e)  In this section, "land development standards" includes impervious cover limitations, building setbacks, floor to area ratios, building heights and coverage, water quality controls, landscaping, development setbacks, compatibility standards, traffic analyses including traffic impact analyses, vehicle queuing, parking requirements, signage requirements, and driveway cuts, if applicable.

(f)  Nothing in this section shall be construed to limit the applicability of or waive fees for fire, safety, health, or building code ordinances of the municipality prior to or during construction of school buildings, nor shall any agreement waive any fee or modify any ordinance of a municipality for an administration, service, or athletic facility proposed for construction by a school district or open-enrollment charter school.

SECTION 27.  Section 552.053, Local Government Code, is amended by amending Subsection (b) and adding Subsections (b-1) and (b-2) to read as follows:

(b)  The following may be exempt:

(1)  this state;

(2)  a county;

(3)  a municipality; or

(4)  [~~a~~] school districts and open-enrollment charter schools [~~district~~].

(b-1)  For purposes of an exemption granted under Subsection (b)(4), the exemption must be granted to both school districts and open-enrollment charter schools.

(b-2)  For purposes of this section, "open-enrollment charter school" means a school granted a charter under Subchapter D or E, Chapter 12, Education Code.

SECTION 28.  The following provisions of the Education Code are repealed:

(1)  Section 12.0522;

(2)  Section 12.053;

(3)  Section 12.0532;

(4)  Section 12.103(c);

(5)  Section 12.106(a-4); and

(6)  Section 39A.107(b).

SECTION 29.  An exemption granted to a school district under Section 552.053(b)(4), Local Government Code, as that section existed before the effective date of this Act, automatically extends to all open-enrollment charter schools located in the municipality after the effective date of this Act unless the municipality repeals the exemption before the effective date of this Act.

SECTION 30.  To the extent of any conflict, this Act prevails over another Act of the 88th Legislature, Regular Session, 2023, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 31.  This Act applies beginning with the 2023-2024 school year.

SECTION 32.  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, 2023.