

BILL ANALYSIS

Senate Research Center
89R21322 AMF-D

C.S.S.B. 605
By: West
Education K-16
4/2/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current Texas law provides that a charter school may expand by amending their charter agreement unless they do not meet general academic and financial criteria. However, due to the way these academic and financial criteria are evaluated, it is possible for a charter holder to be the subject of an enforcement action while still meeting all benchmarks on paper, allowing a potentially flawed operator to expand.

For example, IDEA Public Schools, the largest charter holder in Texas with 145 campuses and a state disbursement of \$820 million for the 2023–2024 school year, is currently under conservatorship due to rampant financial mismanagement from 2014–2021. As a result of separate state and federal investigations, multiple IDEA administrators were fired and criminally investigated, the Department of Education clawed back over \$28 million, and the Texas Education Agency (TEA) placed IDEA under a managing conservatorship in February 2024. All told, audits indicate IDEA violated conflict of interest laws, misused almost \$100 million of state and federal dollars, and was able to successfully avoid consequences for over eight years, despite a 2018 corrective action plan letter issued by TEA. During this period, they met every academic and financial benchmark established by statute and by rule, with consecutive "A – Superior Achievement" ratings on Charter FIRST.

S.B. 605 would amend Texas Education Code, Chapter 12, by prohibiting the commissioner of education from approving a charter expansion amendment if a charter holder or a campus under a charter holder is subject to a Chapter 39A action by the commissioner.

The change C.S.S.B. 605 makes is to limit applicable enforcement actions under Chapter 39A to a charter under conservatorship or managerial team, rather than S.B. 605 as filed, which included all commissioner actions under 39A.002.

C.S.S.B. 605 amends current law relating to the establishment of a new open-enrollment charter school campus by certain charter holders and to the expansion of an open-enrollment charter school.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 12.101(b-4), Education Code, as follows:

(b-1) Authorizes a charter holder meeting certain requirements to establish one or more new campuses under an existing charter held by the charter holder under certain circumstances, including if the charter holder and each campus operating under the charter are not currently subject to an action of the commissioner of education (commissioner) described by Section 39A.002(7) (relating to authorizing the commissioner to appoint a conservator to oversee the operations of the school district) or (8) (relating to authorizing the commissioner to appoint a management team to direct the operations of the district). Makes conforming and nonsubstantive changes.

SECTION 2. Amends Section 12.114, Education Code, by adding Subsection (c-1), to prohibit the commissioner from approving a request for approval of an expansion amendment if the charter holder or any campus operating under the charter is currently subject to an action of the commissioner described by Section 39A.002(7) or (8).

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2025.