

By: Hinojosa

H.B. No. 2824

A BILL TO BE ENTITLED

AN ACT

relating to requiring an open-enrollment charter school to conduct an efficiency audit before applying for designation as a charter district or for the guarantee of certain bonds.

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

SECTION 1. Section 12.135, Education Code, is amended to read as follows:

Sec. 12.135. DESIGNATION AS CHARTER DISTRICT FOR PURPOSES OF BOND GUARANTEE. (a) On the application of the charter holder, the commissioner may grant designation as a charter district to an open-enrollment charter school that meets financial standards adopted by the commissioner and that has conducted an efficiency audit in accordance with Section 12.1351. The financial standards must require an open-enrollment charter school to have an investment grade credit rating as specified by Section 45.0541.

(b) Subject to Section 12.1351, a [A] charter district may apply for bonds issued under Chapter 53 for the open-enrollment charter school, including refunding and refinanced bonds, to be guaranteed by the permanent school fund as provided by Chapter 45.

SECTION 2. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1351 to read as follows:

Sec. 12.1351. EFFICIENCY AUDIT. (a) In this section, "efficiency audit" means an investigation of the operations of an open-enrollment charter school to examine fiscal management,

1 efficiency, and utilization of resources.

2 (b) The governing body of an open-enrollment charter school  
3 must conduct an efficiency audit and hold an open meeting to discuss  
4 the results of the efficiency audit before applying for:

5 (1) designation as a charter district under Section  
6 12.135(a); or

7 (2) a bond to be guaranteed under Section 12.135(b),  
8 if the application is submitted one year or more after the school is  
9 designated as a charter district.

10 (c) An open-enrollment charter school shall pay the costs  
11 associated with an efficiency audit under this section.

12 (d) The governing body of an open-enrollment charter school  
13 must select an auditor to conduct an efficiency audit under this  
14 section not later than the last day of the fourth month before the  
15 date on which the school submits an application described by  
16 Subsection (b).

17 (e) The governing body of the open-enrollment charter  
18 school may select for purposes of Subsection (d) the auditor that  
19 conducts the school's annual audit under Section 44.008 and include  
20 the efficiency audit as part of the school's annual audit.

21 (f) An auditor selected by the governing body of an  
22 open-enrollment charter school shall:

23 (1) follow the guidelines established by the  
24 Legislative Budget Board under Section 11.184;

25 (2) maintain independence from the school; and

26 (3) complete the efficiency audit not later than the  
27 last day of the third month after the date on which the auditor was

1 selected.

2 (g) An open-enrollment charter school shall provide all  
3 documents, records, and personnel requested by the auditor as  
4 needed to conduct the audit in an efficient manner.

5 (h) Not later than the 30th day before the date the  
6 open-enrollment charter school submits an application described by  
7 Subsection (b), the school shall post the results of the efficiency  
8 audit on the school's Internet website.

9 SECTION 3. This Act takes effect September 1, 2023.