

**House Bill 2209**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter Z, Chapter 29, Education Code, is amended by adding Section 29.912 to read as follows:

Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) PROGRAM. (a) In this section, "program" means the Rural Pathway Excellence Partnership (R-PEP) program established under this section.

(b) The commissioner shall establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support multidistrict, cross-sector, rural college and career pathway partnerships that expand opportunities for underserved students to succeed in school and life while promoting economic development in rural areas.

(c) The program must enable an eligible school district that lacks an economy of scale, as determined by commissioner rule, to partner with at least one other school district to offer a broader array of robust college and career pathways. Each partnership must:

(1) offer college and career pathways that align with regional labor market projections for high-wage, high-demand careers; and

(2) be managed by a coordinating entity that:

(A) has or will have at the time students are served under the partnership the capacity to effectively coordinate the partnership;

(B) has entered into a performance agreement approved by the board of trustees of each partnering school district that

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SECTION 1. Subchapter Z, Chapter 29, Education Code, is amended by adding Section 29.912 to read as follows:

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(b) The commissioner shall establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support multidistrict, cross-sector, rural college and career pathway partnerships that expand opportunities for underserved students to succeed in school and life while promoting economic development in rural areas.

( ) The commissioner shall ensure that agency employees assigned to administer the program have experience with or training in the procedures relating to a school district contracting to partner to operate a district campus under Section 11.174. [FA1(1)]

(c) The program must enable an eligible school district that has fewer than 1,600 students in average daily attendance to partner with at least one other school district located within a distance of 100 miles to offer a broader array of robust college and career pathways. Each partnership must:

(1) offer college and career pathways that align with regional labor market projections for high-wage, high-demand careers; and

(2) be managed by a coordinating entity that:

(A) has or will have at the time students are served under the partnership the capacity to effectively coordinate the partnership;

(B) has entered into a performance agreement approved by the board of trustees of each partnering school district that

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confers to the coordinating entity the same authority with respect to the pathways offered under the partnership as provided to an entity that contracts to operate a district campus under Section 11.174;

(C) is an eligible entity as defined by Section 12.101(a); and (D) has on the entity's governing board as either voting or ex officio members representatives of each partnering school district and members of regional higher education and workforce organizations.

(d) The performance agreement described by Subsection (c)(2)(B) must:

(1) include ambitious and measurable performance goals and progress measures tied to current college, career, and military readiness outcomes and longitudinal postsecondary completion and employment-related outcomes;

(2) allocate responsibilities for accessing and managing progress and outcome information and annually publishing that information on the Internet website of each partnering district and the coordinating entity;

(3) authorize the coordinating entity to optimize the value of each college and career pathway offered through the partnership by:

(A) determining scheduling;

(B) adding or removing a pathway;

(C) hiring pathway-specific personnel;

(D) developing and exercising final approval of pathway budgets, which must include at least 80 percent of the state and local funding to which each partnering school district is entitled under Chapter 48 and that is attributable to students' participation in the program, including an allotment under Section 48.106 or 48.118 and an outcome bonus under Section 48.110 or 48.118; and

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confers on the coordinating entity the same authority with respect to pathways offered under the partnership provided to an entity that contracts to operate a district campus under Section 11.174;

(C) is an eligible entity as defined by Section 12.101(a); and (D) has on the entity's governing board as either voting or ex officio members, or has on an advisory body, representatives of each partnering school district and members of regional higher education and workforce organizations.

(d) The performance agreement described by Subsection (c)(2)(B) must:

(1) include ambitious and measurable performance goals and progress measures tied to current college, career, and military readiness outcomes and longitudinal postsecondary completion and employment-related outcomes;

(2) allocate responsibilities for accessing and managing progress and outcome information and annually publish that information on the Internet website of each partnering district and the coordinating entity;

(3) authorize the coordinating entity to optimize the value of each college and career pathway offered through the partnership by:

(A) determining scheduling;

(B) adding or removing a pathway;

(C) selecting and assigning pathway-specific personnel;

(D) developing and exercising final approval of pathway budgets, which must include at least 80 percent of the state and local funding to which each partnering school district is entitled under Sections 48.106, 48.110, and 48.118; and [FA1(2)]

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(E) determining other matters critical to the efficacy of the pathways; and

(4) provide that any eligible student residing in a partnering school district may participate in a college or career pathway offered through the partnership.

(e) An employee of a coordinating entity that manages a partnership under the program is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits by holding the same position at a partnering school district.

(f) A student enrolled in a college or career pathway offered through a partnership under the program is not considered for accountability purposes under Chapter 39 to have dropped out of high school or failed to complete the curriculum requirements for high school graduation until the sixth anniversary of the student's first day in high school.

(g) A school district proposing to enter into a performance agreement under this section shall notify the commissioner of the district's intent to enter into the agreement. The commissioner shall establish procedures for a district to notify the commissioner, including the period within which notification is required before the school year in which the proposed agreement would take effect, and to provide any additional information required by the commissioner. The commissioner shall notify the district whether the proposed agreement is approved or denied not later than the 60th day after the date the commissioner receives notification of the

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(E) determining any other matter critical to the efficacy of the pathways; and

(4) provide that any eligible student enrolled in a partnering school district may participate in a college or career pathway offered through the partnership.

(e) An employee of a coordinating entity that manages a partnership under the program is eligible for membership in and benefits from the Teacher Retirement System of Texas if the employee would be eligible for membership and benefits by holding a similar position at a partnering school district. An employee is eligible for membership under this subsection if a partnership would be authorized to participate in the program, as determined by the commissioner, but for the maximum expenditure established in Section 48.118(f).

(f) A student enrolled in a college or career pathway offered through a partnership under the program is not considered for accountability purposes under Chapter 39 to have dropped out of high school or failed to complete the curriculum requirements for high school graduation until the sixth anniversary of the student's first day in high school.

(g) A school district proposing to enter into a performance agreement under this section shall notify the commissioner of the district's intent to enter into the agreement. The commissioner shall establish procedures for a district to notify the commissioner, including establishing the period within which notification is required before the school year in which the proposed agreement would take effect, and to provide any additional information required by the commissioner.

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proposed agreement and all other information required by the commissioner. If the commissioner fails to notify the district that the proposed agreement has been approved or denied within the period prescribed by this subsection, the proposed agreement is considered approved.

(h) From money appropriated for that purpose, the commissioner shall establish a grant program to assist in the planning and implementation of a partnership under the program.

The commissioner may award a grant only to a coordinating entity that has entered into a performance agreement approved under Subsection (g).

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(h) In authorizing partnerships to participate in the program, the commissioner shall give priority to partnerships in which participating districts contract with a coordinating entity that has at least two years' experience or employs an executive officer with at least two years' experience managing college and career pathways under a performance contract.

(i) Not later than the 60th day after the date the commissioner receives notification of a proposed agreement and all other information required by the commissioner, the commissioner shall notify the school districts whether the proposed performance agreement is approved and the partnering districts are authorized for participation in the program.

(j) The commissioner shall make grants available for use by a coordinating entity for a two-year period to assist with costs associated with the planning, development, establishment, or expansion, as applicable, of partnerships under the program using a portion of state funds allocated under Section 48.118 as well as money appropriated for that purpose, federal funds, and any other funds available.

The commissioner may award a grant only to a coordinating entity that has entered into a performance agreement approved under Subsection (i) or, if in the planning stage, has entered into a memorandum of understanding to enter into a performance agreement, unless the source of funds does not permit a grant to the coordinating entity, in which

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The commissioner may use not more than 15 percent of the money appropriated for the grant program to cover the cost of administering the grant program and to provide technical assistance and support to partnerships under the program.

(i) The commissioner shall adopt rules as necessary to implement this section, including rules establishing:

(1) requirements for a coordinating entity and a performance agreement with the entity;

(2) the period for which a partnership under the program may operate after commissioner approval before renewal of commissioner approval is required; and

(3) standards for renewal of commissioner approval for a partnership under the program.

(j) This section does not prohibit an agreement between a school district and another entity for the provision of services at a district campus.

(k) The commissioner may accept gifts, grants, and donations from any source, including private and nonprofit organizations, for the program. A private or nonprofit organization that contributes to the program may receive an award under Section 7.113.

SECTION 2. Subchapter C, Chapter 48, Education Code, is amended by adding Section 48.118 to read as follows:

Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) ALLOTMENT AND

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case the grant shall be made to a participating school district acting as fiscal agent. Eligible use of grant funds shall include planning, development, establishment, or expansion of partnerships under the program.

The commissioner may use not more than 15 percent of the money allocated for the grants to cover the cost of administering grants awarded under the program and to provide technical assistance and support to partnerships under the program.

(k) The commissioner shall adopt rules as necessary to implement this section, including rules establishing:

(1) requirements of a performance agreement between participating districts and the coordinating entity;

(2) the period during which a partnership under the program may operate after receiving commissioner approval and before a renewal of commissioner authorization is required; and

(3) performance standards for a renewal of commissioner authorization to participate in the program.

(l) This section does not prohibit an agreement between a school district and another entity for the provision of services at a district campus.

(m) The commissioner may accept gifts, grants, and donations from any source, including private and nonprofit organizations, for the program. A private or nonprofit organization that contributes to the program may receive an award under Section 7.113.

SECTION 2. Subchapter C, Chapter 48, Education Code, is amended by adding Section 48.118 to read as follows:

Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) ALLOTMENT AND

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OUTCOME BONUS. (a) For each full-time equivalent student in average daily attendance in grades 9 through 12 in a college or career pathway offered through a partnership under the Rural Pathway Excellence Partnership (R-PEP) program under Section 29.912, a school district is entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by:

- (1) 1.15, if the student is educationally disadvantaged; or
- (2) 1.11, if the student is not educationally disadvantaged.

(b) Each year, the commissioner shall determine for each school district the minimum number of annual graduates of a college or career pathway described by Subsection (a) in each cohort described by Section 48.110(b) who would have to obtain not later than five years after high school graduation a postsecondary credential of value, including a degree, certificate, or other credential that prepares students for continued learning and greater earnings in the state economy, in order for the district to qualify for an outcomes bonus under Subsection (c).

(c) In addition to the allotment under Subsection (a), for each annual graduate in a cohort described by Subsection (b) who earns a postsecondary credential of value described by that subsection during the preceding school year in excess of the minimum number of students determined for the applicable district cohort for that school year, a school district is entitled to an annual outcomes bonus of:

- (1) if the annual graduate is educationally disadvantaged, \$2,000;

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OUTCOMES BONUS. (a) For each full-time equivalent student in average daily attendance in grades 9 through 12 in a college or career pathway offered through a partnership under the Rural Pathway Excellence Partnership (R-PEP) program under Section 29.912, a school district is entitled to an allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by:

- (1) 1.15 if the student is educationally disadvantaged; or
- (2) 1.11 if the student is not educationally disadvantaged.

(b) Each year, the commissioner shall determine for each school district the minimum number of annual graduates of a college or career pathway described by Subsection (a) in each cohort described by Section 48.110(b) who would have to obtain not later than five years after high school graduation a postsecondary credential of value, as determined by the Texas Higher Education Coordinating Board based on analyses of wages and costs associated with the credential, including a degree, certificate, or other credential from credit and noncredit programs that equip students for continued learning and greater earnings in the state economy, in order for the district to qualify for an outcomes bonus under Subsection (c).

(c) In addition to the allotment under Subsection (a), for each annual graduate in a cohort described by Subsection (b) who obtains a postsecondary credential of value in excess of the minimum number of students determined for the applicable district cohort under Subsection (b), a school district is entitled to an annual outcomes bonus of:

- (1) if the annual graduate is educationally disadvantaged, \$1,500;

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- (2) if the annual graduate is not educationally disadvantaged, \$1,000; and
- (3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, \$2,000, regardless of whether the annual graduate is educationally disadvantaged.
- (d) A school district is entitled to an outcomes bonus under each subdivision of Subsection (c) for which an annual graduate qualifies.
- (e) A school district may receive funding for a student under this section and any other section for which the student qualifies.

No equivalent provision.

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- (2) if the annual graduate is not educationally disadvantaged, \$750; and
- (3) if the annual graduate is enrolled in a special education program under Subchapter A, Chapter 29, \$1,500, regardless of whether the annual graduate is educationally disadvantaged.
- (d) A school district is entitled to an outcomes bonus under each subdivision in Subsection (c) for which an annual graduate qualifies.
- (e) A school district may receive funding for a student under this section and any other section for which the student qualifies. At least 80 percent of funds allocated under this section must be spent as provided in the budget adopted by the board of the coordinating entity.
  
- (f) The total amount of state funding for allotments and outcomes bonuses under this section may not exceed \$5 million per year. If the total amount of allotments and outcomes bonuses to which school districts are entitled under this section exceeds the amount permitted under this subsection, the agency shall allocate state funding to districts under this section in the following order:
  - (1) allotments under Subsection (a) for which school districts participating in partnerships prioritized under Section 29.912(h) are eligible;
  - (2) allotments under Subsection (a) for which school districts that entered into a memorandum of understanding or letter of commitment regarding a multidistrict pathway partnership, as defined by commissioner rule, before May 1, 2023, are eligible;
  - (3) allotments under Subsection (a) for which school districts that have entered into a performance agreement

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under Section 29.912 with a coordinating entity that is an institution of higher education, as defined by Section 61.003, are eligible;

(4) allotments under Subsection (a) for which school districts with the highest percentage of students who are educationally disadvantaged, in descending order, are eligible; and

(5) outcomes bonuses under Subsection (c) for which school districts with the highest percentage of students who are educationally disadvantaged, in descending order, are eligible. [FA1(3)]

SECTION 3. Section 29.912, Education Code, as added by this Act, applies beginning with the 2023-2024 school year.

SECTION 3. Same as House version.

SECTION 4. (a) Except as provided by Subsection (b) of this section, 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.

SECTION 4. Same as House version.

(b) Section 48.118, Education Code, as added by this Act, takes effect September 1, 2023.