WP Hobby

By: Parker, Capelton

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Subsection (b), Section 15.01, Education Code, is amended to read as follows:

(b) The available school fund, which shall be used for the support of the Foundation School Program through monthly transfers to the foundation school fund [~~apportioned annually to the several counties of Texas according to the scholastic population of each~~], shall consist of:

(1) the interest and dividends arising from any securities or funds belonging to the permanent school fund;

(2) all interest derivable from the proceeds of the sale of land set apart for the permanent school fund;

(3) all money derived from the lease of land belonging to the permanent school fund;

(4) [~~all revenue collected by the state from an annual state ad valorem tax of an amount not to exceed 35 cents on the $100 valuation, exclusive of delinquencies and cost of collection;~~

[~~(5) one-fourth of all revenue derived from all state occupation taxes, exclusive of delinquencies and cost of collection;~~

[~~(6)~~] one-fourth of revenue derived from state

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gasoline and special fuels excise taxes as provided by law; and

(5) [~~(7)~~] all other appropriations to the available school fund as made or may be made by the legislature for public free school purposes.

SECTION 1.02. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. It is the policy of the State of Texas that:

(1) the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors; and

(2) equalized funding elements for each school year be established to produce not later than the 1994-1995 school year and maintain thereafter an equitable funding system that meets the following goals:

(A) for not less than 95 percent of all students, the revenue per student of the students' school districts is not significantly related to the districts' taxable value of property per student;

(B) the state share of funding for public education represents not less than 50 percent of all state and

local funding;

(C) no major local property tax increase is required throughout the state;

(D) the state guarantees equalized funding for local tax effort that equals the statewide average local tax rate; and

(E) all new state expenditures for public education are equitably distributed.

SECTION 1.03. Section 16.004, Education Code, is amended to read as follows:

Sec. 16.004. SCOPE OF PROGRAM. Under the Foundation School Program, a school district may receive state financial aid for programs, services, facilities, and equipment, including personnel salaries, current operating expenses, categorical programs, and transportation services. The amount of state aid to each school district shall be based on the district's ability to support its public schools.

SECTION 1.04. Section 16.006, Education Code, is amended to read as follows:

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is determined by the daily attendance as averaged each month during the fall and spring semesters of each school year [~~best four weeks of eight weeks of attendance. The State Board of Education by rule shall prescribe the eight weeks for which attendance records must be maintained by all districts for this purpose, except that the records must be~~

~~kept for four weeks of each regular semester~~].

(b) A school district that experiences a decline of two percent or more in average daily attendance as a result of the closing or reduction in personnel of a military base shall be funded on the basis of the actual average daily attendance of the immediately preceding school year.

SECTION 1.05. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) Before each regular session of the legislature beginning with the 73rd Legislature, for each school year in the next biennium the Legislative Education Board shall calculate, so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per student per cent of tax effort provided under Section 16.302 of this code; and

(4) the district enrichment tax rate provided under Section 16.303 of this code.

(b) Not later than October 1 preceding each regular session of the legislature, the board by rule shall report the equalized funding elements calculated under Subsection (a) of this section to the foundation school fund budget committee, the commissioner of

education, and the legislature.

SECTION 1.06. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,910 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year, $2,000 for the 1991-1992 school year, $2,100 for the 1992-1993 school year, and an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and [~~$1,500~~] for each school year thereafter, or a greater amount for any of those years provided by appropriation.

SECTION 1.07. Subchapter D, Chapter 16, Education Code, is amended by adding Section 16.160 to read as follows:

Sec. 16.160. ALCOHOL AND DRUG INTERVENTION ALLOTMENT. (a) Each district is entitled to an annual allotment equal to the average daily attendance multiplied by $5 for the development, training, and maintenance of alcohol and drug abuse intervention teams in the public schools of the district.

(b) Funds allocated under this section, other than those for administrative and training costs, must be used to provide an alcohol and drug abuse intervention program in each public school in the district.

(c) Funds allocated under this section may be used to

supplement the salary of employees serving on the alcohol and drug abuse intervention team or to supplement the salary of an employee serving as a district or school coordinator for drug free schools.

SECTION 1.08. Subsection (a), Section 16.252, Education Code, is amended to read as follows:

(a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the district's local share;

"TR" is a tax rate computed by the commissioner of education before each school year that will raise a total local share, prior to adjustments, equal to a percentage [~~33.3 percent~~] of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, as follows:

(1) 41 percent for the 1990-1991 school year;

(2) 42 percent for the 1991-1992 school year;

(3) 43 percent for the 1992-1993 school year; and

(4) a percentage adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and each school year thereafter; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

SECTION 1.09. Subsections (a) and (b), Section 16.254, Education Code, are amended to read as follows: 6/7

(a) The commissioner of education shall determine annually:

(1) the amount of money necessary to operate a Foundation School Program in each school district; and

(2) the amount of local funds assigned to each school district for the support of the program[~~,-and~~

[~~(3)--the--amount--of--state--available--school---funds distributed-to-each-school-district~~].

(b) The commissioner of education shall then grant to each school district from the Foundation School Program appropriation the amount of funds necessary to provide the difference between Subdivision (1) and Subdivision (2) [~~the-sum--of--Subdivisions--(2) and-(3)~~] of Subsection (a) of this section.

SECTION 1.10. Section 16.256, Education Code, is amended by adding Subsection (d) to read as follows:

(d) Not later than November 1 preceding each regular session of the legislature beginning with the 73rd Legislature and after considering the report of the Legislative Education Board under Section 16.008 of this code, the committee shall adopt the following for each school year in the next biennium so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per

student per cent of tax effort provided under Section 16.302 of this code; and

(4) the district enrichment tax rate provided under Section 16.303 of this code.

SECTION 1.11. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject to Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $22 for the 1990-1991 school year, $24 for the 1991-1992 school year, $26 for the 1992-1993 school year, and an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and each school year thereafter, [~~$18.25~~] or a greater amount for any of those years provided by appropriation;

"WADA" is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the

district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.47 through the 1992-1993 school year and may not exceed the rate adopted by the foundation school fund budget committee under Section 16.256 of this code each school year thereafter, [~~$0.36~~] or a greater amount for any of those school years provided by appropriation.

(b) For purposes of calculating guaranteed yield allotments for a school district which is located entirely within the boundaries of a federal military installation, 50 percent of federal impact aid may be considered the local revenue ("LR") of such a district at such a time as the state meets a required

standard of fiscal neutrality as defined in federal law or regulation. For purposes of calculating the guaranteed yield allotments under this subsection, the district is assumed to have a district enrichment tax rate ("DTR") equal to the state average tax rate imposed by school districts for the same year. A school district under this subsection is not eligible for guaranteed yield allotments until such time as federal impact aid is considered as local revenue for the purposes of calculating the guaranteed yield allotments. [~~the 1989-1990 school year, a district may not receive less per student in guaranteed yield state funds than the amount of state funds received under the enrichment equalization allotment in the 1988-1989 school year~~].

SECTION 1.12. Section 16.155, Education Code, is amended to read as follows:

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each full-time equivalent student in average daily attendance in an approved vocational education program in grades nine through 12, a district is entitled to an annual allotment for the [~~1989-1990 and~~] 1990-1991 school year [~~years~~] equal to the adjusted basic allotment multiplied by a weight of 1.35 [~~1.45~~].

(b) For each full-time equivalent student in average daily attendance in an approved vocational education program under Section 21.112 of this code, a district is entitled to an annual allotment, beginning with the 1991-1992 school year, equal to the adjusted basic allotment multiplied by a weight established by the State Board of Education according to program component. Each

weight established by the board must correlate to the costs per student of the program component. The average weight established by the board under this section for all program components in all districts may not exceed 1.30 for the 1991-1992 school year and 1.25 for each school year thereafter [~~the greater of 1.45~~] or a greater weight provided by appropriation for any of those years. The components for which the board shall establish weights are general vocational education, pre-employment laboratory, education for special needs students, and master plan initiatives. The board shall adopt the system not later than 30 days before the first day of each regular session of the legislature.

(c) The legislature by general law may adopt the weights adopted by the State Board of Education for any biennium. If the weights are not adopted, the weight contained in Subsection (a) of this section shall be utilized for the determination of vocational education allotments.

(d) In this section, "full-time equivalent student" means 30 hours of contact a week between a student and vocational education program personnel.

(e) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in providing vocational education programs in grades nine through 12 under the provisions of Sections 21.111, 21.1111, and 21.112 of this code.

(f) The indirect cost allotment established under board rules shall first be effective for the 1991-1992 school year

consistent with the weight effective that year.

(g) The commissioner shall conduct a cost-benefit comparison between vocational education programs and mathematics and science programs.

SECTION 1.13. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1990-1991 and 1991-1992 school years, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. A portion of these funds may be used to alleviate the debt service obligations of school districts incurring debt since September 1, 1984, and prior to the effective date of this Act.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and awarding grants, the conditions listed in Subsection (a), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay

the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(e) This article expires August 31, 1992.

SECTION 1.14. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or

resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.15. Section 13.353, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for that purpose, the Central Education Agency shall allocate an amount each year to support the activities of the center established in Texas pursuant to the federal Leadership in Educational Administration Development (LEAD) program under 20 U.S.C., Sec. 1109 et seq., including the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills to fulfill the requirements of this section. The center shall receive an allotment of $250,000 or a greater amount provided by appropriation. The State Board of Education may designate special projects and development activities to be carried out with such funds. The manner in which such funds are utilized shall be reported annually to the commissioner of education. This subsection takes effect June 1, 1990.

SECTION 1.16. To the extent a school district receives more state funds as a result of the passage of this Act, 58 percent of the additional funds are required to be used for teacher salaries. A district may not substitute funds dedicated to teacher salaries by this section for any other funds committed to teacher salaries.

SECTION 1.17. Subsection (c), Section 15.01; Subsection (d),

Section 15.10; and Subsection (a), Section 15.12, Education Code, are repealed.

SECTION 1.18. Sections 1.01, 1.09, and 1.17 of this Act take effect on the date the constitutional amendment proposed by the 71st Legislature allowing amounts in the available school fund to be distributed in the same manner as amounts in the foundation school fund takes effect. If that amendment is not approved by the voters, those sections have no effect.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Section 2.01, Education Code, is amended to read as follows:

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. The objective of state support and maintenance of a system of public education is education for citizenship and is grounded upon conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students will achieve their full educational potential. The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL B: The state shall be within national norms for student performance.

GOAL C: A well-balanced and appropriate curriculum will be

provided to all students.

GOAL D: Qualified and effective personnel will be attracted and retained. Adequate and competitive compensation commensurate with responsibilities will be ensured. Qualified staff in critical shortage areas will be recruited, trained, and retained.

GOAL E: The organization and management of all levels of the educational system will be productive, efficient, and accountable.

GOAL F: Instruction and administration will be improved through research that identifies creative and effective methods. Demonstration programs will be developed and local initiatives encouraged for new instructional arrangements and management techniques. Technology will be used to increase the equity, efficiency, and effectiveness of classroom instruction, instructional management, and administration.

SECTION 2.02. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~, including fiscal policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost-effectiveness. The board may require information and reports from state agencies as necessary to carry out its duties. 16/17

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The board may employ staff as necessary for the performance of its duties, as allowed by legislative appropriation, or may request and use staff provided by the Texas Legislative Council or the Legislative Budget Board.

(f) [~~The Texas Legislative Council shall provide staff for the board as necessary to the performance of its duties.~~

[~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.03. Section 327.006, Government Code, is amended

to read as follows:

Sec. 327.006. REVIEW OF EDUCATIONAL POLICY [~~CURRICULUM~~] IMPLEMENTATION. (a) The board shall periodically [~~biennially~~] review the actions or proposed actions of [~~curriculum rules adopted by~~] the State Board of Education [~~under Section 21.101, Education Code,~~] for the purpose of ensuring compliance with legislative intent.

(b) If the board determines that any action or proposed action of the State Board of Education conflicts with legislative educational policy, the board shall submit its comments on the conflict to the State Board of Education in writing.

(c) If the board determines that a final action of the board conflicts with the intent of legislative educational policy, the board may:

(1) request additional information from the State Board of Education relating to the intent of the board's action;

(2) request a joint meeting with the State Board of Education to discuss the conflict between the action and legislative educational policy;

(3) request that the State Board of Education reconsider its action; or

(4) notify the governor, lieutenant governor, speaker of the house, and the legislature of the conflict presented.

SECTION 2.04. Chapter 11, Education Code, is amended by adding Section 11.2091 to read as follows:

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) The Texas 18/19

Higher Education Coordinating Board in cooperation with the commissioner of education shall establish a program to assist in the recruitment of minorities into the education profession. The program may include, but is not limited to, the following:

(1) tuition or grant assistance programs;

(2) incentive scholarship programs utilizing funds under Section 56.100, Education Code, to encourage minorities to enter the education profession;

(3) cooperation with institutions of higher education to conduct recruitment seminars, job fairs, and mentorship programs;

(4) cooperation with public school districts to conduct career exploration programs in the area of public education; and

(5) cooperation with education interest groups and organizations to conduct career exploration programs, recruitment seminars, job fairs, and mentorship programs.

(b) Funds appropriated for these programs shall be specifically allocated by the board in its annual budget process and shall be monitored by the board to determine that the program is meeting goals established by the board.

SECTION 2.05. Subsections (a) and (d), Section 11.23, Education Code, are amended to read as follows:

(a) The board shall hold four [~~regular~~] meetings a year in Austin, Texas, on dates determined by the chairman, and [~~the second Saturday in January, March, May, July, September, and November.~~] 19/20

~~It~~] may hold other meetings [~~as-scheduled-by--its--formal--sessions or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.06. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall take actions necessary to implement legislative policy [~~is-the-policy-forming-and-planning--body~~] for the public school system of the state. The board shall include in the record of its meetings the legislative authority for each action taken by the board. The board shall consider any comments submitted by the Legislative Education Board on a proposed rule before voting on final adoption of the rule. If the board is unsure of the legislative intent of any legislative enactment, the board may request a joint meeting with the Legislative Education Board to discuss the intent.

(b) The board is [~~It-shall~~] also [~~be~~] the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with the Texas Higher Education Coordinating Board[~~,-Texas-College-and~~

~~University-System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

[~~(b)--As--one-part-of-the-Central-Education-Agency,-the-State Board-of-Education-shall-have-specific-responsibility-for--adopting policies,--enacting-regulations,-and-establishing-general-rules-for carrying-out-the-duties-placed--on--it--or--the--Central--Education Agency-by-the-legislature.~~]

SECTION 2.07. Subsection (c), Section 11.26, Education Code, is amended to read as follows:

(c) With the advice and assistance of the state commissioner of education, the State Board of Education shall:

(1) [~~formulate---and---present--to--the--governor--and Legislative--Budget--Board--the--proposed--budget--or--budgets--for operating--the--Foundation--School--Program,--the-Central-Education Agency,-and-the-other-programs-for-which-it-has-responsibility;~~

[~~(2)--adopt--operating--budgets---on---the---basis---of appropriation-by-the-legislature;~~

[~~(3)--establish---procedures---for--budgetary--control, expending,-auditing,--and--reporting--on--expenditures--within--the budgets-adopted;~~

[~~(4)~~] make to the legislature biennial reports covering all the activities and expenditures of the Central 21/22

Education Agency;

(2) [~~(5)~~] adopt rules for the accreditation of schools;

(3) [~~(6)~~] execute contracts for the purchase of instructional aids, including textbooks, within the limits of authority granted by the legislature;

(4) [~~(7)~~] execute contracts for the investment of the permanent school fund, within the limits of authority granted by Chapter 15 of this code;

(5) [~~(8)~~] adopt rules consistent with Chapter 13 of this code for certification of teachers, administrators, and other professional personnel customarily employed in public schools;

(6) [~~(9)~~] adopt rules requiring school districts to notify parents of students of a teacher teaching a subject for which the teacher is not certified, unless the teacher is serving an internship under Section 13.035 of this code, or the teacher has at least 24 semester credit hours in the subject, or the teacher is teaching under an emergency permit and is making satisfactory progress toward completion of a deficiency plan;

(7) [~~(10)~~] consider the athletic necessities and activities of the public schools of Texas and in advance of each regular session of the legislature specifically report to the governor of Texas the proper and lawful division of time and money to be devoted to athletics, holidays, legal and otherwise, and to educational purposes; and

(8) [~~(11)~~] on or before May 15 of each year, formulate

and transmit to the Texas Council on Vocational Education a list of evaluation topics that address developing and future concerns of the board in the field of technical-vocational education.

SECTION 2.08. Subsection (a), Section 11.29, Education Code, is amended to read as follows:

(a) The commissioner of education [~~State Board of Education~~] shall adopt annually a budget for operating the Foundation School Program, [~~the operation of~~] the Central Education Agency, and other programs for which the State Board of Education has responsibility. The budget shall be in accordance with the amounts appropriated by the general appropriations act and shall provide funds for the administration and operation of the Central Education Agency and any other necessary expense. Before adopting the budget, the commissioner shall:

(1) submit the budget to the State Board of Education and the Legislative Education Board for review and comment; and

(2) after receiving the comments of those boards, present the budget to the governor and the Legislative Budget Board.

SECTION 2.09. Subsections (a) and (c), Section 11.25, Education Code, are amended to read as follows:

(a) The state commissioner of education shall be the executive officer through whom the State Board of Education shall [~~carry out its policies and~~] enforce its rules and regulations.

(c) The State Board of Education shall appoint the state commissioner of education, with the advice and consent of the

senate, to serve at the will of the board.

SECTION 2.10. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Standards adopted under Section 13.032 or 13.035 of this code for teacher training shall include training in the use of technology and effective teaching practices in the classroom.

(b) Regional education service centers, teacher centers, institutions of higher education with approved teacher education programs, and other appropriate educational entities shall offer in-service training for public school teachers and other educational personnel in the use of technology and effective teaching practices in the classroom.

SECTION 2.11. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district that has been rated as academically unaccredited for a period of three years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property

is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district under Section 19.004 of this code.

(e) Before the commissioner orders an annexation under this section, the commissioner shall investigate the educational and financial impact of the annexation on the receiving district. The commissioner may order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district prior to the annexation and to meet its financial obligations incurred prior to the annexation. The annexation requires the approval of the board of trustees in each district to which territory is annexed.

(f) Beginning with the school year in which the annexation occurs, for the five years the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment calculated under Section 16.252 of this code by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation. A district that receives an adjustment to its local fund assignment under this section is not eligible for incentive aid under Subchapter G of Chapter 23 of this code. 25/26

SECTION 2.12. Section 21.041, Education Code, is amended by adding Subsection (f) to read as follows:

(f) Laws governing mandatory attendance, average daily attendance calculations, and the number of classroom days a student must be in attendance shall not be construed by board rule or district or campus policy to discourage or restrict the arrangement of reasonable medical or dental appointments for students.

SECTION 2.13. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. PERFORMANCE REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report describing the district's educational performance that includes campus performance objectives established under Section 21.7532 of this code and the progress of each campus toward those objectives, which shall be available to the public and filed with the State Board of Education. The board shall hold a hearing for public discussion of the report. The board shall notify property owners in the district of the hearing by mail or by publication in a newspaper. The board may combine the notice with the notice of a public hearing on a proposed tax increase required under Section 26.06, Tax Code [~~describing--the--district's--educational--performance--and--giving financial---information--related--to--the--costs--incurred--by--the district~~].

(b) The [~~State-Board-of-Education-by--rule--shall--prescribe the--form--and--content--of-the-report.--In-adopting-the-rules,-the board-may-not-impose-requirements-that-contribute-unnecessarily--to~~ 26/27

~~the--length-or-complexity-of-the-report,-and-to-the-extent-possible shall-provide-for-each-report-topic-required-by-this-subsection--or by--board--rule--to--be--presented--in--a--manner--that--allows-the presentation-to-be-limited-to-not-more-than-one-page-in-length--per topic.---At--a--minimum,--the~~] report must include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program; and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) The report must also include a comparison provided by the Central Education Agency of the district's performance to groups of districts with similar wealth and demographics and to districts statewide for information required under Subsections (b)(4), (7), and (8) of this section and all academic indicators

under Section 21.7531 of this code. [~~A report under this section must also include information about the number of students in each classroom, excluding instrumental and choral music classrooms, per class period. The report must specify, by grade, the number of classrooms, excluding instrumental and choral music classrooms, in which in any class period the number of students exceeds:~~

[~~(1) for kindergarten through 8th grade, 20;~~

[~~(2) for high school, 25, and~~

[~~(3) for special education, 10.~~]

(d) The State Board of Education by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [~~and~~] school district employees, and school campuses are required to prepare.

[~~(e) Each district shall also annually report to the commissioner the number of teachers on the career ladder, the number of teachers at each level, and the sex and ethnicity of these teachers. That information shall be collected in a biennial report to the legislature, with the information reported by school district.~~

[~~(f) Reports to the legislature under this section shall be filed with the Legislative Budget Board and the appropriate committees of each house.~~]

SECTION 2.14. Section 21.551, Education Code, is amended by adding Subsection (f) to read as follows:

(f) The State Board of Education shall adopt an appropriate,

nationally recognized, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test.

SECTION 2.15. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned,-or~~

[~~(6)--unaccredited~~].

(b) [~~The--board-may-not-rate-a-number-of-school-districts-as exemplary-that-exceeds-40-percent-of-the-number-of-districts--rated as-recognized.~~

[~~(c)~~] The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators adopted by the board under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives [~~the-quality-of-learning--on--each of--the--district's--campuses-based-on-indicators-such-as-scores-on achievement-tests~~];

(5) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(6) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(7) the effectiveness of the district's campuses on the basis of the most current criteria identified by research on effective schools;

(8) [~~(6)~~] the fulfillment of curriculum requirements;

(9) [~~(7)~~] the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(10) [~~(8)--the--correlation--between-student-grades-and performance-on-standardized-tests;~~

[~~(9)~~] the quality of teacher in-service training;

[~~(10)--paperwork-reduction-efforts;~~]

(11) [~~training-received-by-board-members;~~

[~~(12)--the-effectiveness-of-the-district's--efforts--to improve-attendance;~~

[~~(13)~~] the effectiveness of the district's remedial and support programs under Section 21.557 of this code for students at risk of dropping out of school;

(12) [~~(14)~~] the effectiveness of the district's dropout prevention and recovery programs; and

(13) [~~(15)--the--effectiveness--of--the-district's-drug abuse-prevention-programs;~~

[~~(16)--parental--and--community--involvement---in---the district;~~

[~~(17)~~] efficient allocation of available resources[~~; and~~

[~~(18)--adequate--performance---under---the---indicators adopted-under-Section-21.7531-of-this-code~~].

(c) The Central Education Agency shall rate each campus in a district on the basis of the campus's performance on the indicators adopted under Section 21.7531 of this code using the rating categories provided for districts under Subsection (a) of this section.

(d) The accreditation rating of a school district or campus under this section may not be lowered solely on the basis of size.

SECTION 2.16. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS.

(a) The State Board of Education, on the advice of the academic excellence indicators advisory committee, the educational excellence committee, and the Legislative Education Board, shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The board biennially shall review the indicators for the consideration of appropriate revisions.

(b) The indicators must include:

(1) the results of criterion-referenced assessment instruments required under Section 21.551 of this code; [~~a comparison of the district's performance to a projection of the district's expected performance; and~~]

(2) the results of tests with national norms, including the Scholastic Aptitude Test and the American College Test;

(3) high school graduation rates;

(4) student attendance; and

(5) student enrollment in advanced academic courses [~~the Central Education Agency's most recent compliance review of the district's special education program~~].

(c) Performance on the indicators required by this section shall be compared to a projection of expected performance.

(d) The State Board of Education shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(e) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education

Agency in the rating of a district under Section 21.753 of this code.

(f) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the State Board of Education and the Legislative Education Board.

SECTION 2.17. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the site-based decision-making committee of the school, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students. The objectives must be approved by the district's board of trustees. The site-based decision-making committee shall be composed of the principal or the principal's designee and several classroom teachers. The teacher members shall be nominated and elected by a plurality vote of the teachers on that campus. The site-based decision-making committee will work to improve educational effectiveness by providing greater acceptance of decisions developed on the campus level, greater responsiveness to the unique educational situations on that campus, improved employee morale, and a better working and learning climate on each campus. All references in this code to the campus-level administrator meeting with the faculty or a campus planning an

activity are to the site-based decision-making committee on each campus.

SECTION 2.18. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted in Section 21.7531 of this code and determine if specific action is warranted. The review may include limited [~~determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an~~] on-site evaluation if necessary.

(b) The State Board of Education by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the board may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under

the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review shall include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs; and

(4) [~~results of teacher and parent surveys, and~~

[~~(5)~~] other information required by the board.

(d) In compliance with Section 21.925 of this code, the board shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [~~as~~] result of the investigation.

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled at [~~in~~] the campus

[~~district~~]. The investigation may not be closed until information is obtained from each of those sources. The board shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

SECTION 2.19. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [~~and~~]

(4) appointment of a master to oversee the operations

of the district;

(5) appointment of a management team to oversee the operations of the district.

(b) If a campus is rated accredited advised or academically unaccredited, the commissioner shall take the following actions to the extent the commissioner determines necessary:

(1) appointment of a monitor, master, or management team to oversee the operations of the campus; or

(2) order the board of trustees or the superintendent to take certain actions relating to the operations of the campus.

(c) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and--shall withhold state funds from the district~~].

(d) [~~(e)~~] The costs of providing a monitor, [~~or--a~~] master, or management team shall be paid by the district.

(e) A master or management team appointed to oversee the operations of the district may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(f) A master or management team appointed to oversee the operations of a campus may approve or disapprove any action that relates to the campus and that is taken by the principal of the campus, the superintendent of the district, or the board of trustees of the district.

(g) [~~(d)~~] A district that is rated academically unaccredited

[~~does-not-have-a-rating-above-accredited-advised~~] for a period of three years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code [~~is--unaccredited--at--the--conclusion--of--that--period-unless-the district-qualifies-for-a-rating-above-accredited--advised--at--that time~~].

SECTION 2.20. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of three years. The commissioner shall immediately inform the Legislative Education Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed three years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to

the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than three years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a rule adopted under this code, other than a prohibition of conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.21. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related

to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection may not be appealed except on the grounds that the decision is arbitrary, capricious, or not supported by substantial evidence. Evidence may not be introduced on appeal other than the record of the evidence before the commissioner.

SECTION 2.22. Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.930 to read as follows:

Sec. 21.930. DISTRICT LEVEL DECISION MAKING. (a) The board of trustees of each school district shall involve the teachers in the district in educational decision making relating to the district's educational policies. The board shall consult with the teachers and administrators about decisions, policies, and programs being developed to implement public education in the district.

(b) The board shall establish a procedure under which meetings are held regularly with teachers.

(c) Teachers within the district will nominate and elect the teachers within the district to represent them in meetings with the board and that are required under the provisions of this section.

(d) This section does not prohibit the board from conducting meetings with teachers or groups of teachers other than the meetings described by this section.

SECTION 2.23. Subsection (c), Section 11.13, Education Code,

is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact, except as provided by Section 21.920(e) of this code.

SECTION 2.24. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.020 to read as follows:

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. The comptroller may periodically review the effectiveness and efficiency of the budgets and operations of school districts.

SECTION 2.25. Subsection (a), Section 11.14, Education Code, is amended to read as follows:

(a) The provisions of this chapter shall not be construed to give the State Board of Education, the commissioner of education, the State Department of Education, or anyone whomsoever, the power to close, to consolidate, or cause by regulation or rule to be closed or consolidated, any public school district in this state. This subsection does not affect the powers of the commissioner under Section 19.027 of this code.

SECTION 2.26. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan

under Section 13.049, Education Code, as added by this Act.

SECTION 2.27. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the State Board of Education. The board shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.28. The following sections of the Education Code are repealed:

(1) Subsection (a), Section 11.26; and

(2) Section 21.752.

SECTION 2.29. Section 2.14 of this article applies beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

SECTION 2.30. Section 2.24 of this article takes effect September 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 11.27, Education Code, as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

Sec. 11.27. INNOVATIVE [~~DEMONSTRATION~~] PROGRAMS. (a) The State Board of Education shall establish a process under which [~~a limited--number--of~~] programs developed by school campuses [~~districts~~] may be approved [~~by the board~~], notwithstanding lack of compliance with other statutory requirements, to demonstrate innovative educational practices.

1 (b) Innovative programs that may be approved under this
2 section include, but are not limited to, programs relating to:
3 (1) school year restructuring;
4 (2) alternative learning environments;
5 (3) parental literacy;
6 (4) decentralization of organizational decisions;
7 (5) instructional technology;
8 (6) student and parental choice among public schools;
9 (7) child care;
10 (8) early childhood education;
11 (9) an extended school day;
12 (10) teacher and administrator development;
13 (11) continuous progress education;
14 (12) student-teacher ratios below 22:1 in elementary
15 grades;
16 (13) use of elementary school guidance counselors,
17 social workers, and other personnel in successful dropout
18 prevention programs;
19 (14) career development for students;
20 (15) bilingual training;
21 (16) the generation of more effective parental
22 involvement with the schools;
23 (17) school-age latch-key children;
24 (18) volunteer efforts with the private sector;
25 (19) coordination of school activities with community
26 health and human services programs and other community resources;

and

(20) magnet schools.

(c) Innovative program applications shall initially be selected on a competitive, peer review basis by the program advisory committee established under Section 11.271 of this code, with final approval by the State Board of Education and, if the program requires the expenditure of state funds, the Legislative Education Board [~~A demonstration program may not exceed two years in duration, and not more than 20 programs may be approved for operation at any one time.~~

[~~(e) To be approved under this section, a demonstration program must:~~

[~~(1) focus on improvements in educational productivity, efficiency, and accountability;~~

[~~(2) preserve to the satisfaction of the board the rights of students, parents, and teachers granted by law, and~~

[~~(3) provide specific procedures for the evaluation of the program~~].

(d) A school campus's [~~district's~~] application for approval of a program under this section must include substantial evidence that the campus [~~district~~] has adequately planned the program and that the application has been approved by the district's board of trustees.

(e) The approval by the State Board of Education of an application under this section that requires the expenditure of state funds is ineffective unless [~~A demonstration program approved~~

~~under-this-section-may-not-result-in-an-increase-in-the--amount--of state--funds--allocated-to-the-district-or-a-decrease-in-the-amount allocated-to-any-other-district.~~

[~~(f)--State-funds-may-not--be--expended--on--a--demonstration program--authorized--by--this--section--unless-the-program-has-been reviewed-and-approved-in--advance--by~~] the Legislative Education Board approves the expenditure of state funds for the program under the authority of Article XVI, Section 69, of the Texas Constitution.

(f) [~~(g)~~] If an innovative [~~a---demonstration~~] program proposes a deviation from a requirement or prohibition imposed by state law or rule, final approval of the program [~~by--the--State Board--of--Education~~] constitutes a waiver of the requirement or prohibition for the duration of the program. A prohibition on conduct that constitutes a criminal offense may not be waived.

(g) A school campus with an approved innovative program receiving funds under Section 11.271 of this code shall report on the progress of the program to the Central Education Agency not later than September 1 of each year after the school year that the funding is received and upon completion of the program.

(h) The Central Education Agency shall evaluate each program's effectiveness and shall report its findings to the Legislative Education Board and to the State Board of Education not later than December 1 preceding each regular session of the legislature.

SECTION 3.02. Subchapter B, Chapter 11, Education Code, is

amended by adding Section 11.271 to read as follows:

Sec. 11.271. PUBLIC EDUCATION DEVELOPMENT FUND. (a) The public education development fund is an account in the General Revenue Fund. The comptroller of public accounts may receive gifts and grants for the public education development fund.

(b) Funds that may be credited to the public education development fund include gifts, grants, and legislative appropriations.

(c) The State Board of Education shall administer the public education development fund.

(d) Each fiscal year, the board, after deducting the cost of administration not to exceed an amount set by appropriation, shall make disbursements from the public education development fund to the Educational Economic Policy Center in a total amount approved by the Legislative Education Board. The board shall disburse the remainder of the fund to eligible school campuses.

(e) To be eligible for a disbursement from the public education development fund under this section, a school campus must have an approved innovative program application under Section 11.27 of this code. A campus may use funds received under this section for the approved innovative program only.

(f) A gift or grant to the public education development fund that provides the terms of its disbursement may be distributed only as specifically provided by the terms of the gift or grant.

(g) Seventy percent of the funds disbursed under this section must be for projects designed to improve the academic

achievement of low-performing students. Priority shall be given to projects submitted by campuses that have 60 percent or fewer students who perform satisfactorily on the criterion-referenced assessment instruments required under Section 21.551 of this code or that are otherwise low-performing campuses as defined by rule of the State Board of Education.

(h) From funds appropriated for the public education development fund, the comptroller shall issue warrants to the Educational Economic Policy Center and to each eligible school campus's school district in the amount certified by the board to the comptroller.

(i) The Educational Economic Policy Committee shall appoint a program advisory committee, composed of experts in policy research and disciplines that represent the center's purposes, to make recommendations to the State Board of Education and the Legislative Education Board on the use of the public education development fund.

SECTION 3.03. Section 11.33, Education Code, is amended by adding Subsection (e) to read as follows:

(e) Each Regional Education Service Center shall provide training in the alcohol and drug abuse intervention program adopted by the State Board of Education to each district coordinator and school coordinator in the center's region.

SECTION 3.04. Subsection (c), Section 12.01, Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this

chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.05. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection~~s~~ (f) ~~and (g)~~ to read as follows:

(d) Each principal shall:

(1) <u>approve all teacher and staff appointments</u> [~~participate-in-the-selection-of--teachers~~] for that principal's campus <u>from a pool of applicants selected by the district or of applicants who meet the hiring requirements established by the district</u>;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

<u>(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.</u>

SECTION 3.06. Section 13.354, Education Code, is amended by

adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall include the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.07. Chapter 14, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this section is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the General Revenue Fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology

fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16 of this code. The state's share is paid from the technology fund.

(d) If approved by the legislature, the unobligated and unexpended balances of appropriations distributed under this section are forfeited by the recipients at the end of the fiscal biennium, and the recipients shall return the appropriated money to the technology fund. All money returned to the technology fund under this subsection is subject to distribution in the next fiscal year for special projects as defined by rule of the State Board of

Education on application by a school district.

(e) The State Board of Education shall establish rules for the administration of this section.

(f) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. (a) A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging instructional technology.

(b) The Central Education Agency shall monitor the use of each district's allotment to ensure that at least 75 percent of the allotment is used to provide classroom instructional services and programs.

SECTION 3.08. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning

of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.09. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive.

SECTION 3.10. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. PROGRAM ACCOUNTABLE COSTS

Sec. 16.201. REPORT. (a) The State Board of Education shall report what the board [~~it~~] determines to be:

(1) the [~~minimum basic~~] accountable costs per student to school districts of providing efficient education programs, personnel, and other operating costs that meet the accreditation standards prescribed by law and rule, for each year of the next biennium;

(2) the estimated costs per student to school districts of providing exemplary education programs, personnel, and other operating costs that exceed basic accreditation levels;

(3) the costs of implementing the long-range plan for public school education authorized by Section 11.26(b) of this code;

(4) facility and debt service costs necessary to provide for both current and projected facilities for public schools according to the standards adopted under Subchapter I of this chapter;

(5) the [~~basic~~] accountable costs per student for each programmatic area that is recognized by the Foundation School Program; and

(6) the [~~basic~~] accountable costs of transportation.

(b) In determining accountable costs, the board may not include costs of cocurricular and extracurricular programs.

Sec. 16.202. ADVISORY COMMITTEE. (a) The State Board of Education shall appoint an advisory committee to assist the board in determining the [~~minimum--basic~~] accountable costs. The committee must be composed of 15 members, a majority of whom may not be employees or officials of a local school district.

(b) In making appointments to the committee, the board shall give representation to different geographic areas and different sizes of schools and districts.

(c) Members of the committee serve without compensation but are entitled to reimbursement for actual and necessary expenses

incurred in performing their duties. Reimbursement is from funds appropriated to the Central Education Agency and available for that purpose.

Sec. 16.203. LEGISLATIVE CONSIDERATION. In adopting the amount of [~~basic,~~] special[,] and transportation allotments under this chapter, the legislature shall consider the recommendations and report of the State Board of Education as to the [~~minimum basic~~] accountable costs of a program that meets accreditation standards. The board shall file the report with the governor, the Legislative Budget Board, and the Legislative Education Board.

Sec. 16.204. METHODOLOGY. The Educational Economic Policy Center shall recommend a methodology for the State Board of Education to use in making the determinations of accountable costs required under Section 16.201 of this code.

SECTION 3.11. Subsection (a), Section 21.031, Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over the age of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.12. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall design an alcohol and

drug abuse intervention program for the public schools. Each school district shall implement the program under guidelines adopted by the board.

SECTION 3.13. Subsection (b), Section 21.136, Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the State Board of Education, is at or below subsistence level.

SECTION 3.14. (a) Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.9012 to read as follows:

Sec. 21.9012. ENERGY CONSERVATION MEASURES. (a) The board of trustees of a school district may enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) A contract to which this section applies includes a contract for the installation of:

(1) insulation of the building structure and systems within the building;

(2) storm windows or doors, caulking or weatherstripping, multiglazed windows or doors, heat absorbing or heat reflective glazed and coated window or door systems, or other

window or door system modifications that reduce energy consumption;

(3) automatic energy control systems, including computer software and technical data licenses;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) lighting fixtures that increase energy efficiency;

(6) energy recovery systems; and

(7) cogeneration systems that produce steam or other forms of energy for use in a building or complex of buildings.

(c) The person with whom the board contracts must be experienced in the design, implementation, and installation of energy conservation measures.

(d) Before entering into a contract for energy conservation measures, the board shall require the provider of the energy conservation measures to file with the board a performance bond that is in an amount the board finds reasonable and necessary to protect the interests of the school district and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

(e) The board may enter into a contract for a period of more than one year for energy conservation measures with a person if the board finds that the amount the school district would spend on the energy conservation measures will not exceed the amount to be saved in energy and operating costs over 10 years from the date of installation. If the term of a contract for energy conservation measures exceeds one year, the district's contractual obligation in

any year during the term of the contract may not exceed the total energy and operating cost savings, including but not limited to electrical, gas, or other utility cost savings and operating cost savings resulting from automatic monitoring and control, as determined by the board in this subsection, divided by the number of years in the contract term. The board shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, repairs, and debt service.

(f) A contract for energy conservation measures may be a lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing.

(g) A contract under this section may be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(h) In accordance with the terms of a request for proposals under Subsection (g) of this section and with regulations adopted by the board of trustees, the school district may conduct

discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the school district may allow proposal revisions after submissions and before the award of the contract.

(i) If provided in a request for proposals under Subsection (g) of this section, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations.

(j) Upon completion of all negotiations, the board shall give notice of intent to award a contract to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals are open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals are not open for public inspection.

(b) Section 21.9012, Education Code, as added by this Act, takes effect July 1, 1990, and applies to a contract for energy conservation measures entered on or after that date.

SECTION 3.15. Subchapter Z, Chapter 21, Education Code, is amended by adding Sections 21.930 through 21.932 to read as follows:

Sec. 21.930. DISTRICT AND SCHOOL COORDINATOR FOR DRUG FREE SCHOOLS. (a) Each school district shall designate one member of

the school district's administrative staff to serve as the district coordinator for drug free schools. Each principal shall designate one teacher to serve as the school coordinator for drug free schools.

(b) Before the beginning of each school year, the district coordinator shall meet with the alcohol and drug abuse intervention teams for the public schools in the district and instruct the intervention teams in the state alcohol and drug abuse intervention program and review each school's alcohol and drug abuse intervention program.

Sec. 21.931. ALCOHOL AND DRUG ABUSE INTERVENTION TEAM. (a) Each public school shall establish an alcohol and drug abuse intervention team composed of administrators, classroom teachers, and any nurse, counselor, psychologist, social worker, chemical abuse specialist, or other professional staff member employed at the school. The principal shall designate the members of the team.

(b) A classroom teacher or other professional employee of a public school that knows or has reason to believe that a student is intoxicated within the confines of a public school campus or in attendance at a public school sponsored activity shall immediately report that knowledge or belief to the principal of the school. On receipt of the report, the principal shall immediately convene the alcohol and drug abuse intervention team. If the intervention team confirms that the student is intoxicated, the intervention team may remove the intoxicated student to a location within the school but away from normal school activities and may use force as needed to

remove the student. On determining the circumstances of the student's intoxication, the intervention team shall make a preliminary report to the principal recommending immediate action to be taken with regard to the intoxicated student.

(c) A person who makes a report in compliance with Subsection (b) of this section or a person who acts on that report in compliance with Subsection (b) of this section is not liable in civil damages in any suit arising from the compliance.

Sec. 21.932. DRUG FREE SCHOOL ADVISORY TEAM. (a) The principal of each public school shall establish a school and community drug free school advisory team composed of representatives of:

(1) the alcohol and drug abuse intervention team created under Section 21.931 of this code;

(2) law enforcement agencies;

(3) the county attorney's office of the county in which the school is located;

(4) social service agencies;

(5) alcohol and drug treatment programs;

(6) parents of students; and

(7) the business community.

(b) The drug free school advisory team shall:

(1) promote awareness in the community of alcohol and drug abuse problems;

(2) identify available treatment and counseling programs for students;

(3) develop working relationships and communications among schools and community agencies; and

(4) develop a written procedure by which the alcohol and drug abuse intervention team shall provide information to students and parents.

SECTION 3.16. Subsections (a), (b), (c), (e), (h), (i), and (k), Section 23.023, Education Code, are amended to read as follows:

(a) Any independent school district, whether created by special or general law, with 60,000 [~~66,000~~] or more students in average daily attendance [~~for--the--1975-1976--school--year--or thereafter~~] shall be under the management and control of a board of nine trustees elected in accordance with the provisions of this section.

(b) Seven [~~At--all--elections-held-after-December-31,-1977, seven~~] members of the board of trustees shall be elected by the qualified voters of single-member districts and two members, who shall be the president and vice-president of the board, shall be elected at large.

(c) At least 120 days before the first school board election at which a district elects trustees under this section [~~to-be-held in-April,-1978~~], the board shall divide the school district into seven trustee districts which are compact, contiguous, and contain as nearly as practicable an equal population according to the last preceding federal decennial census.

(e) The candidate receiving a majority of the votes cast in

each position is elected. If no candidate receives a majority of the votes cast for that position, the board shall order a runoff to be held on a date authorized by Section 2.025, Election Code [~~the third Saturday in April immediately following the first election~~], and only the names of the two candidates receiving the highest number of votes in the first election shall be listed on the ballot. The candidate receiving the majority of the votes cast in the runoff election is elected.

(h) In districts with seven board members on the date the district becomes subject to this section [~~January 1, 1978~~], members of the board serving on that date shall serve for the remainder of their terms, except those choosing to resign. At the first election at which a district first elects trustees under this section [~~held in April, 1978~~], six [~~four~~] members shall be elected--the president, vice-president, and four [~~two~~] regular members. The president and vice-president then elected shall serve for a term of two years. The other [~~two~~] members then elected shall [~~draw lots so that one will serve for a term of two years, and one will~~] serve for a term of four years. The [~~five~~] members of the board holding the offices for which there was no election shall draw lots to determine which trustee district they will represent during the remainder of their terms. Thereafter, all members shall be elected to staggered terms of four years.

(i) A school district having 60,000 [~~66,000~~] or more students in average daily attendance [~~for the 1975-1976 school year or thereafter~~] which has previously adopted single-member district

representation may continue to operate under that plan.

(k) A school district with less than 60,000 [~~66,000~~] students in average daily attendance for the 1975-1976 school year that later becomes subject to this section shall begin electing trustees from single-member districts in accordance with this section no later than the first regular election held in [~~following~~] the next calendar year or subsequent year [~~in which the federal census is taken~~]. A school district subject to this section whose average daily attendance drops below 60,000 [~~66,000~~] students shall continue to be governed by this section. This section does not apply to a district which has adopted a plan of electing a board of trustees in whole or in part from single-member districts prior to January 1, 1991.

SECTION 3.17. Section 23.30, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A school district may employ, retain, contract with, or compensate a licensed real estate broker or salesman for assistance in the acquisition or sale of real property.

SECTION 3.18. The legislature recommends that the governor, lieutenant governor, and speaker of the house of representatives appoint a special study committee to develop a plan for the coordination of youth services into a community effort and to remove nonacademic related problems of youth from school responsibility and that the committee be required to make preliminary recommendations to the legislature before January 1, 1991.

SECTION 3.19. (a) Each fiscal year before the end of the Center for Educational Technology's first three years of operation, the State Board of Education shall make disbursements from the public education development fund under Section 11.271, Education Code, as added by this Act, to the Center for Educational Technology in an amount approved by the Legislative Education Board before making disbursements to eligible school campuses.

(b) From funds appropriated for the fund, the comptroller of public accounts shall issue warrants to the center in the amount certified by the commissioner.

SECTION 3.20. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop recommendations for a state health insurance plan for teachers. The retirement system, commissioner, and board shall coordinate with other persons studying such plans to make final recommendations to the 72nd Legislature.

SECTION 3.21. Notwithstanding any provision to the contrary:

(1) the pilot program established under Section 2.14, Chapter 813, and Section 2, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, shall continue through the 1990-1991 school year only; and

(2) the Central Education Agency shall report the findings of the study under Subsection (e) of those sections to the 73rd Legislature not later than February 1, 1993.

SECTION 3.22. The following sections of the Education Code are repealed effective September 1, 1991:

(1) Subsection (e), Section 21.136, Education Code; and

(2) Subsections (b) and (g), Section 21.136, Education Code, as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.23. (a) Sections 3.08, 3.11, 3.13, and 3.22 of this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.07 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school campus that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the State Board of Education with the advice of the Legislative Education Board. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school campus is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus is not exempt under this section from a requirement or

1 prohibition imposed by state law or rule relating to:

2 (1) curriculum essential elements, excluding the

3 methodology used by a teacher and the time spent by a teacher or a

4 student on a particular task or subject;

5 (2) restrictions on extracurricular activities;

6 (3) health and safety;

7 (4) competitive bidding;

8 (5) textbook selection;

9 (6) minimum graduation requirements; or

10 (7) educational employee and educational support

11 employee rights and benefits. In this section, "educational

12 support employee" means a full-time or part-time school employee

13 not defined as a "teacher" by Section 21.201(1) of this code.

14 (c) The Central Education Agency shall monitor and evaluate

15 deregulation of a school campus under this section and Section

16 11.273 of this code and report annually to the State Board of

17 Education on the effect of deregulation on student achievement.

18 (d) The State Board of Education in considering exemptions

19 or waivers shall provide as much regulatory relief as is practical

20 and reasonable to campuses that are considered high performing,

21 beginning in the 1990-1991 school year.

22 Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as

23 provided under Subsection (e) of this section, a school campus may

24 apply to the State Board of Education for a waiver of a requirement

25 or prohibition imposed by law or rule that the campus determines

26 inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal and faculty that states the achievement objectives of the campus and the inhibition imposed on those objectives by the requirement or prohibition and shall be approved by the district's board of trustees.

(c) The board may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus has fulfilled the achievement objectives submitted to the board under Subsection (b) of this section. The exemption remains in effect until the board determines that achievement levels of the campus have declined.

(e) A school campus may not receive an exemption or waiver under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) minimum graduation requirements; or

(7) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(f) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall adopt rules for the implementation of this section, except that the board may not designate the methodology used by a teacher nor the time spent by the teacher or a student on a particular task or subject.

SECTION 4.03. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between

the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.04. Subsection (b), Section 34.004, Education Code, is amended to read as follows:

(b) The State Board of Education with the advice and approval of the educational excellence committee shall establish the criteria and standards for the awards. The awards for school campuses shall be based primarily on the indicators established under Section 21.7531 of this code and the campus objectives established under Section 21.7532 of this code. The board shall incorporate criteria for the performance of students in special education programs. The criteria for schools and school districts must be measurable criteria and may include criteria related to:

(1) student achievement;

(2) operational efficiency;

(3) central administrative support;

(4) student and teacher attendance;

(5) graduates who enter college, receive advanced training, or are employed;

(6) principals participating in instructional leadership training; and

(7) other matters selected by the committee that are related to scholastic gains.

SECTION 4.05. Chapter 56, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.100. PROGRAM NAME. The student financial assistance program authorized by this subchapter is known as the Texas tuition assistance grant program, and an individual grant awarded under this subchapter is known as a Texas tuition assistance grant.

Sec. 56.101. PURPOSE. The purpose of this subchapter is to provide an eligible person a grant of money for tuition to enable that person to attend an institution of higher education.

Sec. 56.102. ELIGIBLE PERSON. (a) To be eligible for a Texas tuition assistance grant, a person must:

(1) be a Texas resident as defined by coordinating board rules;

(2) enroll for a full course load in an institution of higher education as defined by Section 61.003(8) or Section 61.222, Education Code;

(3) be from a low-income or middle-income family and establish financial need as defined by coordinating board rules;

(4) within the two years preceding the person's grant application, have graduated from a secondary school with a cumulative grade average that is equal to or greater than the equivalent of 80 on a scale of 100;

(5) have applied for any available financial assistance; and

(6) have complied with any other requirements adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a Texas tuition

assistance grant if the person:

(1) has been granted a baccalaureate degree; or

(2) has been convicted of a felony or a crime involving moral turpitude.

Sec. 56.103. ADMINISTRATIVE AUTHORITY. The coordinating board shall provide a Texas tuition assistance grant to an eligible person enrolled in an institution of higher education based on the financial need of that person. The total amount of Texas tuition assistance grants distributed by the coordinating board may not exceed the amount appropriated for the Texas tuition assistance grant program.

Sec. 56.104. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a person's Texas tuition assistance grant application, an enrollment report from the institution of higher education enrolling the person, and a certification of the amount of financial need from the institution of higher education, the coordinating board shall distribute the amount of the grant for the person to the institution of higher education.

(b) The amount of a Texas tuition assistance grant may not exceed the amount of tuition the student would be charged at a public senior institution of higher education and, when added to other gift aid, may not exceed the financial need of the student.

Sec. 56.105. LIMITATIONS ON GRANT. A person entitled to a Texas tuition assistance grant loses that person's right to future payments of money from the grant program if the person:

(1) does not make steady academic progress toward a

baccalaureate degree as determined under coordinating board rules;

(2) does not maintain full-time enrollment standing for at least two semesters in any academic year;

(3) has a grade average that is in the lower 50 percent of the total grade averages of all full-time students enrolled in the same college or other department in the institution of higher education; or

(4) is convicted of a felony or a crime involving moral turpitude.

Sec. 56.106. ADOPTION AND DISTRIBUTION OF RULES. (a) The coordinating board shall adopt rules to administer this subchapter.

(b) The coordinating board shall distribute to each institution of higher education and to each school district copies of all rules adopted under this subchapter.

Sec. 56.107. FUNDING. (a) The coordinating board may accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Texas tuition assistance grants are payable from gifts, grants, and funds appropriated by the legislature.

SECTION 4.06. The Texas Higher Education Coordinating Board shall adopt and distribute initial rules required by Subchapter G, Chapter 56, Education Code, as added by this Act, not later than January 1, 1991. The coordinating board shall make grants to eligible persons under this Act beginning with the fall semester 1991.

SECTION 4.07. The following provisions of the Education Code

are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989;

(2) Subsection (b), Section 21.001; and

(3) Subchapter B, Chapter 56.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01. Subsection (a), Section 21.008, Education Code, is amended to read as follows:

(a) Each school district shall operate for either two or three semesters during each school year, at the option of the district, except as provided under Section 21.010 of this code or under rules adopted under Section 21.009 of this code. The semesters must provide the required number of days of instruction for students and inservice education and preparation for teachers[~~, except as provided under Section 16.052(b) of this code~~].

SECTION 5.02. Subsection (a), Section 21.009, Education Code, is amended to read as follows:

(a) The State Board of Education shall [~~may~~] adopt rules under which a school district may operate its schools year-round, including rules necessary for the operation of a multitrack school year under Section 21.010 of this code.

SECTION 5.03. Subchapter A, Education Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:

(1) "Track" means a group of students and teachers scheduled to attend school and take vacation periods on the same

1 schedule.

2 (2) "Multitrack" means multiple tracks, with staggered
3 instructional blocks and vacation periods.

4 (b) The board of trustees of a school district may operate a
5 school on a multitrack school year.

6 SECTION 5.04. (a) The State Board of Education shall adopt
7 rules under Subsection (a), Section 21.009, Education Code, as
8 amended by this Act not later than January 1, 1991.

9 (b) Subsection (d), Section 10, Public School Facilities
10 Funding Act (Article 717t, Vernon's Texas Civil Statutes), as added
11 by this Act, applies beginning with applications for aid for the
12 1991-1992 school year.

13 ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY

14 SECTION 6.01. (a) In addition to sums appropriated under
15 Chapters 1263 and 816, Acts of the 71st Legislature, Regular
16 Session, 1989, to the Central Education Agency for the Foundation
17 School Program, the following sums are appropriated to the agency
18 for the fiscal year ending August 31, 1991, from the General
19 Revenue Fund, including any transfers to the Foundation School
20 Fund:

21 1. Section 16.254(d), sum certain

22	a. Basic Allotment, estimated	$1,399,827,269
23	b. Special Education Allotment, estimated	181,869,101
24	c. Compensatory Education Allotment, estimated	127,413,077
25	d. Bilingual Education Allotment, estimated	11,023,190
26	e. Vocational Education Allotment, estimated	52,158,049

f. Gifted and Talented Allotment, estimated	8,299,470
h. Education Improvement and Career Ladder, estimated	
(1) Career Ladder, estimated	1,959,707
i. Less: Net Local Share, estimated	-1,158,612,829
k. Guaranteed Yield, (net) estimated	521,109,621
Total, Section 16.254(d), sum certain	1,144,500,000

(b) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(c) In addition to the amount appropriated under Rider 30, page III-10, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, the amount of $20,000,000 is appropriated from the General Revenue Fund for the fiscal year ending August 31, 1991, to the Central Education Agency for the Long-Range Plan for Technology. The Central Education Agency shall establish priorities for the allotment of these funds. These funds shall be used for:

(1) the provision of access to courses for academic credit to secondary students via technology-based systems;

(2) the provision of training and other support services for teachers and other educational personnel in using technology efficiently and effectively in teaching and managing instruction and information, including training offered under Section 13.049, Education Code; and

(3) the provision of technology-based equipment for use in instruction.

(d) For the fiscal year ending August 31, 1991, the amount of $2,000,000 is appropriated from the General Revenue Fund to the Texas Higher Education Coordinating Board for the Texas tuition assistance grant program established under Subchapter G, Chapter 56, Education Code, as added by this Act.

(e) For the fiscal year ending August 31, 1991, the amount of $20,000,000 is transferred from the General Revenue Fund to the public education development fund created under Section 11.271, Education Code, as added by this Act, and all balances accruing to that fund are appropriated to the Central Education Agency for the purposes of that fund.

(f) For the fiscal year ending August 31, 1991, the amount of $45,000,000 is appropriated from the General Revenue Fund to the bond review board for the purpose of making public school facilities development grants under Article 717t-1, Revised Statutes, as added by this Act. Any unexpended balance appropriated to the board under Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, for the fiscal year ending August 31, 1990, are appropriated to the board for the fiscal year ending August 31, 1991, for the purpose of making public school facilities development grants.

(g) For the fiscal year ending August 31, 1991, the amount of $5,000,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of the facilities

inventory under Section 16.401, Education Code.

(h) For the fiscal year ending August 31, 1991, the amount of $250,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of funding the activities of the center established in Texas pursuant to the federal Leadership in Educational Administration Development (LEAD) program, referred to in Subsection (e), Section 13.353, Education Code.

(i) For the fiscal year ending August 31, 1991, the amount of $9,100,000 is appropriated from the General Revenue Fund to the Central Education Agency for the alcohol and drug abuse intervention program.

SECTION 6.02. In addition to the sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the amount of $45 million is transferred from the General Revenue Fund to the Foundation School Program to increase the appropriation under the item "Total, Section 16.254(d), sum certain" for the fiscal year ending August 31, 1990.

SECTION 6.03. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

SECTION 6.04. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

SENATE FAVORABLE COMMITTEE REPORT

Lt. Governor William P. Hobby
President of the Senate

APRIL 2, 1990 1:30
(date)/(time)

Sir:

We, your Committee on SELECT COMMITTEE ON PUBLIC EDUCATION to which was referred SB 1 (measure) by PARKER, HOBBY, CAPERTON (sponsor) have on APRIL 2 (hearing date), 1990, had the same under consideration and I am instructed to report it back with the recommendation (s) that it

(✓) do pass and be printed

( ) do pass and be ordered not printed

( ) and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested.	(✓) yes	( ) no
A revised fiscal note was requested.	( ) yes	(✓) no
An actuarial analysis was requested.	( ) yes	(✓) no
Considered by subcommittee.	( ) yes	(✓) no

Senate Sponsor of House Measure _____

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Barrientos	✓			
Brooks	✓			
Edwards		✓		
Glasgow	✓			
Green	✓			
Haley - Absent				✓
Harris				✓
Johnson - Absent	✓			
Krier	✓			
McFarland		✓		
~~TOTAL VOTES~~				
Montford	✓			✓
Santiesteban - Absent		✓		
Sims				
Truan	✓			
Uribe - Absent				✓
Zaffirini	✓			
Caperton	✓			
Parker	✓			
	11	3		4

Sally Hamlet
COMMITTEE CLERK

Carl Parker
CHAIRMAN

Paper clip the original and one copy of this form to the original bill and retain one copy for your file.

April 3, 1990 Engrossed

Patsy Spaw
Engrossing Clerk

I certify that the attached is a true and correct copy of SB#1, which was received from the Senate on 4-4-90, and referred to the Committee on Public Education

Betty Murray
Chief Clerk of the House

By: Parker, Caperton
Hobby

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Subsection (b), Section 15.01, Education Code, is amended to read as follows:

(b) The available school fund, which shall be used for the support of the Foundation School Program through monthly transfers to the foundation school fund [~~apportioned annually to the several counties of Texas according to the scholastic population of each~~], shall consist of:

(1) the interest and dividends arising from any securities or funds belonging to the permanent school fund;

(2) all interest derivable from the proceeds of the sale of land set apart for the permanent school fund;

(3) all money derived from the lease of land belonging to the permanent school fund;

(4) [~~all revenue collected by the state from an annual state ad valorem tax of an amount not to exceed 35 cents on the $100 valuation, exclusive of delinquencies and cost of collection,~~

[~~(5) one fourth of all revenue derived from all state occupation taxes, exclusive of delinquencies and cost of collection,~~

[~~(6)~~] one-fourth of revenue derived from state

gasoline and special fuels excise taxes as provided by law; and

(5) [~~(7)~~] all other appropriations to the available school fund as made or may be made by the legislature for public free school purposes.

SECTION 1.02. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. It is the policy of the State of Texas that:

(1) the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors; and

(2) equalized funding elements for each school year be established to produce not later than the 1994-1995 school year and maintain thereafter an equitable funding system that meets the following goals:

(A) for not less than 95 percent of all students, the revenue per student of the students' school districts is not significantly related to the districts' taxable value of property per student;

(B) the state share of funding for public education represents not less than 50 percent of all state and

local funding;

(C) no major local property tax increase is required throughout the state;

(D) the state guarantees equalized funding for local tax effort that equals the statewide average local tax rate; and

(E) all new state expenditures for public education are equitably distributed.

SECTION 1.03. Section 16.004, Education Code, is amended to read as follows:

Sec. 16.004. SCOPE OF PROGRAM. Under the Foundation School Program, a school district may receive state financial aid for programs, services, facilities, and equipment, including personnel salaries, current operating expenses, categorical programs, and transportation services. The amount of state aid to each school district shall be based on the district's ability to support its public schools.

SECTION 1.04. Section 16.006, Education Code, is amended to read as follows:

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is determined by the daily attendance as averaged each month during the fall and spring semesters of each school year [~~best-four-weeks-of-eight-weeks-of attendance.--The-State-Board-of-Education-by-rule--shall--prescribe the--eight-weeks-for-which-attendance-records-must-be-maintained-by all-districts-for-this-purpose,-except-that--the--records--must--be~~

~~kept for four weeks of each regular semester~~].

(b) A school district that experiences a decline of two percent or more in average daily attendance as a result of the closing or reduction in personnel of a military base shall be funded on the basis of the actual average daily attendance of the immediately preceding school year.

SECTION 1.05. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) Before each regular session of the legislature beginning with the 73rd Legislature, for each school year in the next biennium the Legislative Education Board shall calculate, so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per student per cent of tax effort provided under Section 16.302 of this code; and

(4) the district enrichment tax rate provided under Section 16.303 of this code.

(b) Not later than October 1 preceding each regular session of the legislature, the board by rule shall report the equalized funding elements calculated under Subsection (a) of this section to the foundation school fund budget committee, the commissioner of

education, and the legislature.

SECTION 1.06. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,910 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year, $2,000 for the 1991-1992 school year, $2,100 for the 1992-1993 school year, and an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and [~~$1,500~~] for each school year thereafter, or a greater amount for any of those years provided by appropriation.

SECTION 1.07. Subchapter D, Chapter 16, Education Code, is amended by adding Section 16.160 to read as follows:

Sec. 16.160. ALCOHOL AND DRUG INTERVENTION ALLOTMENT. (a) Each district is entitled to an annual allotment equal to the average daily attendance multiplied by $5 for the development, training, and maintenance of alcohol and drug abuse intervention teams in the public schools of the district.

(b) Funds allocated under this section, other than those for administrative and training costs, must be used to provide an alcohol and drug abuse intervention program in each public school in the district.

(c) Funds allocated under this section may be used to

supplement the salary of employees serving on the alcohol and drug abuse intervention team or to supplement the salary of an employee serving as a district or school coordinator for drug free schools.

SECTION 1.08. Subsection (a), Section 16.252, Education Code, is amended to read as follows:

(a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the district's local share;

"TR" is a tax rate computed by the commissioner of education before each school year that will raise a total local share, prior to adjustments, equal to a percentage [~~33.3 percent~~] of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, as follows:

(1) 41 percent for the 1990-1991 school year;

(2) 42 percent for the 1991-1992 school year;

(3) 43 percent for the 1992-1993 school year; and

(4) a percentage adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and each school year thereafter; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

SECTION 1.09. Subsections (a) and (b), Section 16.254, Education Code, are amended to read as follows:

(a) The commissioner of education shall determine annually:

(1) the amount of money necessary to operate a Foundation School Program in each school district; and

(2) the amount of local funds assigned to each school district for the support of the program[~~,~~ ~~and~~

[~~(3) the amount of state available school funds distributed to each school district~~].

(b) The commissioner of education shall then grant to each school district from the Foundation School Program appropriation the amount of funds necessary to provide the difference between Subdivision (1) and Subdivision (2) [~~the sum of Subdivisions (2) and (3)~~] of Subsection (a) of this section.

SECTION 1.10. Section 16.256, Education Code, is amended by adding Subsection (d) to read as follows:

(d) Not later than November 1 preceding each regular session of the legislature beginning with the 73rd Legislature and after considering the report of the Legislative Education Board under Section 16.008 of this code, the committee shall adopt the following for each school year in the next biennium so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per

student per cent of tax effort provided under Section 16.302 of this code; and

(4) the district enrichment tax rate provided under Section 16.303 of this code.

SECTION 1.11. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject to Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $22 for the 1990-1991 school year, $24 for the 1991-1992 school year, $26 for the 1992-1993 school year, and an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year and each school year thereafter, [~~$18.25~~] or a greater amount for any of those years provided by appropriation;

"WADA" is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the

district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.47 through the 1992-1993 school year and may not exceed the rate adopted by the foundation school fund budget committee under Section 16.256 of this code each school year thereafter, [~~$0.36~~] or a greater amount for any of those school years provided by appropriation.

(b) For purposes of calculating guaranteed yield allotments for a school district which is located entirely within the boundaries of a federal military installation, 50 percent of federal impact aid may be considered the local revenue ("LR") of such a district at such a time as the state meets a required

standard of fiscal neutrality as defined in federal law or regulation. For purposes of calculating the guaranteed yield allotments under this subsection, the district is assumed to have a district enrichment tax rate ("DTR") equal to the state average tax rate imposed by school districts for the same year. A school district under this subsection is not eligible for guaranteed yield allotments until such time as federal impact aid is considered as local revenue for the purposes of calculating the guaranteed yield allotments [~~the--1989-1990-school-year,-a-district-may-not-receive less-per-student-in-guaranteed-yield-state-funds-than-the-amount-of state-funds-received-under-the-enrichment-equalization-allotment-in the-1988-1989-school-year~~].

SECTION 1.12. Section 16.155, Education Code, is amended to read as follows:

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each full-time equivalent student in average daily attendance in an approved vocational education program in grades nine through 12, a district is entitled to an annual allotment for the [~~1989-1990-and~~] 1990-1991 school year [~~years~~] equal to the adjusted basic allotment multiplied by a weight of 1.35 [~~1.45~~].

(b) For each full-time equivalent student in average daily attendance in an approved vocational education program under Section 21.112 of this code, a district is entitled to an annual allotment, beginning with the 1991-1992 school year, equal to the adjusted basic allotment multiplied by a weight established by the State Board of Education according to program component. Each

weight established by the board must correlate to the costs per student of the program component. The average weight established by the board under this section for all program components in all districts may not exceed 1.30 for the 1991-1992 school year and 1.25 for each school year thereafter [~~the greater of 1.45~~] or a greater weight provided by appropriation for any of those years. The components for which the board shall establish weights are general vocational education, pre-employment laboratory, education for special needs students, and master plan initiatives. The board shall adopt the system not later than 30 days before the first day of each regular session of the legislature.

(c) The legislature by general law may adopt the weights adopted by the State Board of Education for any biennium. If the weights are not adopted, the weight contained in Subsection (a) of this section shall be utilized for the determination of vocational education allotments.

(d) In this section, "full-time equivalent student" means 30 hours of contact a week between a student and vocational education program personnel.

(e) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in providing vocational education programs in grades nine through 12 under the provisions of Sections 21.111, 21.1111, and 21.112 of this code.

(f) The indirect cost allotment established under board rules shall first be effective for the 1991-1992 school year

consistent with the weight effective that year.

(g) The commissioner shall conduct a cost-benefit comparison between vocational education programs and mathematics and science programs.

SECTION 1.13. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1990-1991 and 1991-1992 school years, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. A portion of these funds may be used to alleviate the debt service obligations of school districts incurring debt since September 1, 1984, and prior to the effective date of this Act.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and awarding grants, the conditions listed in Subsection (a), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay

the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(e) This article expires August 31, 1992.

SECTION 1.14. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or

resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.15. Section 13.353, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for that purpose, the Central Education Agency shall allocate an amount each year to support the activities of the center established in Texas pursuant to the federal Leadership in Educational Administration Development (LEAD) program under 20 U.S.C. Sec. 1109 et seq., including the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills to fulfill the requirements of this section. The center shall receive an allotment of $250,000 or a greater amount provided by appropriation. The State Board of Education may designate special projects and development activities to be carried out with such funds. The manner in which such funds are utilized shall be reported annually to the commissioner of education. This subsection takes effect June 1, 1990.

SECTION 1.16. To the extent a school district receives more state funds as a result of the passage of this Act, 58 percent of the additional funds are required to be used for teacher salaries. A district may not substitute funds dedicated to teacher salaries by this section for any other funds committed to teacher salaries.

SECTION 1.17. Subsection (c), Section 15.01; Subsection (d),

Section 15.10; and Subsection (a), Section 15.12, Education Code, are repealed.

SECTION 1.18. Sections 1.01, 1.09, and 1.17 of this Act take effect on the date the constitutional amendment proposed by the 71st Legislature allowing amounts in the available school fund to be distributed in the same manner as amounts in the foundation school fund takes effect. If that amendment is not approved by the voters, those sections have no effect.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Section 2.01, Education Code, is amended to read as follows:

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. The objective of state support and maintenance of a system of public education is education for citizenship and is grounded upon conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students will achieve their full educational potential. The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL B: The state shall be within national norms for student performance.

GOAL C: A well-balanced and appropriate curriculum will be

provided to all students.

GOAL D: Qualified and effective personnel will be attracted and retained. Adequate and competitive compensation commensurate with responsibilities will be ensured. Qualified staff in critical shortage areas will be recruited, trained, and retained.

GOAL E: The organization and management of all levels of the educational system will be productive, efficient, and accountable.

GOAL F: Instruction and administration will be improved through research that identifies creative and effective methods. Demonstration programs will be developed and local initiatives encouraged for new instructional arrangements and management techniques. Technology will be used to increase the equity, efficiency, and effectiveness of classroom instruction, instructional management, and administration.

SECTION 2.02. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~, including fiscal policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost-effectiveness. The board may require information and reports from state agencies as necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The board may employ staff as necessary for the performance of its duties, as allowed by legislative appropriation, or may request and use staff provided by the Texas Legislative Council or the Legislative Budget Board.

(f) [~~The Texas Legislative Council shall provide staff for the board as necessary to the performance of its duties.~~

[~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.03. Section 327.006, Government Code, is amended

to read as follows:

Sec. 327.006. REVIEW OF EDUCATIONAL POLICY [~~CURRICULUM~~] IMPLEMENTATION. (a) The board shall periodically [~~biennially~~] review the actions or proposed actions of [~~curriculum rules adopted by~~] the State Board of Education [~~under Section 21.101, Education Code,~~] for the purpose of ensuring compliance with legislative intent.

(b) If the board determines that any action or proposed action of the State Board of Education conflicts with legislative educational policy, the board shall submit its comments on the conflict to the State Board of Education in writing.

(c) If the board determines that a final action of the board conflicts with the intent of legislative educational policy, the board may:

(1) request additional information from the State Board of Education relating to the intent of the board's action;

(2) request a joint meeting with the State Board of Education to discuss the conflict between the action and legislative educational policy;

(3) request that the State Board of Education reconsider its action; or

(4) notify the governor, lieutenant governor, speaker of the house, and the legislature of the conflict presented.

SECTION 2.04. Chapter 11, Education Code, is amended by adding Section 11.2091 to read as follows:

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) The Texas

Higher Education Coordinating Board in cooperation with the commissioner of education shall establish a program to assist in the recruitment of minorities into the education profession. The program may include, but is not limited to, the following:

(1) tuition or grant assistance programs;

(2) incentive scholarship programs utilizing funds under Section 56.100, Education Code, to encourage minorities to enter the education profession;

(3) cooperation with institutions of higher education to conduct recruitment seminars, job fairs, and mentorship programs;

(4) cooperation with public school districts to conduct career exploration programs in the area of public education; and

(5) cooperation with education interest groups and organizations to conduct career exploration programs, recruitment seminars, job fairs, and mentorship programs.

(b) Funds appropriated for these programs shall be specifically allocated by the board in its annual budget process and shall be monitored by the board to determine that the program is meeting goals established by the board.

SECTION 2.05. Subsections (a) and (d), Section 11.23, Education Code, are amended to read as follows:

(a) The board shall hold four [~~regular~~] meetings a year in Austin, Texas, on dates determined by the chairman, and [~~the second Saturday in January, March, May, July, September, and November.~~

~~It~~] may hold other meetings [~~as-scheduled-by--its--formal--sessions or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.06. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall take actions necessary to implement legislative policy [~~is-the-policy-forming-and-planning--body~~] for the public school system of the state. The board shall include in the record of its meetings the legislative authority for each action taken by the board. The board shall consider any comments submitted by the Legislative Education Board on a proposed rule before voting on final adoption of the rule. If the board is unsure of the legislative intent of any legislative enactment, the board may request a joint meeting with the Legislative Education Board to discuss the intent.

(b) The board is [~~It-shall~~] also [~~be~~] the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with the Texas Higher Education Coordinating Board[~~,-Texas-College-and~~

~~University-System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

[~~(b)--As--one-part-of-the-Central-Education-Agency,-the-State Board-of-Education-shall-have-specific-responsibility-for--adopting policies,--enacting-regulations,-and-establishing-general-rules-for carrying-out-the-duties-placed--on--it--or--the--Central--Education Agency-by-the-legislature.~~]

SECTION 2.07. Subsection (c), Section 11.26, Education Code, is amended to read as follows:

(c) With the advice and assistance of the state commissioner of education, the State Board of Education shall:

(1) [~~formulate---and---present--to--the--governor--and Legislative--Budget--Board--the--proposed--budget--or--budgets--for operating--the--Foundation--School--Program,--the-Central-Education Agency,-and-the-other-programs-for-which-it-has-responsibility,~~

[~~(2)--adopt--operating--budgets---on---the---basis---of appropriation-by-the-legislature,~~

[~~(3)--establish---procedures---for--budgetary--control, expending,-auditing,--and--reporting--on--expenditures--within--the budgets-adopted,~~

[~~(4)~~] make to the legislature biennial reports covering all the activities and expenditures of the Central

Education Agency;

(2) [~~(5)~~] adopt rules for the accreditation of schools;

(3) [~~(6)~~] execute contracts for the purchase of instructional aids, including textbooks, within the limits of authority granted by the legislature;

(4) [~~(7)~~] execute contracts for the investment of the permanent school fund, within the limits of authority granted by Chapter 15 of this code;

(5) [~~(8)~~] adopt rules consistent with Chapter 13 of this code for certification of teachers, administrators, and other professional personnel customarily employed in public schools;

(6) [~~(9)~~] adopt rules requiring school districts to notify parents of students of a teacher teaching a subject for which the teacher is not certified, unless the teacher is serving an internship under Section 13.035 of this code, or the teacher has at least 24 semester credit hours in the subject, or the teacher is teaching under an emergency permit and is making satisfactory progress toward completion of a deficiency plan;

(7) [~~(10)~~] consider the athletic necessities and activities of the public schools of Texas and in advance of each regular session of the legislature specifically report to the governor of Texas the proper and lawful division of time and money to be devoted to athletics, holidays, legal and otherwise, and to educational purposes; and

(8) [~~(11)~~] on or before May 15 of each year, formulate

and transmit to the Texas Council on Vocational Education a list of evaluation topics that address developing and future concerns of the board in the field of technical-vocational education.

SECTION 2.08. Subsection (a), Section 11.29, Education Code, is amended to read as follows:

(a) The commissioner of education [~~State Board of Education~~] shall adopt annually a budget for operating the Foundation School Program, [~~the operation of~~] the Central Education Agency, and other programs for which the State Board of Education has responsibility. The budget shall be in accordance with the amounts appropriated by the general appropriations act and shall provide funds for the administration and operation of the Central Education Agency and any other necessary expense. Before adopting the budget, the commissioner shall:

(1) submit the budget to the State Board of Education and the Legislative Education Board for review and comment; and

(2) after receiving the comments of those boards, present the budget to the governor and the Legislative Budget Board.

SECTION 2.09. Subsections (a) and (c), Section 11.25, Education Code, are amended to read as follows:

(a) The state commissioner of education shall be the executive officer through whom the State Board of Education shall [~~carry out its policies and~~] enforce its rules and regulations.

(c) The State Board of Education shall appoint the state commissioner of education, with the advice and consent of the

senate, to serve at the will of the board.

SECTION 2.10. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Standards adopted under Section 13.032 or 13.035 of this code for teacher training shall include training in the use of technology and effective teaching practices in the classroom.

(b) Regional education service centers, teacher centers, institutions of higher education with approved teacher education programs, and other appropriate educational entities shall offer in-service training for public school teachers and other educational personnel in the use of technology and effective teaching practices in the classroom.

SECTION 2.11. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district that has been rated as academically unaccredited for a period of three years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property

is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district under Section 19.004 of this code.

(e) Before the commissioner orders an annexation under this section, the commissioner shall investigate the educational and financial impact of the annexation on the receiving district. The commissioner may order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district prior to the annexation and to meet its financial obligations incurred prior to the annexation. The annexation requires the approval of the board of trustees in each district to which territory is annexed.

(f) Beginning with the school year in which the annexation occurs, for the five years the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment calculated under Section 16.252 of this code by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation. A district that receives an adjustment to its local fund assignment under this section is not eligible for incentive aid under Subchapter G of Chapter 23 of this code.

SECTION 2.12. Section 21.041, Education Code, is amended by adding Subsection (f) to read as follows:

(f) Laws governing mandatory attendance, average daily attendance calculations, and the number of classroom days a student must be in attendance shall not be construed by board rule or district or campus policy to discourage or restrict the arrangement of reasonable medical or dental appointments for students.

SECTION 2.13. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. PERFORMANCE REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report describing the district's educational performance that includes campus performance objectives established under Section 21.7532 of this code and the progress of each campus toward those objectives, which shall be available to the public and filed with the State Board of Education. The board shall hold a hearing for public discussion of the report. The board shall notify property owners in the district of the hearing by mail or by publication in a newspaper. The board may combine the notice with the notice of a public hearing on a proposed tax increase required under Section 26.06, Tax Code [~~describing--the--district's--educational--performance--and--giving financial---information--related--to--the--costs--incurred--by--the district~~].

(b) The [~~State-Board-of-Education-by--rule--shall--prescribe the--form--and--content--of-the-report.--In-adopting-the-rules,-the board-may-not-impose-requirements-that-contribute-unnecessarily--to~~

~~the--length-or-complexity-of-the-report,-and-to-the-extent-possible shall-provide-for-each-report-topic-required-by-this-subsection--or by--board--rule--to--be--presented--in--a--manner--that--allows-the presentation-to-be-limited-to-not-more-than-one-page-in-length--per topic.---At--a--minimum,--the~~] report must include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program; and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) The report must also include a comparison provided by the Central Education Agency of the district's performance to groups of districts with similar wealth and demographics and to districts statewide for information required under Subsections (b)(4), (7), and (8) of this section and all academic indicators

under Section 21.7531 of this code. [~~A report under this section must also include information about the number of students in each classroom, excluding instrumental and choral music classrooms, per class period. The report must specify, by grade, the number of classrooms, excluding instrumental and choral music classrooms, in which in any class period the number of students exceeds:~~

[~~(1) for kindergarten through 8th grade, 20;~~

[~~(2) for high school, 25, and~~

[~~(3) for special education, 10.~~]

(d) The State Board of Education by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [~~and~~] school district employees, and school campuses are required to prepare.

[~~(e) Each district shall also annually report to the commissioner the number of teachers on the career ladder, the number of teachers at each level, and the sex and ethnicity of those teachers. That information shall be collected in a biennial report to the legislature, with the information reported by school district.~~

[~~(f) Reports to the legislature under this section shall be filed with the Legislative Budget Board and the appropriate committees of each house.~~]

SECTION 2.14. Section 21.551, Education Code, is amended by adding Subsection (f) to read as follows:

(f) The State Board of Education shall adopt an appropriate,

nationally recognized, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test.

SECTION 2.15. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned;-or~~

[~~(6)--unaccredited~~].

(b) [~~The--board-may-not-rate-a-number-of-school-districts-as exemplary-that-exceeds-40-percent-of-the-number-of-districts--rated as-recognized.~~

[~~(c)~~] The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators adopted by the board under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives [~~the quality of learning on each of the district's campuses based on indicators such as scores on achievement tests~~];

(5) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(6) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(7) the effectiveness of the district's campuses on the basis of the most current criteria identified by research on effective schools;

(8) [~~(6)~~] the fulfillment of curriculum requirements;

(9) [~~(7)~~] the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(10) [~~(8) the correlation between student grades and performance on standardized tests;~~

[~~(9)~~] the quality of teacher in-service training;

[~~(10) paperwork reduction efforts;~~]

(11) [~~training received by board members;~~

[~~(12) the effectiveness of the district's efforts to improve attendance;~~

[~~(13)~~] the effectiveness of the district's remedial and support programs under Section 21.557 of this code for students at risk of dropping out of school;

(12) [~~(14)~~] the effectiveness of the district's dropout prevention and recovery programs; and

(13) [~~(15) the effectiveness of the district's drug abuse prevention programs;~~

[~~(16) parental and community involvement in the district;~~

[~~(17)~~] efficient allocation of available resources[~~; and~~

[~~(18) adequate performance under the indicators adopted under Section 21.7531 of this code~~].

(c) The Central Education Agency shall rate each campus in a district on the basis of the campus's performance on the indicators adopted under Section 21.7531 of this code using the rating categories provided for districts under Subsection (a) of this section.

(d) The accreditation rating of a school district or campus under this section may not be lowered solely on the basis of size.

SECTION 2.16. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS.

(a) The State Board of Education, on the advice of the academic excellence indicators advisory committee, the educational excellence committee, and the Legislative Education Board, shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The board biennially shall review the indicators for the consideration of appropriate revisions.

(b) The indicators must include:

(1) the results of criterion-referenced assessment instruments required under Section 21.551 of this code; [~~a comparison of the district's performance to a projection of the district's expected performance, and~~]

(2) the results of tests with national norms, including the Scholastic Aptitude Test and the American College Test;

(3) high school graduation rates;

(4) student attendance; and

(5) student enrollment in advanced academic courses [~~the Central Education Agency's most recent compliance review of the district's special education program~~].

(c) Performance on the indicators required by this section shall be compared to a projection of expected performance.

(d) The State Board of Education shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(e) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education

Agency in the rating of a district under Section 21.753 of this code.

(f) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the State Board of Education and the Legislative Education Board.

SECTION 2.17. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the site-based decision-making committee of the school, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students. The objectives must be approved by the district's board of trustees. The site-based decision-making committee shall be composed of the principal or the principal's designee and several classroom teachers. The teacher members shall be nominated and elected by a plurality vote of the teachers on that campus. The site-based decision-making committee will work to improve educational effectiveness by providing greater acceptance of decisions developed on the campus level, greater responsiveness to the unique educational situations on that campus, improved employee morale, and a better working and learning climate on each campus. All references in this code to the campus-level administrator meeting with the faculty or a campus planning an

activity are to the site-based decision-making committee on each campus.

SECTION 2.18. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted in Section 21.7531 of this code and determine if specific action is warranted. The review may include limited [~~determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an~~] on-site evaluation if necessary.

(b) The State Board of Education by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the board may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under

the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review shall include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs; and

(4) [~~results of teacher and parent surveys, and~~

[~~(5)~~] other information required by the board.

(d) In compliance with Section 21.925 of this code, the board shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [as] result of the investigation.

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled at [~~in~~] the campus

[~~district~~]. The investigation may not be closed until information is obtained from each of those sources. The board shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

SECTION 2.19. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [~~and~~]

(4) appointment of a master to oversee the operations

of the district;

(5) appointment of a management team to oversee the operations of the district.

(b) If a campus is rated accredited advised or academically unaccredited, the commissioner shall take the following actions to the extent the commissioner determines necessary:

(1) appointment of a monitor, master, or management team to oversee the operations of the campus; or

(2) order the board of trustees or the superintendent to take certain actions relating to the operations of the campus.

(c) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and--shall withhold state funds from the district~~].

(d) [~~(e)~~] The costs of providing a monitor, [~~or--a~~] master, or management team shall be paid by the district.

(e) A master or management team appointed to oversee the operations of the district may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(f) A master or management team appointed to oversee the operations of a campus may approve or disapprove any action that relates to the campus and that is taken by the principal of the campus, the superintendent of the district, or the board of trustees of the district.

(g) [~~(d)~~] A district that is rated academically unaccredited

[~~does-not-have-a-rating-above-accredited-advised~~] for a period of three years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code [~~is--unaccredited--at--the--conclusion--of--that--period-unless-the district-qualifies-for-a-rating-above-accredited--advised--at--that time~~].

SECTION 2.20. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of three years. The commissioner shall immediately inform the Legislative Education Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed three years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to

the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than three years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a rule adopted under this code, other than a prohibition of conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.21. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related

to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection may not be appealed except on the grounds that the decision is arbitrary, capricious, or not supported by substantial evidence. Evidence may not be introduced on appeal other than the record of the evidence before the commissioner.

SECTION 2.22. Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.930 to read as follows:

Sec. 21.930. DISTRICT LEVEL DECISION MAKING. (a) The board of trustees of each school district shall involve the teachers in the district in educational decision making relating to the district's educational policies. The board shall consult with the teachers and administrators about decisions, policies, and programs being developed to implement public education in the district.

(b) The board shall establish a procedure under which meetings are held regularly with teachers.

(c) Teachers within the district will nominate and elect the teachers within the district to represent them in meetings with the board and that are required under the provisions of this section.

(d) This section does not prohibit the board from conducting meetings with teachers or groups of teachers other than the meetings described by this section.

SECTION 2.23. Subsection (c), Section 11.13, Education Code,

is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact, except as provided by Section 21.920(e) of this code.

SECTION 2.24. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.020 to read as follows:

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. The comptroller may periodically review the effectiveness and efficiency of the budgets and operations of school districts.

SECTION 2.25. Subsection (a), Section 11.14, Education Code, is amended to read as follows:

(a) The provisions of this chapter shall not be construed to give the State Board of Education, the commissioner of education, the State Department of Education, or anyone whomsoever, the power to close, to consolidate, or cause by regulation or rule to be closed or consolidated, any public school district in this state. This subsection does not affect the powers of the commissioner under Section 19.027 of this code.

SECTION 2.26. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan

under Section 13.049, Education Code, as added by this Act.

SECTION 2.27. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the State Board of Education. The board shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.28. The following sections of the Education Code are repealed:

(1) Subsection (a), Section 11.26; and

(2) Section 21.752.

SECTION 2.29. Section 2.14 of this article applies beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

SECTION 2.30. Section 2.24 of this article takes effect September 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 11.27, Education Code, as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

Sec. 11.27. <u>INNOVATIVE</u> [~~DEMONSTRATION~~] PROGRAMS. (a) The State Board of Education shall establish a process under which [~~a limited--number--of~~] programs developed by school <u>campuses</u> [~~districts~~] may be approved [~~by the board~~], notwithstanding lack of compliance with other statutory requirements, to demonstrate innovative educational practices.

1 (b) Innovative programs that may be approved under this
2 section include, but are not limited to, programs relating to:
3 (1) school year restructuring;
4 (2) alternative learning environments;
5 (3) parental literacy;
6 (4) decentralization of organizational decisions;
7 (5) instructional technology;
8 (6) student and parental choice among public schools;
9 (7) child care;
10 (8) early childhood education;
11 (9) an extended school day;
12 (10) teacher and administrator development;
13 (11) continuous progress education;
14 (12) student-teacher ratios below 22:1 in elementary
15 grades;
16 (13) use of elementary school guidance counselors,
17 social workers, and other personnel in successful dropout
18 prevention programs;
19 (14) career development for students;
20 (15) bilingual training;
21 (16) the generation of more effective parental
22 involvement with the schools;
23 (17) school-age latch-key children;
24 (18) volunteer efforts with the private sector;
25 (19) coordination of school activities with community
26 health and human services programs and other community resources;

and

(20) magnet schools.

(c) Innovative program applications shall initially be selected on a competitive, peer review basis by the program advisory committee established under Section 11.271 of this code, with final approval by the State Board of Education and, if the program requires the expenditure of state funds, the Legislative Education Board [~~A-demonstration-program-may-not-exceed-two-years in-duration,-and-not-more-than-20--programs--may--be--approved--for operation-at-any-one-time.~~

[~~(c)--To--be--approved--under--this--section,-a-demonstration program-must:~~

[~~(1)--focus----on----improvements----in-----educational productivity,-efficiency,-and-accountability;~~

[~~(2)--preserve--to--the--satisfaction--of-the-board-the rights-of-students,-parents,-and-teachers-granted-by-law;-and~~

[~~(3)--provide-specific-procedures-for-the-evaluation-of the-program~~].

(d) A school campus's [~~district's~~] application for approval of a program under this section must include substantial evidence that the campus [~~district~~] has adequately planned the program and that the application has been approved by the district's board of trustees.

(e) The approval by the State Board of Education of an application under this section that requires the expenditure of state funds is ineffective unless [~~A-demonstration-program-approved~~

~~under-this-section-may-not-result-in-an-increase-in-the--amount--of state--funds--allocated-to-the-district-or-a-decrease-in-the-amount allocated-to-any-other-district.~~

[~~(f)--State-funds-may-not--be--expended--on--a--demonstration program--authorized--by--this--section--unless-the-program-has-been reviewed-and-approved-in--advance--by~~] the Legislative Education Board approves the expenditure of state funds for the program under the authority of Article XVI, Section 69, of the Texas Constitution.

(f) [~~(g)~~] If an innovative [~~a---demonstration~~] program proposes a deviation from a requirement or prohibition imposed by state law or rule, final approval of the program [~~by--the--State Board--of--Education~~] constitutes a waiver of the requirement or prohibition for the duration of the program. A prohibition on conduct that constitutes a criminal offense may not be waived.

(g) A school campus with an approved innovative program receiving funds under Section 11.271 of this code shall report on the progress of the program to the Central Education Agency not later than September 1 of each year after the school year that the funding is received and upon completion of the program.

(h) The Central Education Agency shall evaluate each program's effectiveness and shall report its findings to the Legislative Education Board and to the State Board of Education not later than December 1 preceding each regular session of the legislature.

SECTION 3.02. Subchapter B, Chapter 11, Education Code, is

amended by adding Section 11.271 to read as follows:

Sec. 11.271. PUBLIC EDUCATION DEVELOPMENT FUND. (a) The public education development fund is an account in the General Revenue Fund. The comptroller of public accounts may receive gifts and grants for the public education development fund.

(b) Funds that may be credited to the public education development fund include gifts, grants, and legislative appropriations.

(c) The State Board of Education shall administer the public education development fund.

(d) Each fiscal year, the board, after deducting the cost of administration not to exceed an amount set by appropriation, shall make disbursements from the public education development fund to the Educational Economic Policy Center in a total amount approved by the Legislative Education Board. The board shall disburse the remainder of the fund to eligible school campuses.

(e) To be eligible for a disbursement from the public education development fund under this section, a school campus must have an approved innovative program application under Section 11.27 of this code. A campus may use funds received under this section for the approved innovative program only.

(f) A gift or grant to the public education development fund that provides the terms of its disbursement may be distributed only as specifically provided by the terms of the gift or grant.

(g) Seventy percent of the funds disbursed under this section must be for projects designed to improve the academic

achievement of low-performing students. Priority shall be given to projects submitted by campuses that have 60 percent or fewer students who perform satisfactorily on the criterion-referenced assessment instruments required under Section 21.551 of this code or that are otherwise low-performing campuses as defined by rule of the State Board of Education.

(h) From funds appropriated for the public education development fund, the comptroller shall issue warrants to the Educational Economic Policy Center and to each eligible school campus's school district in the amount certified by the board to the comptroller.

(i) The Educational Economic Policy Committee shall appoint a program advisory committee, composed of experts in policy research and disciplines that represent the center's purposes, to make recommendations to the State Board of Education and the Legislative Education Board on the use of the public education development fund.

SECTION 3.03. Section 11.33, Education Code, is amended by adding Subsection (e) to read as follows:

(e) Each Regional Education Service Center shall provide training in the alcohol and drug abuse intervention program adopted by the State Board of Education to each district coordinator and school coordinator in the center's region.

SECTION 3.04. Subsection (c), Section 12:01, Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this

chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.05. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate-in-the-selection-of--teachers~~] for that principal's campus from a pool of applicants selected by the district or of applicants who meet the hiring requirements established by the district;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.06. Section 13.354, Education Code, is amended by

adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall include the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.07. Chapter 14, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this section is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the General Revenue Fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology

fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16 of this code. The state's share is paid from the technology fund.

(d) If approved by the legislature, the unobligated and unexpended balances of appropriations distributed under this section are forfeited by the recipients at the end of the fiscal biennium, and the recipients shall return the appropriated money to the technology fund. All money returned to the technology fund under this subsection is subject to distribution in the next fiscal year for special projects as defined by rule of the State Board of

Education on application by a school district.

(e) The State Board of Education shall establish rules for the administration of this section.

(f) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. (a) A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging instructional technology.

(b) The Central Education Agency shall monitor the use of each district's allotment to ensure that at least 75 percent of the allotment is used to provide classroom instructional services and programs.

SECTION 3.08. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning

of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.09. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive.

SECTION 3.10. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. PROGRAM ACCOUNTABLE COSTS

Sec. 16.201. REPORT. (a) The State Board of Education shall report what the board [~~it~~] determines to be:

(1) the [~~minimum-basic~~] accountable costs per student to school districts of providing efficient education programs, personnel, and other operating costs that meet the accreditation standards prescribed by law and rule, for each year of the next biennium;

(2) the estimated costs per student to school districts of providing exemplary education programs, personnel, and other operating costs that exceed basic accreditation levels;

(3) the costs of implementing the long-range plan for public school education authorized by Section 11.26(b) of this code;

(4) facility and debt service costs necessary to provide for both current and projected facilities for public schools according to the standards adopted under Subchapter I of this chapter;

(5) the [~~basic~~] accountable costs per student for each programmatic area that is recognized by the Foundation School Program; and

(6) the [~~basic~~] accountable costs of transportation.

(b) In determining accountable costs, the board may not include costs of cocurricular and extracurricular programs.

Sec. 16.202. ADVISORY COMMITTEE. (a) The State Board of Education shall appoint an advisory committee to assist the board in determining the [~~minimum--basic~~] accountable costs. The committee must be composed of 15 members, a majority of whom may not be employees or officials of a local school district.

(b) In making appointments to the committee, the board shall give representation to different geographic areas and different sizes of schools and districts.

(c) Members of the committee serve without compensation but are entitled to reimbursement for actual and necessary expenses

incurred in performing their duties. Reimbursement is from funds appropriated to the Central Education Agency and available for that purpose.

Sec. 16.203. LEGISLATIVE CONSIDERATION. In adopting the amount of [~~basic,~~] special[~~,~~] and transportation allotments under this chapter, the legislature shall consider the recommendations and report of the State Board of Education as to the [~~minimum basic~~] accountable costs of a program that meets accreditation standards. The board shall file the report with the governor, the Legislative Budget Board, and the Legislative Education Board.

Sec. 16.204. METHODOLOGY. The Educational Economic Policy Center shall recommend a methodology for the State Board of Education to use in making the determinations of accountable costs required under Section 16.201 of this code.

SECTION 3.11. Subsection (a), Section 21.031, Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over the age of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.12. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall design an alcohol and

drug abuse intervention program for the public schools. Each school district shall implement the program under guidelines adopted by the board.

SECTION 3.13. Subsection (b), Section 21.136, Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the State Board of Education, is at or below subsistence level.

SECTION 3.14. (a) Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.9012 to read as follows:

Sec. 21.9012. ENERGY CONSERVATION MEASURES. (a) The board of trustees of a school district may enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) A contract to which this section applies includes a contract for the installation of:

(1) insulation of the building structure and systems within the building;

(2) storm windows or doors, caulking or weatherstripping, multiglazed windows or doors, heat absorbing or heat reflective glazed and coated window or door systems, or other

window or door system modifications that reduce energy consumption;

(3) automatic energy control systems, including computer software and technical data licenses;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) lighting fixtures that increase energy efficiency;

(6) energy recovery systems; and

(7) cogeneration systems that produce steam or other forms of energy for use in a building or complex of buildings.

(c) The person with whom the board contracts must be experienced in the design, implementation, and installation of energy conservation measures.

(d) Before entering into a contract for energy conservation measures, the board shall require the provider of the energy conservation measures to file with the board a performance bond that is in an amount the board finds reasonable and necessary to protect the interests of the school district and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

(e) The board may enter into a contract for a period of more than one year for energy conservation measures with a person if the board finds that the amount the school district would spend on the energy conservation measures will not exceed the amount to be saved in energy and operating costs over 10 years from the date of installation. If the term of a contract for energy conservation measures exceeds one year, the district's contractual obligation in

any year during the term of the contract may not exceed the total energy and operating cost savings, including but not limited to electrical, gas, or other utility cost savings and operating cost savings resulting from automatic monitoring and control, as determined by the board in this subsection, divided by the number of years in the contract term. The board shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, repairs, and debt service.

(f) A contract for energy conservation measures may be a lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing.

(g) A contract under this section may be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(h) In accordance with the terms of a request for proposals under Subsection (g) of this section and with regulations adopted by the board of trustees, the school district may conduct

discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the school district may allow proposal revisions after submissions and before the award of the contract.

(i) If provided in a request for proposals under Subsection (g) of this section, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations.

(j) Upon completion of all negotiations, the board shall give notice of intent to award a contract to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals are open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals are not open for public inspection.

(b) Section 21.9012, Education Code, as added by this Act, takes effect July 1, 1990, and applies to a contract for energy conservation measures entered on or after that date.

SECTION 3.15. Subchapter Z, Chapter 21, Education Code, is amended by adding Sections 21.930 through 21.932 to read as follows:

Sec. 21.930. DISTRICT AND SCHOOL COORDINATOR FOR DRUG FREE SCHOOLS. (a) Each school district shall designate one member of

the school district's administrative staff to serve as the district coordinator for drug free schools. Each principal shall designate one teacher to serve as the school coordinator for drug free schools.

(b) Before the beginning of each school year, the district coordinator shall meet with the alcohol and drug abuse intervention teams for the public schools in the district and instruct the intervention teams in the state alcohol and drug abuse intervention program and review each school's alcohol and drug abuse intervention program.

Sec. 21.931. ALCOHOL AND DRUG ABUSE INTERVENTION TEAM. (a) Each public school shall establish an alcohol and drug abuse intervention team composed of administrators, classroom teachers, and any nurse, counselor, psychologist, social worker, chemical abuse specialist, or other professional staff member employed at the school. The principal shall designate the members of the team.

(b) A classroom teacher or other professional employee of a public school that knows or has reason to believe that a student is intoxicated within the confines of a public school campus or in attendance at a public school sponsored activity shall immediately report that knowledge or belief to the principal of the school. On receipt of the report, the principal shall immediately convene the alcohol and drug abuse intervention team. If the intervention team confirms that the student is intoxicated, the intervention team may remove the intoxicated student to a location within the school but away from normal school activities and may use force as needed to

remove the student. On determining the circumstances of the student's intoxication, the intervention team shall make a preliminary report to the principal recommending immediate action to be taken with regard to the intoxicated student.

(c) A person who makes a report in compliance with Subsection (b) of this section or a person who acts on that report in compliance with Subsection (b) of this section is not liable in civil damages in any suit arising from the compliance.

Sec. 21.932. DRUG FREE SCHOOL ADVISORY TEAM. (a) The principal of each public school shall establish a school and community drug free school advisory team composed of representatives of:

(1) the alcohol and drug abuse intervention team created under Section 21.931 of this code;

(2) law enforcement agencies;

(3) the county attorney's office of the county in which the school is located;

(4) social service agencies;

(5) alcohol and drug treatment programs;

(6) parents of students; and

(7) the business community.

(b) The drug free school advisory team shall:

(1) promote awareness in the community of alcohol and drug abuse problems;

(2) identify available treatment and counseling programs for students;

(3) develop working relationships and communications among schools and community agencies; and

(4) develop a written procedure by which the alcohol and drug abuse intervention team shall provide information to students and parents.

SECTION 3.16. Subsections (a), (b), (c), (e), (h), (i), and (k), Section 23.023, Education Code, are amended to read as follows:

(a) Any independent school district, whether created by special or general law, with 60,000 [~~66,000~~] or more students in average daily attendance [~~for--the--1975-1976--school--year--or thereafter~~] shall be under the management and control of a board of nine trustees elected in accordance with the provisions of this section.

(b) Seven [~~At--all--elections-held-after-December-31,-1977, seven~~] members of the board of trustees shall be elected by the qualified voters of single-member districts and two members, who shall be the president and vice-president of the board, shall be elected at large.

(c) At least 120 days before the first school board election at which a district elects trustees under this section [~~to-be-held in-April,-1978~~], the board shall divide the school district into seven trustee districts which are compact, contiguous, and contain as nearly as practicable an equal population according to the last preceding federal decennial census.

(e) The candidate receiving a majority of the votes cast in

each position is elected. If no candidate receives a majority of the votes cast for that position, the board shall order a runoff to be held on a date authorized by Section 2.025, Election Code [~~the third Saturday in April immediately following the first election~~], and only the names of the two candidates receiving the highest number of votes in the first election shall be listed on the ballot. The candidate receiving the majority of the votes cast in the runoff election is elected.

(h) In districts with seven board members on the date the district becomes subject to this section [~~January 1, 1978~~], members of the board serving on that date shall serve for the remainder of their terms, except those choosing to resign. At the first election at which a district first elects trustees under this section [~~held in April, 1978~~], six [~~four~~] members shall be elected--the president, vice-president, and four [~~two~~] regular members. The president and vice-president then elected shall serve for a term of two years. The other [~~two~~] members then elected shall [~~draw lots so that one will serve for a term of two years, and one will~~] serve for a term of four years. The [~~five~~] members of the board holding the offices for which there was no election shall draw lots to determine which trustee district they will represent during the remainder of their terms. Thereafter, all members shall be elected to staggered terms of four years.

(i) A school district having 60,000 [~~66,000~~] or more students in average daily attendance [~~for the 1975-1976 school year or thereafter~~] which has previously adopted single-member district

representation may continue to operate under that plan.

(k) A school district with less than 60,000 [~~66,000~~] students in average daily attendance for the 1975-1976 school year that later becomes subject to this section shall begin electing trustees from single-member districts in accordance with this section no later than the first regular election held in [~~following~~] the next calendar year or subsequent year [~~in which the federal census is taken~~]. A school district subject to this section whose average daily attendance drops below 60,000 [~~66,000~~] students shall continue to be governed by this section. This section does not apply to a district which has adopted a plan of electing a board of trustees in whole or in part from single-member districts prior to January 1, 1991.

SECTION 3.17. Section 23.30, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A school district may employ, retain, contract with, or compensate a licensed real estate broker or salesman for assistance in the acquisition or sale of real property.

SECTION 3.18. The legislature recommends that the governor, lieutenant governor, and speaker of the house of representatives appoint a special study committee to develop a plan for the coordination of youth services into a community effort and to remove nonacademic related problems of youth from school responsibility and that the committee be required to make preliminary recommendations to the legislature before January 1, 1991.

SECTION 3.19. (a) Each fiscal year before the end of the Center for Educational Technology's first three years of operation, the State Board of Education shall make disbursements from the public education development fund under Section 11.271, Education Code, as added by this Act, to the Center for Educational Technology in an amount approved by the Legislative Education Board before making disbursements to eligible school campuses.

(b) From funds appropriated for the fund, the comptroller of public accounts shall issue warrants to the center in the amount certified by the commissioner.

SECTION 3.20. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop recommendations for a state health insurance plan for teachers. The retirement system, commissioner, and board shall coordinate with other persons studying such plans to make final recommendations to the 72nd Legislature.

SECTION 3.21. Notwithstanding any provision to the contrary:

(1) the pilot program established under Section 2.14, Chapter 813, and Section 2, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, shall continue through the 1990-1991 school year only; and

(2) the Central Education Agency shall report the findings of the study under Subsection (e) of those sections to the 73rd Legislature not later than February 1, 1993.

SECTION 3.22. The following sections of the Education Code are repealed effective September 1, 1991:

(1) Subsection (e), Section 21.136, Education Code; and

(2) Subsections (b) and (g), Section 21.136, Education Code, as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.23. (a) Sections 3.08, 3.11, 3.13, and 3.22 of this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.07 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school campus that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the State Board of Education with the advice of the Legislative Education Board. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school campus is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus is not exempt under this section from a requirement or

prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) minimum graduation requirements; or

(7) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(c) The Central Education Agency shall monitor and evaluate deregulation of a school campus under this section and Section 11.273 of this code and report annually to the State Board of Education on the effect of deregulation on student achievement.

(d) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses that are considered high performing, beginning in the 1990-1991 school year.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus may apply to the State Board of Education for a waiver of a requirement or prohibition imposed by law or rule that the campus determines inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal and faculty that states the achievement objectives of the campus and the inhibition imposed on those objectives by the requirement or prohibition and shall be approved by the district's board of trustees.

(c) The board may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus has fulfilled the achievement objectives submitted to the board under Subsection (b) of this section. The exemption remains in effect until the board determines that achievement levels of the campus have declined.

(e) A school campus may not receive an exemption or waiver under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) minimum graduation requirements; or

(7) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(f) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall adopt rules for the implementation of this section, except that the board may not designate the methodology used by a teacher nor the time spent by the teacher or a student on a particular task or subject.

SECTION 4.03. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between

the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.04. Subsection (b), Section 34.004, Education Code, is amended to read as follows:

(b) The State Board of Education with the advice and approval of the educational excellence committee shall establish the criteria and standards for the awards. The awards for school campuses shall be based primarily on the indicators established under Section 21.7531 of this code and the campus objectives established under Section 21.7532 of this code. The board shall incorporate criteria for the performance of students in special education programs. The criteria for schools and school districts must be measurable criteria and may include criteria related to:

(1) student achievement;

(2) operational efficiency;

(3) central administrative support;

(4) student and teacher attendance;

(5) graduates who enter college, receive advanced training, or are employed;

(6) principals participating in instructional leadership training; and

(7) other matters selected by the committee that are related to scholastic gains.

SECTION 4.05. Chapter 56, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.100. PROGRAM NAME. The student financial assistance program authorized by this subchapter is known as the Texas tuition assistance grant program, and an individual grant awarded under this subchapter is known as a Texas tuition assistance grant.

Sec. 56.101. PURPOSE. The purpose of this subchapter is to provide an eligible person a grant of money for tuition to enable that person to attend an institution of higher education.

Sec. 56.102. ELIGIBLE PERSON. (a) To be eligible for a Texas tuition assistance grant, a person must:

(1) be a Texas resident as defined by coordinating board rules;

(2) enroll for a full course load in an institution of higher education as defined by Section 61.003(8) or Section 61.222, Education Code;

(3) be from a low-income or middle-income family and establish financial need as defined by coordinating board rules;

(4) within the two years preceding the person's grant application, have graduated from a secondary school with a cumulative grade average that is equal to or greater than the equivalent of 80 on a scale of 100;

(5) have applied for any available financial assistance; and

(6) have complied with any other requirements adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a Texas tuition

assistance grant if the person:

(1) has been granted a baccalaureate degree; or

(2) has been convicted of a felony or a crime involving moral turpitude.

Sec. 56.103. ADMINISTRATIVE AUTHORITY. The coordinating board shall provide a Texas tuition assistance grant to an eligible person enrolled in an institution of higher education based on the financial need of that person. The total amount of Texas tuition assistance grants distributed by the coordinating board may not exceed the amount appropriated for the Texas tuition assistance grant program.

Sec. 56.104. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a person's Texas tuition assistance grant application, an enrollment report from the institution of higher education enrolling the person, and a certification of the amount of financial need from the institution of higher education, the coordinating board shall distribute the amount of the grant for the person to the institution of higher education.

(b) The amount of a Texas tuition assistance grant may not exceed the amount of tuition the student would be charged at a public senior institution of higher education and, when added to other gift aid, may not exceed the financial need of the student.

Sec. 56.105. LIMITATIONS ON GRANT. A person entitled to a Texas tuition assistance grant loses that person's right to future payments of money from the grant program if the person:

(1) does not make steady academic progress toward a

baccalaureate degree as determined under coordinating board rules;

(2) does not maintain full-time enrollment standing for at least two semesters in any academic year;

(3) has a grade average that is in the lower 50 percent of the total grade averages of all full-time students enrolled in the same college or other department in the institution of higher education; or

(4) is convicted of a felony or a crime involving moral turpitude.

Sec. 56.106. ADOPTION AND DISTRIBUTION OF RULES. (a) The coordinating board shall adopt rules to administer this subchapter.

(b) The coordinating board shall distribute to each institution of higher education and to each school district copies of all rules adopted under this subchapter.

Sec. 56.107. FUNDING. (a) The coordinating board may accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Texas tuition assistance grants are payable from gifts, grants, and funds appropriated by the legislature.

SECTION 4.06. The Texas Higher Education Coordinating Board shall adopt and distribute initial rules required by Subchapter G, Chapter 56, Education Code, as added by this Act, not later than January 1, 1991. The coordinating board shall make grants to eligible persons under this Act beginning with the fall semester 1991.

SECTION 4.07. The following provisions of the Education Code

are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989;

(2) Subsection (b), Section 21.001; and

(3) Subchapter B, Chapter 56.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01. Subsection (a), Section 21.008, Education Code, is amended to read as follows:

(a) Each school district shall operate for either two or three semesters during each school year, at the option of the district, except as provided under Section 21.010 of this code or under rules adopted under Section 21.009 of this code. The semesters must provide the required number of days of instruction for students and inservice education and preparation for teachers[~~, except as provided under Section 16.052(b) of this code~~].

SECTION 5.02. Subsection (a), Section 21.009, Education Code, is amended to read as follows:

(a) The State Board of Education shall [~~may~~] adopt rules under which a school district may operate its schools year-round, including rules necessary for the operation of a multitrack school year under Section 21.010 of this code.

SECTION 5.03. Subchapter A, Education Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:

(1) "Track" means a group of students and teachers scheduled to attend school and take vacation periods on the same

schedule.

(2) "Multitrack" means multiple tracks, with staggered instructional blocks and vacation periods.

(b) The board of trustees of a school district may operate a school on a multitrack school year.

SECTION 5.04. (a) The State Board of Education shall adopt rules under Subsection (a), Section 21.009, Education Code, as amended by this Act not later than January 1, 1991.

(b) Subsection (d), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes), as added by this Act, applies beginning with applications for aid for the 1991-1992 school year.

ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the General Revenue Fund, including any transfers to the Foundation School Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,399,827,269
b. Special Education Allotment, estimated	181,869,101
c. Compensatory Education Allotment, estimated	127,413,077
d. Bilingual Education Allotment, estimated	11,023,190
e. Vocational Education Allotment, estimated	52,158,049

f. Gifted and Talented Allotment, estimated	8,299,470
h. Education Improvement and Career Ladder, estimated	
(1) Career Ladder, estimated	1,959,707
i. Less: Net Local Share, estimated	-1,158,612,829
k. Guaranteed Yield, (net) estimated	521,109,621
Total, Section 16.254(d), sum certain	1,144,500,000

(b) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(c) In addition to the amount appropriated under Rider 30, page III-10, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, the amount of $20,000,000 is appropriated from the General Revenue Fund for the fiscal year ending August 31, 1991, to the Central Education Agency for the Long-Range Plan for Technology. The Central Education Agency shall establish priorities for the allotment of these funds. These funds shall be used for:

(1) the provision of access to courses for academic credit to secondary students via technology-based systems;

(2) the provision of training and other support services for teachers and other educational personnel in using technology efficiently and effectively in teaching and managing instruction and information, including training offered under Section 13.049, Education Code; and

(3) the provision of technology-based equipment for use in instruction.

(d) For the fiscal year ending August 31, 1991, the amount of $2,000,000 is appropriated from the General Revenue Fund to the Texas Higher Education Coordinating Board for the Texas tuition assistance grant program established under Subchapter G, Chapter 56, Education Code, as added by this Act.

(e) For the fiscal year ending August 31, 1991, the amount of $20,000,000 is transferred from the General Revenue Fund to the public education development fund created under Section 11.271, Education Code, as added by this Act, and all balances accruing to that fund are appropriated to the Central Education Agency for the purposes of that fund.

(f) For the fiscal year ending August 31, 1991, the amount of $45,000,000 is appropriated from the General Revenue Fund to the bond review board for the purpose of making public school facilities development grants under Article 717t-1, Revised Statutes, as added by this Act. Any unexpended balance appropriated to the board under Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, for the fiscal year ending August 31, 1990, are appropriated to the board for the fiscal year ending August 31, 1991, for the purpose of making public school facilities development grants.

(g) For the fiscal year ending August 31, 1991, the amount of $5,000,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of the facilities

inventory under Section 16.401, Education Code.

(h) For the fiscal year ending August 31, 1991, the amount of $250,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of funding the activities of the center established in Texas pursuant to the federal Leadership in Educational Administration Development (LEAD) program, referred to in Subsection (e), Section 13.353, Education Code.

(i) For the fiscal year ending August 31, 1991, the amount of $9,100,000 is appropriated from the General Revenue Fund to the Central Education Agency for the alcohol and drug abuse intervention program.

SECTION 6.02. In addition to the sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the amount of $45 million is transferred from the General Revenue Fund to the Foundation School Program to increase the appropriation under the item "Total, Section 16.254(d), sum certain" for the fiscal year ending August 31, 1990.

SECTION 6.03. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

SECTION 6.04. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 2, 1990

TO: Honorable Carl A. Parker, Chairman
Subcommittee on Public Education
Committee of the Whole
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Fourth Called Session
By: Parker, Caperton, Hobby

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $1,245,850,000 in fiscal year 1991 out of the General Revenue Fund to several state agencies to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The bill would also appropriate $45,000,000 in fiscal year 1990 out of the General Revenue Fund to cover anticipated increases in FSP costs under current law.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a three-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System and the Legislative Education Board. Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1991 and 1992 and encouraging energy conservation in school facilities;
- establishing an FSP per-pupil allotment for alcohol and drug intervention efforts in the public schools;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;
- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- eliminating in 1992 the per-capita apportionment of available school fund revenues, pending a constitutional amendment (S.J.R. 1), and instead transferring those revenues directly to the foundation school fund;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education;
- expanding the role of the Legislative Education Board (LEB) and the Foundation School Budget Committee in determining the major school finance formula calculations needed in 1994 and beyond to ensure compliance with an equity standard;

- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the State Board of Education to make its accountable cost recommendations to the Legislature based on methodology developed by the Educational Economic Policy Center;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts;
- giving principals sole authority to hire campus level staff;
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards;
- placing additional emphasis on management and leadership training for school district administrators;
- requiring districts to spend 58% of additional state aid on teacher salaries; and
- providing relief to school districts losing state aid due to military base closings or reductions.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $20 million in 1991 and $50 million in 1992 for technology;
- $2 million in 1991 and thereafter for tuition assistance;
- $20 million in 1991 and $50 million in 1992 and thereafter for the Public Education Development Fund;
- $50 million in 1991 and 1992 for facilities, including $5 million in 1991 for a facilities inventory; and
- $250,000 in 1991 and thereafter for management and leadership training for school administrators.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $60.9 million in 1991, increasing to $138.3 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The change in the ADA calculation for school formulas would have the effect of reducing ADA counts and, thereby, significantly reducing state aid on a statewide basis.
- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.
- The calculation of equalization aid for military base school districts could increase state aid to those districts once a federal equity standard was achieved.

The bill's provisions would have an administrative impact on several state agencies. Estimates of these costs are as follows:

- $684,866 in 1991 and increasing costs thereafter for TEA to cover the costs of administering the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts;
- $80,000 in 1991 and $60,000 in 1992 and thereafter for the Texas Higher Education Coordinating Board to cover costs of administering the tuition assistance program;

- $73,932 in 1992 and $13,000 thereafter for the Texas Bond Review Board to cover costs of administering the facilities development grant program; and
- $800,000 in 1991 through 1993 for the Center for Educational Technology.

The costs of the Center for Educational Technology and TEA's cost of administering the Public Education Development Fund would come out of appropriations for the Public Education Development Fund. The administrative costs for the Comptroller's Office cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) require 58% of new state aid to be spent on teacher salaries.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ 45,000,000	$ 45,000,000	$ 0
1991	1,061,000,000	1,406,900,000	92,250,000
1992	1,360,800,000	1,953,500,000	152,250,000
1993	1,681,300,000	2,573,800,000	52,250,000
1994	1,695,500,000	2,645,200,000	52,250,000
1995	1,698,500,000	2,698,700,000	52,250,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ 0	$ 0	+ 0
1991	60,900,000	1,659,098	+14
1992	86,000,000	1,570,274	+14
1993	116,800,000	1,644,076	+16
1994	131,100,000	832,837	+16
1995	138,300,000	832,837	+16

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, BL

HOUSE COMMITTEE REPORT

90 APR -5 AM 12:42
HOUSE OF REPRESENTATIVES

1st Printing

By Parker, et al. (Glossbrenner) S.B. No. 1

Substitute the following for S.B. No. 1:

By Glossbrenner C.S.S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public school finance; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. It is the policy of the State of Texas that:

(1) the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors; and

(2) equalized funding elements for each school year be established to produce not later than the 1995-1996 school year and maintain thereafter an equitable funding system that provides substantially equal access to equal revenues per unit of tax effort and meets the following goals:

(A) for not less than 95 percent of all students, the revenue per student of the students' school districts is not significantly related to the districts' taxable value of

property per student;

(B) the state share of funding for public education represents approximately 50 percent of all state and local funding;

(C) no major local property tax increase is required throughout the state;

(D) the state guarantees equalized funding for local tax effort that equals or exceeds the statewide average local tax rate; and

(E) all new state expenditures for public education are equitably distributed.

SECTION 1.02. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) Before each regular session of the legislature beginning with the 74th Legislature, for each school year in the next biennium the Legislative Education Board shall calculate, so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code, considering the level of financing guaranteed for the first tier of the Foundation School Program under Section 16.002 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort provided under Section 16.302 of this code, considering the revenue available at the 95th

percentile of weighted students in the state; and

(4) the maximum district enrichment tax rate provided under Section 16.303 of this code, considering the rate required to levy the amount established under Subdivision (3) of this subsection for weighted students at the 95th percentile.

(b) Not later than October 1 preceding each regular session of the legislature, the board shall report the equalized funding elements calculated under Subsection (a) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

(c) In establishing equalized funding elements under this section, the board shall consider revenue allocated for educational purposes only.

SECTION 1.03. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,800 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year, $1,900 for the 1991-1992 school year, $1,975 for the 1992-1993 school year, $2,100 for the 1993-1994 school year, $2,250 for the 1994-1995 school year, and the greater of $2,250 or the amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and [~~$1,500~~] for each school year thereafter, or a greater amount for any of those years provided by

appropriation.

SECTION 1.04. Section 16.252(a), Education Code, is amended to read as follows:

(a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the district's local share;

"TR" is a tax rate computed by the commissioner of education before each school year that will raise a total local share, prior to adjustments, equal to a percentage [~~33.3 percent~~] of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, as follows:

(1) 39 percent for the 1990-1991 school year;

(2) 40 percent for the 1991-1992 school year;

(3) 41 percent for the 1992-1993 school year;

(4) 42 percent for the 1993-1994 school year;

(5) 43 percent for the 1994-1995 school year; and

(6) the greater of 43 percent or the percentage adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and each school year thereafter; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

SECTION 1.05. Section 16.256, Education Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) Before each regular session of the legislature beginning with the 74th Legislature and after considering the report of the Legislative Education Board under Section 16.008 of this code, the committee shall adopt the following for each school year in the next biennium so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code, considering the level of financing guaranteed for the first tier of the Foundation School Program under Section 16.002 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort provided under Section 16.302 of this code, considering the revenue available at the 95th percentile of weighted students in the state; and

(4) the maximum district enrichment tax rate provided under Section 16.303 of this code, considering the rate required to levy the amount established under Subdivision (3) of this subsection for weighted students at the 95th percentile.

(e) In adopting equalized funding elements under this section, the committee shall consider revenue allocated for educational purposes only.

SECTION 1.06. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. Each district is guaranteed a specified amount per weighted student in state and local funds for

each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject to Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $16.65 for the 1990-1991 school year, $18.00 for the 1991-1992 school year, $18.85 for the 1992-1993 school year, $20.55 for the 1993-1994 school year, $24.25 for the 1994-1995 school year, and the greater of $24.25 or the amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and each school year thereafter, [~~$18.25~~] or a greater amount for any of those years provided by appropriation;

"WADA" is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the

district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. [~~(a)~~] The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.47 through the 1994-1995 school year and may not exceed the greater of $0.47 or the rate adopted by the foundation school fund budget committee under Section 16.256 of this code each school year thereafter, [~~$0.36~~] or a greater amount for any of those school years provided by appropriation.

[~~(b)--For-the-1989-1990--school--year,--a--district--may--not receive--less--per-student-in-guaranteed-yield-state-funds-than-the amount-of-state-funds-received-under--the--enrichment--equalization allotment-in-the-1988-1989-school-year.~~]

SECTION 1.07. Section 16.155, Education Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program, a district is entitled to an annual allotment [~~for-the-1989-1990-and-1990-1991 school-years~~] equal to the adjusted basic allotment multiplied by a weight of:

(1) 1.45 for the 1990-1991 school year;

(2) 1.40 for the 1991-1992 school year;

(3) 1.35 for the 1992-1993 school year;

(4) 1.30 for the 1993-1994 school year; and

(5) 1.25 for the 1994-1995 school year and each school year thereafter.

(g) The commissioner shall conduct a cost-benefit evaluation of the benefit of the vocational education program as opposed to public education in mathematics and science.

SECTION 1.08. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and awarding grants, the conditions listed in Section 10(a), Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay

the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

SECTION 1.09. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.10. For the 1990-1991 school year, a district is entitled to a total amount from the foundation school fund equal to the greater of the amount to which the district is otherwise entitled for that school year or the amount to which the district would be entitled if:

(1) the basic allotment under Section 16.101, Education Code, was $1,500;

(2) the total local share under Section 16.252(a), Education Code, was 33.3 percent;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 16.302, Education Code, was $18.25; and

(4) the maximum district enrichment tax rate under Section 16.303, Education Code, was $0.36.

SECTION 1.11. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the general revenue fund, including any transfers to the Foundation School Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,034,986,669
b. Special Education Allotment, estimated	132,861,588
c. Compensatory Education Allotment, estimated	96,026,020
d. Bilingual Education Allotment, estimated	8,162,768
e. Vocational Education Allotment, estimated	55,324,755

f. Gifted and Talented Allotment, estimated 6,133,702

h. Education Improvement and Career Ladder, estimated

(1) Career Ladder, estimated 1,959,707

i. Less: Net Local Share, estimated -840,545,144

Total, Section 16.254(d), sum certain 406,763,355

(b) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(c) The sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, for the guaranteed yield under the Foundation School Program in line item 1.k. are reduced by the amount of $87,600,055.

(d) The amount of $41,461,232 is appropriated to the Central Education Agency from the general revenue fund for the fiscal year ending August 31, 1991, for the purposes of the state funding required under Section 10 of this Act in addition to regular Foundation School Program costs.

SECTION 1.12. Sections 16.155(b) and (c), Education Code, are repealed.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Sections 11.23(a) and (d), Education Code, are amended to read as follows:

(a) The board shall hold <u>four</u> [~~regular~~] meetings <u>a year</u> in Austin, Texas, on <u>dates determined by the chairman, and</u> [~~the second~~

~~Saturday--in--January,--March,--May,-July,-September,-and-November.~~ ~~It~~] may hold other meetings [~~as-scheduled-by--its--formal--sessions or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.02. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall perform the duties assigned to it under Chapter 12 of this code relating to the adoption and purchase of textbooks. The board may make recommendations to the commissioner and the legislature relating to [~~is-the-policy-forming-and-planning-body for~~] the public school system of the state. It shall also be the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with the Texas Higher Education Coordinating Board[~~,-Texas College--and-University-System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

(b) A member of the State Board of Education may hold public hearings in the district from which the member is elected for the purpose of receiving comments from the public relating to the condition of the public school system and suggestions for improvement to the system. [~~As one part of the Central Education Agency, the State Board of Education shall have specific responsibility for adopting policies, enacting regulations, and establishing general rules for carrying out the duties placed on it or the Central Education Agency by the legislature.~~]

SECTION 2.03. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The commissioner of education is appointed by the governor, with the advice and consent of the senate, from a list of the names of three persons nominated by the Legislative Education Board. The Legislative Education Board shall submit three names to the governor not later than 60 days before the expiration date of each term of office of the commissioner of education. [~~The Office of State Commissioner of Education is a unit of the Central Education Agency and shall be filled in accordance with the provisions of Section 11.25 of this code.~~]

(b) The commissioner of education serves a term of office of four years expiring on February 1 of the appropriate odd-numbered year, except that the governor may remove the commissioner of education, with the advice and consent of the senate, for neglect of duty, incompetence, or fraudulent or criminal conduct. The commissioner of education may serve consecutive terms.

(c) The [state] commissioner of education shall be a person of broad and professional educational experience, with special and recognized abilities of the highest order in organization, direction, and coordination of education systems and programs, and in administration and management of public schools and public education generally. The commissioner of education shall be a citizen of the United States.

(d) [(e)] The commissioner shall execute the commissioner's [his] official bond in a sum not to exceed $50,000, conditioned on the faithful performance of the commissioner's [his] duties as required by the laws of Texas [and--the-rules-and-regulations imposed-by-the-State-Board--of--Education], and pursuant to the provisions of Chapter 383, Acts of the 56th Legislature, Regular Session, 1959 (Article 6003b, Vernon's Texas Civil Statutes).

SECTION 2.04. Section 11.52, Education Code, is amended to read as follows:

Sec. 11.52. POWERS AND DUTIES. (a) The commissioner of education shall serve as executive officer of the Central Education Agency [and-as-executive-secretary-of-the-State-Board-of--Education and-of-the-State-Board-for-Vocational-Education].

(b) The commissioner of education shall be responsible for promoting efficiency and improvement in the public school system of the state and shall have the powers necessary to carry out the duties and responsibilities placed upon the commissioner [him] by the legislature [and-by-the-State-Board-of-Education].

(c) The commissioner of education may adopt rules necessary to implement legislative education policy [shall-recommend-to-the

~~State-Board-of-Education-such-policies,-rules,-and--regulations--as he--considers--necessary--to-promote-educational-progress-and-shall supply-the-State-Board-of-Education-with-all-necessary-or-pertinent information-to-guide-it-in-its-deliberations~~].

(d) The commissioner of education shall prescribe uniform systems of forms, reports, and records necessary to secure needed information from county school officers and local school districts.

(e) The commissioner of education shall require of county judges, county and district school superintendents, county and school district treasurers or depositories, and other school officers and teachers such school reports relating to school funds and other school affairs as the commissioner [~~he~~] may deem proper for collecting information and advancing the interests of the public schools. The commissioner [~~He~~] shall furnish the necessary [~~blanks,-forms,-and~~] instructions for this purpose.

(f) The commissioner of education may delegate ministerial and executive functions to members of the State Department of Education and may employ division heads and all other employees and clerks to perform the duties of the Central Education Agency as may be authorized by appropriations therefor.

(g) The commissioner of education shall issue teaching certificates to public school teachers and administrators in compliance with the provisions of Chapter 13 of this code.

(h) The commissioner of education is authorized to issue vouchers for the expenditures of the Central Education Agency [~~according--to--the--rules--and-regulations-prescribed-by-the-State Board-of-Education~~].

(i) The commissioner of education shall examine and approve all accounts to be paid out of the school funds by the state treasurer, and upon such approval, the comptroller of public accounts shall be authorized to draw his warrant.

(j) The commissioner of education shall observe and execute the mandates, prohibitions, and regulations established by law [~~or by the State Board of Education in accordance with law~~].

(k) The commissioner of education shall have [~~a manual~~] published at least once every two years [~~that contains~~] the text of this code and an appendix of all other state laws relating to education. The commissioner [~~State Board of Education~~] shall determine the distribution of the text [~~manual~~].

(l) The commissioner of education shall advise and counsel the school officers of the counties, cities, towns, and school districts on the best methods of conducting the public schools. The commissioner [~~He~~] may issue instructions and opinions regarding rules and regulations which shall be binding for observance on all officers and teachers.

(m) The commissioner shall be informed [~~inform himself~~] about the educational progress of the different parts of this state and of other states. Insofar as the commissioner [~~he~~] may be able, the commissioner [~~he~~] shall visit different sections of this state, address teachers' institutes, associations, and other educational gatherings, instruct teachers, and promote all aspects of education. The legislature shall make adequate appropriation for the commissioner's necessary travel expenses, or those of the commissioner's [~~his~~] representative, when in service of the state.

(n) The commissioner shall, one month before the meeting of each regular session of the legislature, and 10 days prior to any special session thereof, at which, under the governor's proclamation convening the same, any legislation may be had respecting the public schools, make a full report to the legislature [~~State Board of Education~~] on the condition of all the public schools. This report shall

[~~(1) give all the information called for by the board and such other matters as the commissioner shall deem important; and~~

[~~(2)~~] be presented by the governor to the legislature, and 2,000 copies of it shall be printed in pamphlet form for use of the legislature and for distribution to the various school officers and libraries in this state and in other states and territories of the United States and Canada, and to the United States Office of Education in Washington.

(o) The commissioner of education may administer to a person who is elected or appointed to an office that has specific duties related to public education any oath of office that the person is required to take under Article XVI, Section 1, of the Texas Constitution or other state law.

(p) Any powers and duties delegated by law to the State Board of Education before the effective date of this subsection, except those powers and duties of the State Board of Education prescribed by the Texas Constitution or under Chapter 12 of this code or its duties as the State Board of Vocational Education, are transferred to the commissioner of education.

SECTION 2.05. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. An institution that offers a teacher education program shall develop a plan to:

(1) train students in the teacher education program in using technology and modern teaching practices in the classroom; and

(2) provide training for public school administrators and teachers in using technology and modern teaching practices in the classroom.

SECTION 2.06. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district in which a majority of the school campuses have been rated as academically unaccredited for a period of two years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district

under Section 19.004 of this code.

(e) The annexation does not require the approval of the board of trustees of the academically unaccredited district or the board of trustees of any district to which territory is annexed.

SECTION 2.07. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. CAMPUS PERFORMANCE OBJECTIVES REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report of the campus performance objectives established under Section 21.7532 of this code and of the progress of the campus toward those objectives, which shall be available to the public and filed with the commissioner of education [~~State Board of Education~~] describing the district's educational performance [~~and giving financial information related to the costs incurred by the district~~].

(b) The [~~State Board of Education by rule shall prescribe the form and content of the report. In adopting the rules, the board may not impose requirements that contribute unnecessarily to the length or complexity of the report, and to the extent possible shall provide for each report topic required by this subsection or by board rule to be presented in a manner that allows the presentation to be limited to not more than one page in length per topic. At a minimum, the~~] report may [~~must~~] include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack

of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program; and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) [~~A--report--under--this--section---must---also---include information--about--the--number--of--students--in--each--classroom, excluding-instrumental--and--choral--music--classrooms,--per--class period.----The--report--must--specify,--by--grade,--the--number--of classrooms,-excluding-instrumental-and-choral-music-classrooms,--in which-in-any-class-period-the-number-of-students-exceeds:~~

[~~(1)--for-kindergarten-through-8th-grade,-20,~~

[~~(2)--for-high-school,-25,-and~~

[~~(3)--for-special-education,-10.~~

[~~(d)~~] The <u>commissioner</u> [~~State--Board-of-Education~~] by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts<u>,</u> [~~and~~] school district employees<u>, and school campuses</u> are required to prepare.

[~~(e)--Each---district--shall--also--annually--report--to--the commissioner-the-number-of--teachers--on--the--career--ladder,--the~~

~~number--of--teachers--at--each--level,-and-the-sex-and-ethnicity-of those-teachers.--That-information-shall-be-collected-in-a--biennial report--to-the-legislature,-with-the-information-reported-by-school district.~~

[~~(f)--Reports-to-the-legislature-under-this-section-shall--be filed--with--the--Legislative--Budget--Board--and--the--appropriate committees-of-each-house.~~]

SECTION 2.08. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The commissioner of education [~~State-Board-of-Education~~] shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school campuses [~~districts~~] and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned,-or~~

[~~(6)--unaccredited~~].

(b) The board may not rate a number of school districts as exemplary that exceeds 40 percent of the number of districts rated as recognized.

(c) The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and

requirements imposed by rule of the commissioner [~~State-Board-of Education~~] under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators set by the commissioner under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives;

(5) the quality of learning on each of the district's campuses based on indicators, including [~~such--as~~] scores on achievement tests;

(6) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(7) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(8) [~~(6)~~] the fulfillment of curriculum requirements;

(9) [~~(7)~~] the effectiveness of the district's programs in special education and for special populations;

(10) [~~(8)--the--correlation--between-student-grades-and performance-on-standardized-tests;~~

[~~(9)~~] the effectiveness [~~quality~~] of teacher in-service training; and

(11) the effective use of technology to enhance student achievement

[~~(10)--paperwork-reduction-efforts;~~

[~~(11)--training-received-by-board-members;~~

[~~(12)--the-effectiveness-of-the-district's--efforts--to improve-attendance;~~

[~~(13)--the-effectiveness-of-the-district's-remedial-and support--programs-under-Section-21.557-of-this-code-for-students-at risk-of-dropping-out-of-school;~~

[~~(14)--the--effectiveness--of--the--district's--dropout prevention-and-recovery-programs;~~

[~~(15)--the--effectiveness--of-the-district's-drug-abuse prevention-programs;~~

[~~(16)--parental--and--community--involvement---in---the district;~~

[~~(17)--efficient-allocation-of-available-resources;-and~~

[~~(18)--adequate---performance---under---the--indicators adopted-under-Section-21.7531-of-this-code~~].

SECTION 2.09. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS. (a) The commissioner of education, on the advice of the academic excellence indicators advisory committee, the State Board of Education, and the Legislative Education Board, [~~State-Board-of Education~~] shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The commissioner [~~board~~] biennially shall review the indicators for the consideration of appropriate revisions.

(b) The indicators must include[~~:~~

[~~(1)~~] a comparison of the district's, and each

campus's, performance to a projection of the district's or campus's expected performance[~~,-and~~

[~~(2)--the--results--of--the--Central-Education-Agency's most-recent-compliance-review-of-the-district's--special--education program~~].

(c) The commissioner [~~State-Board-of-Education~~] shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(d) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education Agency in the rating of a district under Section 21.753 of this code.

(e) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the commissioner so that the indicators adequately represent the educational goals of the legislature.

SECTION 2.10. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the faculty of the school, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students.

SECTION 2.11. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an on-site evaluation.

(b) The commissioner of education [~~State Board of Education~~] by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the commissioner [~~board~~] may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review may [~~shall~~] include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs;

(4) results of teacher and parent surveys; and

(5) other information required by the board.

(d) In compliance with Section 21.925 of this code, the commissioner [~~board~~] shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [~~as~~] result of the investigation.

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled in the district. The investigation may not be closed until information is obtained from each of those sources. The commissioner [~~board~~] shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner

that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

(h) If an annual review from reports furnished by the school district indicates a need for an on-site evaluation of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 2.12. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [~~and~~]

(4) appointment of a master to oversee the operations of the district or campus; or

(5) appointment of a management team to oversee the operations of the district or campus.

(b) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and--shall withhold state funds from the district~~].

(c) The costs of providing a monitor, [~~or--a~~] master, or management team shall be paid by the district.

(d) A master or management team may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(e) A district rated academically unaccredited [~~that does not have a rating above accredited advised~~] for a period of two [~~three~~] years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code.

(f) Notwithstanding any provision to the contrary, a district rated accredited advised for a period of two years may not enter into a contract with an administrator for a term greater than one year [~~is unaccredited at the conclusion of that period unless the district qualifies for a rating--above--accredited--advised--at that time~~].

SECTION 2.13. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of two years. The commissioner shall immediately inform the Legislative Education

Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed three years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than three years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a

rule adopted under this code, other than a prohibition on conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.14. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A suspension under this section may be appealed to the commissioner of education under Section 11.13 of this code. An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection is final and not subject to judicial review.

SECTION 2.15. Section 11.13(c), Education Code, is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas, except as provided by Section 21.920(e) of this code. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or

decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact.

SECTION 2.16. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~,--including-fiscal-policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost effectiveness. The board may require information and reports from state agencies as necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the

board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The Texas Legislative Council and the Legislative Budget Board shall provide staff for the board as necessary to the performance of its duties.

(f) [~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.17. (a) Before July 1, 1992, the Legislative Education Board shall submit to the governor the names of three persons to consider for appointment as the commissioner of education. Before September 1, 1992, the governor, with the advice and consent of the senate, shall nominate one person from the list provided by the Legislative Education Board to serve as the commissioner of education for a term beginning February 1, 1993, and expiring February 1, 1997.

(b) The person serving as commissioner of education on the effective date of this Act serves until an appointment is made under Subsection (a) of this section unless that person vacates the position or is removed. If that person vacates the position or is removed before February 1, 1993, the governor shall appoint a person to serve in that position until February 1, 1993. The commissioner has all the powers and duties given by law to the State Board of Education.

(c) Rules adopted by the State Board of Education remain in effect until superseded by rules of the commissioner of education.

SECTION 2.18. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan under Section 13.049, Education Code, as added by this Act.

SECTION 2.19. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the commissioner of education. The commissioner of education shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.20. The following sections of the Education Code are repealed:

(1) Section 11.14;

(2) Section 11.25;

(3) Section 11.26(a); and

(4) Section 21.752.

SECTION 2.21. Sections 2.06, 2.07, 2.08, 2.09, 2.10, 2.11, 2.12, and 2.13 of this article apply beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 12.01(c), Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer

software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.02. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate-in-the-selection-of--teachers~~] for that principal's campus after informal consultation with the faculty;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.03. Section 13.354, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall be based primarily on the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.04. Chapter 14, Education Code, is amended by

adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this section is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the general revenue fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by a fraction, the numerator of which is the state's share of the district's foundation school program and the denominator of which is the total cost of the district's foundation school program, and by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The commissioner shall establish rules for the administration of this section.

(d) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging instructional technology.

SECTION 3.05. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.06. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive.

SECTION 3.07. Subchapter E, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER E. COST OF EDUCATION INDEX

Sec. 16.176. PURPOSE. The cost of education index is designed to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of

school districts.

Sec. 16.177. DATA COLLECTION; DEVELOPMENT METHODS. (a) The Educational Economic Policy Center [~~commissioner--of--education~~] shall collect information necessary to the development of the cost of education index based on one or more models that consider the effect of school district or other characteristics on the price and cost of public education in the various school districts of the state. The districts may be divided into a variety of categories which may include region, size, area, density, educational characteristics, and economic conditions.

(b) [~~The-State-Board-of-Education-shall-by--rule--adopt--the specifications--of--the--model-or-models-and-shall-consult-with-the cost-of--education--advisory--committee--and--the--commissioner--in developing-those-specifications.~~

[~~(c)~~] The center [~~commissioner~~] shall report the data collected to the Legislative Education Board and to the Legislative Budget Board [~~State-Board-of-Education-and-the-advisory-committee~~].

(c) The center shall make recommendations to the Legislative Education Board and to the Legislative Budget Board about the methodology of developing the cost of education index.

Sec. 16.178. DEVELOPMENT OF INDEX [~~ADVISORY-COMMITTEE~~]. (a) The Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education-shall-appoint-an--advisory--committee--to advise--the--board--in-the-development-of-the-index.--The-committee must-be-composed--of--15--persons--with--the--expertise--the--board considers-necessary-to-the-development-of-the-index.~~

[~~(b)--Using--the--data--reported--by--the--commissioner,--the~~

~~advisory-committee~~] shall develop [~~and-recommend~~] an index based on an analysis of the prices and costs of goods and services and the effect of school district characteristics and other characteristics on those prices and costs.

(b) [~~(c)~~] The comptroller of public accounts shall assist the boards [~~advisory-committee~~] as the boards request [~~committee requests~~].

(c) [~~(d)~~] The Central Education Agency shall provide clerical and staff assistance to the boards on request. The [~~advisory-committee.--Subject-to-the-approval-of-the-State-Board-of Education,--the~~] commissioner of education may [~~shall~~] retain from the allotments under Sections 16.102 and 16.103 of this code an amount appropriate to finance necessary additional costs for the study authorized by this subchapter.

[~~(e)--Advisory-committee-members-serve--without--compensation but-are-entitled-to-reimbursement-for-actual-and-necessary-expenses incurred-in-the-performance-of-their-duties.--Reimbursement-is-from funds--appropriated--to--the-Central-Education-Agency-and-available for-that-purpose.~~]

Sec. 16.179. BIENNIAL ADOPTION OF INDEX AND FORMULA. Not later than the 30th day before the first day of each regular session of the legislature, the Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education-by--rule~~] shall jointly recommend a cost of education index based on the information from the model or models. That index, subject to adoption by the legislature, shall be used in adjusting the allotment of foundation school funds under this chapter for the

following biennium. The board shall also recommend the formula under which the index is applied to the basic allotment.

Sec. 16.180. NAVAL MILITARY FACILITY IMPACT. (a) The model on which the cost of education index is based must specifically consider the impact of a significant new naval military facility on each district in an impacted region.

(b) If the construction or operation of a significant new naval military facility begins during a school year, the Legislative Education Board and the Legislative Budget Board [~~State Board--of--Education--by--rule~~] shall recommend [~~provide-for~~] the adjustment of the basic allotment during that school year to consider any impact of the facility on the cost of education index of the districts in the impacted region.

(c) In this section, "significant new naval military facility" and "impacted region" have the meanings assigned by Section 4, Article 1, National Defense Impacted Region Assistance Act of 1985.

SECTION 3.08. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. PROGRAM ACCOUNTABLE COSTS

Sec. 16.201. REPORT. (a) The Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education~~] shall report what the boards jointly determine [~~it-determines~~] to be:

(1) the [~~minimum-basic~~] accountable costs per student to school districts of providing education programs, personnel, and other operating costs that meet the accreditation standards prescribed by law and rule, for each year of the next biennium;

(2) the estimated costs per student to school districts of providing exemplary education programs, personnel, and other operating costs that exceed basic accreditation levels;

(3) the costs of implementing the long-range plan for public school education authorized by Section 11.26(b) of this code;

(4) facility and debt service costs necessary to provide for both current and projected facilities for public schools according to the standards adopted under Subchapter I of this chapter;

(5) the [~~basic~~] accountable costs per student for each programmatic area that is recognized by the Foundation School Program; and

(6) the [~~basic~~] accountable costs of transportation.

(b) The boards, in determining the accountable costs, may not include the costs of cocurricular and extracurricular programs.

Sec. 16.202. METHODOLOGY. The Educational Economic Policy Center shall develop a methodology for the Legislative Education Board and the Legislative Budget Board to use in making the determinations of accountable costs required under Section 16.201 of this code. [~~ADVISORY--COMMITTEE.---(a)---The--State--Board-of Education-shall-appoint-an-advisory-committee-to-assist--the--board in--determining-the-minimum-basic-accountable-costs.--The-committee must-be-composed-of-15-members,-a--majority--of--whom--may--not--be employees-or-officials-of-a-local-school-district.~~

[~~(b)--In--making--appointments--to--the--committee,-the-board shall--give--representation--to--different--geographic--areas---and~~

~~different-sizes-of-schools-and-districts.~~

[~~(e)--Members-of-the-committee-serve-without-compensation-but are--entitled--to--reimbursement--for-actual-and-necessary-expenses incurred-in-performing-their-duties.--Reimbursement-is--from--funds appropriated-to-the-Central-Education-Agency-and-available-for-that purpose.~~]

Sec. 16.203. LEGISLATIVE CONSIDERATION. In adopting the amount of [~~basic,~~] special[~~,~~] and transportation allotments under this chapter, the legislature shall consider the recommendations and report under Section 16.201 of this code [~~of-the-State-Board-of Education~~] as to the [~~minimum-basic~~] accountable costs of a program that meets accreditation standards. The Legislative Education Board and the Legislative Budget Board [~~board~~] shall file the report with the governor[~~,-the-Legislative-Budget-Board,~~] and the legislature [~~Legislative-Education-Board~~].

SECTION 3.09. Section 21.031(a), Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over-the-age-of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.10. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The commissioner of education shall adopt rules for the

implementation of this section, except that the commissioner may not designate the methodology used by a teacher nor the time spent by a teacher or a student on a particular task or subject.

SECTION 3.11. Section 21.136(b), Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the commissioner of education [~~State Board of Education~~], is at or below subsistence level.

SECTION 3.12. Section 21.205(b), Education Code, is amended to read as follows:

(b) The hearing shall be conducted in accordance with rules promulgated by the district. The board of trustees may designate a person to serve as an impartial hearing officer to develop a record for consideration by the board. The board shall make its decision based on a review of the record developed by the impartial hearing officer and on oral argument before the board of the teacher or the teacher's representative and the district's representative.

SECTION 3.13. Section 21.551, Education Code, is amended by adding Subsection (f) to read as follows:

(f) The Central Education Agency shall adopt an appropriate, nationally recognized, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be

1 a secured test. The state shall pay the costs of purchasing and
2 scoring this test.
3 SECTION 3.14. The legislature recommends that the governor,
4 lieutenant governor, and speaker of the house of representatives
5 appoint a special study committee to develop a plan for the
6 coordination of youth services into a community effort and to
7 remove nonacademic related problems of youth from school
8 responsibility and that the committee be required to make
9 preliminary recommendations to the legislature before January 1,
10 1991.
11 SECTION 3.15. The commissioner of education and the State
12 Board of Education shall jointly develop a recommendation for a
13 state health insurance plan for teachers. The commissioner and the
14 board shall report the recommendation to the 73rd Legislature not
15 later than February 1, 1993.
16 SECTION 3.16. Notwithstanding any provision to the contrary:
17 (1) the pilot program established under Section 2.14,
18 Chapter 813, and Section 2, Chapter 1179, Acts of the 71st
19 Legislature, Regular Session, 1989, shall continue through the
20 1990-1991 school year only; and
21 (2) the Central Education Agency shall report the
22 findings of the study under Subsection (e) of those sections to the
23 73rd Legislature not later than February 1, 1993.
24 SECTION 3.17. The following sections of the Education Code
25 are repealed effective September 1, 1991:
26 (1) Section 21.136(e), Education Code; and
27 (2) Sections 21.136(b) and (g), Education Code, as

amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.18. (a) Sections 3.05, 3.09, 3.11, and 3.17 of this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.04 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school district that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the commissioner of education. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school district is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding; and

(5) employee contractual rights and due process.

(c) The Central Education Agency shall monitor a school district to which this section or Section 11.273 of this code applies and report annually to the commissioner of education on the effect of deregulation on student achievement.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus may apply to the commissioner of education for a waiver of a requirement or prohibition imposed by law or rule that the campus determines inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal and faculty that states the achievement objectives of the campus and the inhibition imposed on those objectives by the requirement or prohibition.

(c) The commissioner may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus has fulfilled the achievement objectives submitted to the commissioner under Subsection (b) of this section. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

(e) A school campus may not receive an exemption or waiver

under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus may not receive an exemption or waiver under this section from requirements imposed by state law or rule relating to:

(1) curriculum essential elements;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding; and

(5) employee contractual rights and due process.

SECTION 4.02. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.03. The following provisions of the Education Code are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989; and

(2) Section 21.001(b).

ARTICLE V. EFFECTIVE DATE; EMERGENCY

SECTION 5.01. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

SECTION 5.02. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

COMMITTEE REPORT

April 4, 1990
(date)

The Honorable Gib Lewis
Speaker of the House of Representatives

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION,

to whom was referred SB1 (measure) have had the same under consideration and beg to report back with the recommendation that it

( ) do pass, without amendment.
( ) do pass, with amendment(s).
(X) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes ( ) no An actuarial analysis was requested. ( ) yes (X) no

An author's fiscal statement was requested. ( ) yes (X) no

A criminal justice policy impact statement was prepared. ( ) yes (X) no

A water development policy impact statement was requested. ( ) yes (X) no

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars for placement on the ( ) Local, ( ) Consent, or ( ) Resolutions Calendar.

This measure (X) proposes new law. (X) amends existing law.

House Sponsor of Senate Measure Glossbrenner

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Glossbrenner, Ch.	✓			
Luna, V.C.		✓		
Colbert, C.B.O.	✓			
Arnold	✓			
Berlanga	✓			
Edge	✓			
Grusendorf	✓			
Hammond	✓			
Schoolcraft		✓		

Total
7 aye
2 nay
0 present, not voting
0 absent

Emmitt V. Glossbrenner
CHAIRMAN

Deborah K. McCall
COMMITTEE COORDINATOR

BILL ANALYSIS

S.B. 1 By: Parker

C.S.S.B. 1 By: Glossbrenner

BACKGROUND:

EDGEWOOD V. KIRBY

On June 7, 1987 a state district court found the Texas system of public school finance unconstitutional based on both the "equal protection" (Article I, Section 3) and the "efficient system" (Article 7, Section 1) provisions of the Texas Constitution.

In Edgewood I.S.D. v. Kirby, the court held that education is a fundamental right of each citizen of the state under the constitution and that equality of access to funds is a key requirement of that fundamental right. The court found the current school finance system implemented within local district boundaries with unequal property wealth to be unconstitutional. The system fails to ensure that each district has the same ability as other districts to raise state and local funds for education, including facilities and equipment. The court also held that legitimate cost differences of districts and students should be considered in any funding formula.

The court ruled that the ability of districts to spend differently is not limited, provided that districts have the same ability to raise and spend equal amounts per student, with legitimate cost differences taken into account.

The strict standards of equity recommended by the court would seem to require a complete restructuring of the school district boundaries through consolidation, capping of state expenditures for students, regional taxing authorities or full state funding.

TEXAS SUPREME COURT OPINION

On October 2, 1989, the Texas Supreme Court unanimously upheld the lower court ruling and held the system unconstitutional and gave the legislature until May 1, 1990 to establish a new system of school finance.

Other modifications in the lower court's decision:

1. The court affirmed the use of "fiscal neutrality" standard of equity, but qualified it to require "substantially equal access" to similar revenues per pupil at similar levels of tax effort.

2. The Supreme Court only affirmed the Trial Court's decision that the current system violates the efficiency requirement of Article III, Section 1, of the Texas Constitution. The Supreme Court did not consider, and did not affirm, the Trial Court's decision that the current system violated the equal protection, equality under the law, and privileges and immunities provisions of Article 1, Sections 3, 3A, 19, and 29 of the Texas Constitution.

3. It is unclear whether, and/or to what extent, the Supreme Court modified the Trial Court's decision concerning the ability of local districts to enrich their programs from local property tax revenues.

HIGHLIGHTS OF CURRENT LAW UNDER S.B. 1019 71st Legislature

-Expanded the first tier or Foundation School Program by increasing the basic allotment to $1,477 and $1,500 and increasing the weights for certain programs serving special populations.

-Established a second tier or guaranteed yield program ($450 million) intended to guarantee school districts a substantially equalized program of financing above the basic level (Foundation School Program).

-For each cent of total local tax effort, including I&S, above that required for the local fund assignment ($.034), districts will receive $18.25 in combined state and local funds for each weighted student in average daily attendance. The enrichment rate may not exceed $0.36 although the actual tax rate limit is governed by the tax code. For the purpose of guaranteed yield, weighted ADA reflects only half of the adjustments to basic allotment for the PDI and the small and sparse adjustment, and beginning in 1991-92 only half of the adjustment for the Cost of Education Index.

Other provisions of S.B. 1019 include:

-Eliminated the "Price Differential Index" after 1990-91 and creates the "Cost of Education Index" effective 1991-92.

-Specified the use of the PDI adopted by the SBOE in Nov. 1988 to be used for the next two years.

-Prorata reduced PDI adjustment based on M&O tax effort if below state average.

-Prorata reduction on small district adjustment based on M&O tax effort if below prior year state average. Eliminates small district adjustment after 1990-91 to be studied and replaced by the cost of education adjustment.

-Increased compensatory, bilingual and vocational education weights based upon actual cost data.

-Increased the career ladder allotment to $90 per student and limited the use of allotment for career ladder supplements.

-Required an adjustment on property values for local fund assignment purposes for losses in value exceeding eight percent.

-Authorized a State Board of Education study on school facilities with the development of a facilities inventory and standards for utilization. Mandates state assistance for facilities beginning in 1991-92.

PURPOSE:

The purpose of the legislation is to create a school finance system based on funding mechanisms that are constitutionally equitable, adequate, and efficient.

RULE MAKING AUTHORITY:

The bill delegates broad rulemaking authority for effective implementation of this Act to the following state officer, department, agency, or institution: Commissioner of Education, Commissioner of Higher Education, Legislative Education Board, Foundation School Fund Budget Committee, Bond Review Board, Education Economic Policy Committee and Center, and the State Board of Education.

The bill delegates specific rulemaking authority for effective implementation of this Act to the following state officer, department, agency, or institution: Commissioner of Education, Legislative Education Board, Foundation School Fund Budget Committee, Bond Review Board, and the State Board of Education.

SECTION-BY-SECTION ANALYSIS

ARTICLE I. FINANCE

SECTION 1.01

Section 16.001,TEC is amended as follows:

The subsection establishes the principles of funding public schools:

(1) The state is responsible for providing a thorough and efficient system and substantially financing the system.

(2) The state must establish equalized funding elements by the 1995-96 school year that will maintain substantially equal access to equal revenues per unit of tax effort and will meet the following five goals: revenue per student will not be significantly related to wealth per pupil for at least 95% of all students; the state assumes approximately 50% of the cost of providing a public education; no major local property tax increase is required throughout the state; the state will equalize local enrichment up to or exceeding the statewide average local tax rate; and all new state expenditure for public education must be equitably distributed.

SECTION 1.02

Amends Subchapter A, Chapter 16, TEC, by adding Section 16.008 as follows:

(a) Requires the Legislative Education Board, beginning with the 74th Legislature, to calculate the components of school funding so as to achieve an equitable system as established by Section 16.001 of this act, including the basic allotment, local share, guaranteed yield, and maximum district enrichment tax effort.

(b) Requires the board to report the calculated equalized funding elements to the Foundation School Fund committee, commissioner of education, and the legislature by October 1 preceding each regular session of the legislature.

(c) Provides that the board shall consider only revenue allocated for educational purposes in establishing funding elements.

SECTION 1.03

Amends Section 16.101, TEC as follows:

Increases the basic allotment to $1,800 for the 1990-91 school year, $1,900 for 1991-92, $1,975 for 1992-93, $2,100 for 1993-94, $2,250 for 1994-95, $2,250 or an amount set by the Foundation School Fund committee under Sec. 16.256 for 1995-96 and thereafter, or a greater amount for any of those years provided by appropriation.

SECTION 1.04

Amends Section 16.252 (a), TEC as follows:

(a) Establishes the formula for calculating the local district share of the Foundation School Program. Increases the local share to 39% for the 1990-91 school year, 40 % for 91-92, 41% for 92-93, 42% for 93-94, 43% for 94-95, and the greater of 43% or a percentage adopted by the Foundation School Fund committee for the 95-96 school year and thereafter.

SECTION 1.05

Amends Section 16.256, TEC by adding Subsections (d) and (e) as follows:

(d) Requires the Foundation School Fund committee to adopt the basic allotment, local share, guaranteed yield amount and maximum district enrichment amount.

(e) Provides that the committee shall consider only revenue allocated for educational purposes in adopting equalized funding elements under this section.

SECTION 1.06

Amends Section 16.302 and 16.303, TEC, as follows:

16.302 establishes a formula for distribution of the guaranteed yield allotment based on the weighted student. Sets the amount of the guaranteed yield at $16.65 for the 1990-91 school year, $18.00 for 91-92, $18.85 for 92-93, $20.55 for 93-94, $24.25 for 94-95, and the greater of $24.25 or an amount adopted by the Foundation School Fund Budget Committee for 95-96 and each school year thereafter, or a greater amount provided by appropriation.

16.303 establishes the enrichment tax rate at 47 cents through the 1994-95 school year and a rate not to exceed the greater of 47 cents or the rate adopted by the Foundation School Fund Committee for every school year thereafter.
(b) deletes transitional language relating to the 1989-90 school year.

SECTION 1.07

Amends Section 16.155, TEC by amending Subsection (a) and adding Subsection (g) as follows:

(a) Provides the weighted allotment for vocational education programs as follows: $1.45 in the 1990-91 school year, $1.40 in 91-92, $1.35 in 92-93, $1.30 in 93-94, and $1.25 in 94-95 and thereafter.

(g) Requires the commissioner to conduct a cost benefit evaluation of the benefit of vocational education as opposed to methematics and science public education.

SECTION 1.08

Amends Chapter 1, Title 22, Revised Statutes by adding Article 717-t as follows:

(a) Authorizes the Bond Review Board to make grants to school districts for emergency facilities grants.

(b) Requires the board to establish procedures for obtaining a grant with a priority set for school districts with a property-wealth per student ratio inadequate to meet the needs for adequate funds for programs and debt service.

(c) Prohibits the use of grant money for general administrative expenses or employee salaries or benefits.

(d) Defines board, capital assets, and instructional facility.

SECTION 1.09

Amends Chapter 314, Government Code, by adding Section 314.004 as follows:

(a) Requires the LBB to prepare for each bill or resolution that affects public education a statement regarding its effect on equalized education funding.

(b) Stipulates that the impact statement evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) Requires that the impact statement be attached to the bill with the fiscal note.

SECTION 1.10

Sets out a hold harmless provision for the 1990-91 school year. A district would receive no less in 1990-91 than it did with the formula amounts in 1989-90.

SECTION 1.11

Appropriates a total of $450 million above the level of state aid in SB 222 and SB 1019.

(1) appropriates $65 million shortfall in educational funding for the current biennium and makes changes the local fund assignment and basic allotment.

(b) effects a small reduction in the estimate for transportation.

(c) adjusts the guaranteed yield.

(d) appropriates the hold harmless amounts for the 1990-91 school year.

SECTION 1.12

Repeals Sections 16.155(b)(Providing for SBOE study of cost differentials in vocational education programs and recommendations regarding weights) and (c)(definition of full-time equivalent student in vocational education programs).

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Amends Sec. 11.23 (a) and (d), T.E.C.

Sec. 11.23(a) Sets the number of meeting dates held by the State Board of Education at four per year and other meetings as called by the chairman.

(d) Requires the consent of the Senate be given on the governor's appointment of the State Board of Education chairman.

SECTION 2.02. Amends Sec. 11.24(a) and (b), T.E.C.

Sec. 11.24 (a) Limits the duties of the State Board of Education to constitutional duties relating to the Permanent School Fund, the adoption and purchase of textbooks, and recommendations to the commissioner of education and the legislature on the state's educational needs.

(b) Authorizes board members to conduct public hearings in their home district. Eliminates the board's responsibility for adopting policies, enacting regulations and establishing general rules.

SECTION 2.03. Amends Sec. 11.51(a), (b), (c), and (d), T.E.C.

Sec. 11.51 (a) Authorizes the governor to appoint the commissioner of education with the consent of the senate from a list of three names submitted by the Legislative Education Board. Eliminates the State Board of Education authority to hire the commissioner.

(b) Establishes a four-year term for the appointed commissioner. Provides that a governor may only remove a commissioner from office for neglect of duty, incompetence, or fraudulent or criminal conduct and with the consent of the senate.

(c) Deletes the word "state".

(d) Eliminates the requirement that the commissioner operate under the rules and regulations imposed by the State Board of Education.

SECTION 2.04. Amends Sec. 11.52, T.E.C.

(a) Eliminates the role of the commissioner as the executive secretary of the State Board of Education and of the State Board of Vocational Education.

(b) Establishes authority of the commissioner over public education.

(c) Authorizes the commissioner to adopt rules necessary to implement legislative education policy. Eliminates the requirement that the commissioner recommend to the State Board of Education such policies for approval.

(d) Current law.

(e) Eliminates the commissioner's responsibility to furnish forms for securing information from entities to allow for the use of technology in reporting.

(f) Current law.

(g) Current law.

(h) Eliminates requirement for State Board of Education rules regarding payment of vouchers by Commissioner.

(i) Current law.

(j) Eliminates requirement for State Board of Education rules.

(k) Requires that the commissioner, rather than the State Board of Education, be responsible for distribution of text containing education and related statutes.

(l) Substitutes "The Commissioner" in places where pronoun reference is used.

(m) Substitutes "The Commissioner" in places where pronoun reference is used.

(n) Requires that the commissioner report on the condition of public schools to the legislature, rather than the State Board of Education.

(o) Current law.

(p) Transfers the powers and duties, except constitutional or statutory duties, of the State Board of Education to the commissioner of education.

SECTION 2.05. Amends Subchapter B, Chapter 13, T.E.C., by adding Sec. 13.049(1) and (2).

Sec. 13.049 (1) Requires colleges and universities providing teacher education programs to train teacher education students and (2) make available training for current administrators and teacher in the use of classroom technology.

SECTION 2.06. Amends Subchapter B, Chapter 19, T.E.C., by adding Sec. 19.027.

Sec. 19.027 ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) Authorizes the commissioner to join a school district to adjoining school districts when a majority of that district's campuses have been rated academically unaccredited for two years.

(b) Places governance of the academically unaccredited district with the board of trustees of the district to which it has been joined.

(c) Requires the new district boundaries be defined by the commissioner.

(d) Provides that the receiving district receive the property of the academically unaccredited district. Requires the receiving district become responsible for the debt incurred by the unaccredited district.

(e) Provides that approval of the annexation is not required by either district.

SECTION 2.07. Amends Sec. 21.258 (a-f), T.E.C.

Sec. 21.258 (a) Changes the annual report required of school districts from a district performance report to a report of campus performance objectives and progress toward those objectives.

(b) Deletes language authorizing the State Board of Education to prescribe the content of the report. Establishes permissive language outlining the contents of the report.

(c) Deletes requirement that specified information be included in the report.

(d) Authorizes the commissioner, rather than the State Board of Education, to allow school district, employees, and campuses to combine reports and financial statements when applicable.

(e) Deletes requirement regarding career ladder information.

(f) Deletes requirement that reports be filed with the Legislative Budget Board and legislative committees.

SECTION 2.08. Amend Sec. 21.753 (a-c), T.E.C.

Sec. 21.753 (a) Authorizes the commissioner instead of the State Board of Education to establish accreditation rules for districts and campuses. Requires that criteria for the evaluation of individual campuses, rather than districts, be included in the rules. Combines the accreditation levels of warned and unaccredited to be called academically unaccredited.

(b) Current law

(c) Transfers rulemaking authority from the SBOE to the Commissioner and adds additional accreditation criteria: (3) adequate performance; (4) relation between academic excellence indicators and campus performance objectives; (11) effective use of technology. Deletes other specific criteria.

SECTION 2.09. Amends Sec. 21.7531(a-e), T.E.C.

Sec. 21.7531 (a) Authorizes the commissioner to establish academic excellence indicators for campuses with the advice of the academic excellence indicators advisory committee, the State Board of Education, and the Legislative Education Board.

(b) Indicators must include each campus's performance. Deletes requirement for special ed. compliance review report as an indicator.

(c) Authorizes the commissioner instead of the State Board of Education to report the status of education to the legislature.

(d) Requires that the performance indicators be a primary consideration in the accreditation process.

(e) Requires the Educational Economic Policy Center to review biennially the indicators and recommended necessary changes to the commissioner.

SECTION 2.10. Amends Subchapter T, Chapter 21, T.E.C., by adding Sec. 21.7532.

Sec. 21.7532 CAMPUS PERFORMANCE OBJECTIVES. Requires each campus principal with the advance of the faculty to establish academic and other performance objectives for the campus annually based on the academic excellence indicator. Requires the objectives address the performance of special needs students.

SECTION 2.11. Amends Sec. 21.754(a-h), T.E.C.

Sec. 21.754 INVESTIGATIONS. (a) Current law

(b) Transfers rulemaking authority from the State Board of Education to the commissioner. Requires that the commissioner establish rules for accreditation visits and that districts rated as "academically unaccredited" be visited atleast once each year.

(c) Establishes permissive language regarding the analysis of factors such as student performance, promotion, attendance and dropout rates, and program costs in the annual review.

(d) Transfers authority from the State Board of Education to the commissioner.

(e) Current law

(f) Deletes language requiring accreditation investigators to report deficiencies in district programs. Provides for the commissioner to adopt rules to enable investigators to obtain information from teachers without campus screening.

(g) Current law

(h) Provides for on-site evaluations of individual campuses within a district as needed.

SECTION 2.12. Amends Sec. 21.757(a-f), T.E.C.

Sec. 21.757 SANCTIONS. (a) Authorizes the commissioner to take action against districts that do not satisfy accreditation criteria including the appointment of a master or management team to oversee the operations of the district or campus.

(b) Authorizes the commissioner to revoke the accreditation of a district in which a majority of campuses do not meet accreditation criteria.

(c) Authorizes the use of a management team to be paid by the district.

(d) Authorizes a master or management team to approve or disapprove of any action of the principal, superintendent or board of trustees of the district.

(e) Authorizes the annexation of a district that has been rated academically unaccredited for two years to another district or the creation of a state-operated school district to replace the unaccredited school district.

(f) Any district rated "accredited advised" for two years may not hire an administrator for more than a one-year contract.

SECTION 2.13. Amend Subchapter T, Chapter 21, T.E.C., by adding Sec. 21.758(a-f).

Sec. 21.758 STATE-OPERATED SCHOOL DISTRICT.(a) Authorizes the commissioner to suspend the powers of a local school board in a district that has been rated academically unaccredited for two years. Requires the commissioner to inform the Legislative Education Board of the suspension.

(b) Requires the commissioner to appoint a board of managers and a district superintendent to operate the district during the suspension. Limits the appointments to no more than three years.

(c) Requires the appointed superintendent to report the progress of the district in meeting accreditation requirements to the commissioner annually. Requires the commissioner to report to the Legislative Education Board.

(d) Requires the commissioner to terminate the suspension based on the annual assessment. Limits the suspension to a three-year period.

(e) Establishes the appointed superintendent and staff members to serve for one year of transition when the suspension is terminated.

(f) Authorizes the appointed superintendent to apply with the commissioner for requirement exemptions.

SECTION 2.14. Amends Sec. 21.920, T.E.C., by adding Subsection (e).

(e) Provides that appeals to the commissioner of education relating to extracurricular activities are not contested cases under Texas statute and decisions rendered may not be appealed through judicial review.

SECTION 2.15. Amends Sec. 11.13(c), T.E.C.

(c) Allows appeals to District Court in all matters except those involving eligibility for extracurricular activities.

SECTION 2.16. Amends Sec. 327.005, Government Code.

Sec. 327.005 (a) Establishes the oversight authority of the Legislative Education Board to include policies on fiscal matters, academic expectations, and program cost evaluations.

(b) Current law.

(c) Current law.

(d) Authorizes the education board to appoint advisory committees.

(e) Authorizes the board to hire staff and use the staff of the Texas Legislative Council or the Legislative Budget Board.

(f) Current law

SECTION 2.17. (a) Requires the Legislative Education Board to submit to the governor the names of three persons to be considered for the appointment of commissioner of education before July 1, 1990. Requires the governor, with the consent of the senate, to appoint the commissioner from the three persons before Sept. 1, 1992, for a four-year term beginning Feb. 1, 1993 and expiring Feb. 1, 1997.

(b) Requires the present commissioner to continue to serve until the appointment is made. Establishes the powers and duties of the commissioner as those given by law to the State Board of Education and the State Board of Vocation Education.

(c) Authorizes the continuance of State Board of Education rules until superseded by the rules of the commissioner.

SECTION 2.18. Requires colleges and universities to develop initial plans for the implementation of technology training, provided for under Sec. 13.049, T.E.C., by Jan. 1, 1991.

SECTION 2.19. Requires the academic excellence indicators committee to recommend indicators to the commissioner of education. Requires the commissioner to adopt indicators by Jan. 1, 1991.

SECTION 2.20. Repeals the following sections of the Education Code:

Sec. 11.14 relating to the consolidation of public school districts.

Sec. 11.25 relating to the powers and duties of the commissioner of education.

Sec. 11.26(a) relating to the policymaking authority of the State Board of Education.

Sec. 21.752 relating to the appointment of a master to oversee unaccredited school districts.

SECTION 2.21. Establishes the effective date of Sections 2.06, 2.07, 2.08, 2.09, 2.10, 2.11, 2.12, and 2.13, beginning with the 1991-92 school year.

ARTICLE III. EFFICIENCY

SECTION 3.01. Amends Sec. 12.01(c), T.E.C.

Sec. 12.01 (c) Eliminates the provision permitting the purchase of computer equipment only if these can be delivered in lieu of textbooks with similar costs to the state.

SECTION 3.02. Amends Sec. 13.352, T.E.C., by amending Subsection (d) and adding Subsection (f).

Sec. 13.352 (d) Requires that all teacher and staff appointments for a campus be approved by the campus principal after informal consultation with the faculty.

(f) Requires district boards of trustees to adopt a policy for the selection of campus principals based on statutory qualifications.

SECTION 3.03. Amends Sec. 13.354, T.E.C., by adding Subsection (e).

Sec. 13.354 (e) Requires principal appraisal be based primarily on the performance of the principal's campus on the academic excellence indicators and the campus performance objectives.

SECTION 3.04. Amends Chapter 14, T.E.C., by adding Subchapter D.

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061 Provides that the fund be used to provide equal access to high quality instruction and information resources to all students, equal access to teaching tools, management systems and technological instruction to all teachers and administrators, and a measure of student productivity.

Sec. 14.062. (a) Creates the technology fund as a general revenue fund and authorizes the Central Education Agency to receive gifts and grants for the fund.

(b) Establishes funding for the account through gifts, grants, and legislative appropriations.

Sec. 14.063 (a) Requires the Central Education Agency to administer the fund and distribute funds annually.

(b) Establishes annual allotment for each school district to be used to provide technology in the district. Based on average daily attendance, the allotment is set at $30 or greater if appropriated for the 1992-93 school year, $35 or greater for 1993-94, $40 or greater for 1994-95, $45 or greater for 1995-96, and $50 or greater for the 1996-97 school year and each year thereafter.

(c) Provides for the commissioner to establish rules for administration.

(d) Provides for proration of funds when there is an insufficient amount available for the state's share of the allotment.

Sec. 14.064 Requires the allotment be used for purchasing technological equipment and related services and the research and development of emerging instructional technology.

SECTION 3.05. Amends Sec. 16.003, T.E.C.

Sec. 16.003(a) Requires all students enrolled in public school between the age of five and 21, be eligible for Foundation School Program funds.

(b) Requires that students enrolled in prekindergarten classes be eligible for funds distributed through the Foundation School Program.

(c) Current law

SECTION 3.06. Amends Sec. 16.056, T.E.C., by adding Subsection (h).

Sec. 16.056 (h) Requires that teachers be credited for every year of experience during placement on the salary schedule, whether or not the years are consecutive.

SECTION 3.07. Amends Subchapter E, Chapter 16, T.E.C.

SUBCHAPTER E. COST OF EDUCATION INDEX

Sec. 16.176. PURPOSE

Establishes purpose of cost of education index.

Sec. 16.177. DATA COLLECTION: DEVELOPMENT METHODS

(a) The EEPC shall collect data for cost of education index.

(b) Deletes requirement for SBOE to adopt specifications of the model in consultation with the cost of education advisory committee and the commissioner. Provides for the EEP C to report the data to the LEB and LBB.

(c) Provides for the EEPC to make recommendations to the LEB and LBB regarding the methodology of development of the index.

Sec. 16.178. DEVELOPMENT OF INDEX

(a) The LEB and the LBB shall develop the cost of education index, rather than an SBOE appointed advisory committee.

(b) The comptroller shall assist boards as needed.

(c) The Central Education Agency shall provide staff assistance to the boards on request. Transfers total authority to the commissioner regarding financing additional costs for study. Deletes language regarding reimbursible expenses of the SBOE advisory committee members.

Sec. 16.179. BIENNIAL ADOPTION OF INDEX AND FORMULA. Transfers authority from the SBOE to the LEB and LBB to recommend the cost of education index.

Sec. 16.180. NAVAL MILITARY FACILITY IMPACT

(a) Current law

(b) Transfers authority from SBOE to LEB and LBB to recommend adjustment of basic allotment in case of construction of a new naval military facility during a school year.

(c) Current law

SECTION 3.08 Amends Subchapter F, Chapter 16, T.E.C.

SUBCHAPTER F. PROGRAM ACCOUNTABLE COSTS

Sec. 16.201 Transfers authority from the State Board of Education to the commissioner regarding accountable costs determination. Deletes language relating to minimum basic programs in establishing accountable costs figures.

Sec. 16.202 METHODOLOGY. Provides for EERPC to develop methodology for LEB and LBB to use in determining accountable costs. Deletes references to SBOE appointed advisory committee.

Sec. 16.203 LEB and LBB shall file recommendations with the governor and the legislature as to accountable costs.

SECTION 3.09. Amends Sec. 21.031(a), T.E.C.

Sec. 21.031 (a) Establishes the eligibility of children enrolled in prekindergarten class for Available School Fund benefits.

SECTION 3.10. Amends Sec. 21.101, T.E.C., by adding Subsection (h).

Sec. 21.101 (h) Provides that curriculum rules adopted by the Commissioner may not designate teaching methodology or time on task.

SECTION 3.11. Amends Sec. 21.136(b), T.E.C.

Sec. 21.136 (b) Lowers the age of eligibility for prekindergarten classes from four-years-old to three-years-old. Transfers authority from the State Board of Education to the commissioner.

SECTION 3.12. Amends Sec. 21.205 (b), T.E.C.

Sec. 21.205 (b) Provides an impartial hearing officer to develop a record to be considered by a local school board in a termination contract situation.

SECTION 3.13. Amends Sec. 21.551, T.E.C. by adding Subsection (f).

Sec. 21.551 (f) Provides for development of norm-referenced test to be administered to grades 4, 6, 8, and 10; the state will pay the costs.

SECTION 3.14. Recommends that a plan be developed to assist in the coordination of youth services in an effort to remove nonacademic related problems of youth from school responsibility.

SECTION 3.15. Requires the commissioner and the State Board of Education to develop a recommendation for a state health insurance plan for teachers and to report the plan to the 73rd Legislature by Feb. 1, 1993.

SECTION 3.16. Stipulates provisions relating to pilot programs established during the 71st Legislature.

SECTION 3.17. Repeals the following sections of the Education Code, effective Sept. 1, 1991:

Sec. 21.136(e) relating to allocations for prekindergarten classes.

Sections 21.136(b) and (g) as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, all relating to pre-kindergarten programs, which would have been effective June 1, 1993.

SECTION 3.18. (a) Establishes effective date of Sections 3.05, 3.09, 3.11, and 3.17 beginning with the 1991-92 school year.

(b) Establishes effective date of Section 3.04 on September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Amends Subchapter B, Chapter 11, T.E.C., by adding Sections 11.272(a-c) and 11.273(a-e).

Sec. 11.272 EXCELLENCE EXEMPTIONS(a) Provides that a school campus rated exemplary through the accreditation process is automatically exempt from requirements and prohibitions of the Education Code.

(b) Establishes provisions from which a campus may not be exempt.

(c) Requires the Central Education Agency to monitor and evaluate campus programs operated through the exemptions and report to the commissioner on the effects of deregulation on student achievement.

Sec. 11.273(a) Authorizes campuses not exempt from regulation through an exemplary rating to apply to the commissioner for a waiver from requirements.

(b) Requires a written plan relating to achievement objectives be included with the application.

(c) Prohibits a waiver from being granted for more than three years.

(d) Authorizes the continuance of the waiver beyond three years if the stated achievements objectives were fulfilled.

(e) Prohibits a campus from receiving an exemption under this section from federal requirements and specified state statutes and rules.

SECTION 4.02. Amends Subchapter D, Chapter 21, T.E.C., by adding Sec. 21.116.

Sec. 21.116 Requires the commissioner of education and the commissioner of higher education to establish a plan in which public high school students are allowed to enroll in postsecondary courses for both high school and college credit. The plan must include a method for the use of state funds for the student's education. The plan must be reported to the 72nd Legislature by Feb. 1, 1991.

SECTION 4.03. Repeals the following provisions of T.E.C.:

Section 11.27 relating to innovative educational programs as established during the 71st Legislature.

Section 21.001 (b) relating to the start of the scholastic school year.

ARTICLE V. EFFECTIVE DATE/EMERGENCY

SECTION 5.01. Establishes the effective date of this legislation as September 1, 1990, except as otherwise provided for in this bill.

SECTION 5.02. Emergency Clause.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The school finance portion of SB 1 has a three-year phase-in, whereas CSSB 1 has a five-year phase-in. SB 1 will increase costs an estimated $1.3 billion in 1991, $1.6 billion in 1992, and $2.1 billion in 1993. It also appropriates $45 million to cover current year needs and $65 million for the shortfall in 1990-91. CSSB 1 would increase costs by $450 million in 1991, $705 million in 1992, $932 million in 1993, $1.3 billion in 1994, and $1.8 billion in 1995. The substitute does not appropriate money for current year shortfall, but it does include the $65 million for the shortfall in 1990-91.

In SB 1, the basic allotment is $1,910 in 90-91 and increases to $2,100 in 92-93. In CSSB 1, the basic allotment begins with $1,800 for 90-91 and increases to $2,250 by 94-95.

In SB 1, the local share cost to school districts will be 41 percent in 1990-91 and will increase to 43 percent in 92-93. In CSSB 1, the local share cost is 39 percent in 90-91 and increases to 43 percent by 94-95.

Guaranteed yield amounts in SB 1 are $22 per weighted student per penny of tax effort in 1990-91 and increases to $26 for 92-93. CSSB 1 guarantees $16.65 in 1990-91 and increases to $24.25 for 94-95.

SB 1 includes $45 million for a facilities grant program and $5 million for a facilities inventory; the substitute provides for the program but does not appropriate funds.

SB 1 provides for the appointment of the Commissioner of Education by the State Board of Education, while in the substitute, the Commissioner is appointed by the Governor.

SB 1 contains the following provisions that the substitute does not have:

-An alcohol and drug intervention allotment of $5 per ADA.

-A provision for financial support of the Texas L.E.A.D. Center.

-A requirement that 58 percent of new state funds be used for teacher salaries.

-A statement of goals for public education.

-A provision for a minority recruitment program.

-Establishment of a Public Education Development Fund of $20 million dollars.

-Establishment of a Tuition Assistance Grant Program.

-Provision for a site-based decision-making committee on each school campus and a policy for district-level decision making.

-Provision for establishment of innovative campus programs.

-Provision for local districts to enter into energy conservation program contracts.

-Establishment of alcohol and drug abuse intervention teams on each campus.

-A provison for single-member district school board elections in school districts of 60,000 or more students.

-A provision for adoption of year-round school programs.

SUMMARY OF COMMITTEE ACTION

SB 1 was considered in a public hearing on April 4, 1990. At that time, Rep. Glossbrenner offered a complete substitute for SB 1, which was accepted for consideration in place of SB 1. Testifying on the substitute were the following witnesses: Charles C. Holt, economist representing himself; David Spurgin, representing TEA; Albert Kaufman, representing himself; John O'Brien, representing the LBB; and Joe Wisnoski, representing

TEA. There were no witnesses either for or against the bill. Rep. Luna offered two amendments to the substitute; both were tabled. Rep. Glossbrenner moved that SB 1, as substituted, be reported to the full committee with the recommendation that it do pass. The motion carried by the following record vote: Aye: Glossbrenner, Colbert, Arnold, Berlanga, Edge, Grusendorf, Hammond (7); Nay: Luna, Schoolcraft (2).

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 4, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee Substitute for Senate Bill No. 1
Fourth Called Session

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Bill No. 1, Fourth Called Session (relating to public school finance; making appropriations) this office has determined the following:

The bill would appropriate $448,224,587 in fiscal year 1991 out of the General Revenue Fund to fund proposed changes in the Foundation School Program. The appropriation level covers additional state costs assuming no change in local tax effort between 1990 and 1991.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a five-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Legislative Education Board (LEB), and the Legislative Budget Board (LBB). Major provisions include:

- maintaining the two-tier Foundation School Program (FSP) structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- ensuring that no school district receives less state aid in 1991 than it received in 1990 (hold harmless);
- reducing the funding weight for vocational education;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing for facilities development grants to school districts;
- decreasing the role of the State Board of Education and transferring much of its rulemaking authority to the Commissioner of Education;
- providing for gubernatorial appointment of the Commissioner of Education, with consent of the Senate and based on recommendations of the Legislative Education Board;
- expanding the role of the LEB, the LBB, the Educational Economic Policy Center, and the Foundation School Budget Committee in areas of school funding;
- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including an increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the LEB and the LBB (rather than the State Board of Education) to jointly make cost of education index and accountable cost recommendations to the Legislature, based on methodology developed by the Educational Economic Policy Center;
- directing TEA to adopt a nationally accepted norm-referenced testing instrument;
- giving principals sole authority to hire campus level staff; and
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards.

There would be additional costs to provide facilities funding; however, these costs cannot be determined. The removal of cost limitations on computer learning systems could have a significant impact on textbook costs depending on local needs.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $23.7 million in 1991, increasing to $98.7 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

The bill's provisions would have an administrative impact on TEA for operation of the Technology Fund and a system of regulatory waivers for exemplary schools. The costs are estimated at $102,100 in 1991, increasing the $216,795 by 1995. The costs for the Texas Bond Review Board to administer the facilities program cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by a provision to adopt a statewide norm-referenced test to be paid for out of state compensatory education funds.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund
1991	$ 446,900,000	$ 581,000,000
1992	705,400,000	945,300,000
1993	931,700,000	1,265,100,000
1994	1,274,200,000	1,820,500,000
1995	1,786,500,000	2,795,900,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1991	$ 23,700,000	$102,100	+ 2
1992	37,400,000	93,300	+ 2
1993	49,400,000	228,034	+ 5
1994	70,400,000	216,795	+ 5
1995	98,700,000	216,795	+ 5

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Texas Education Agency; Bond Review Board;
LBB Staff: JO, JWH, AL, JOB, NH

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 4, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1, as engrossed
Fourth Called Session
By: Parker, Caperton, Hobby

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1, as engrossed, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $1,245,850,000 in fiscal year 1991 out of the General Revenue Fund to several state agencies to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The bill would also appropriate $45,000,000 in fiscal year 1990 out of the General Revenue Fund to cover anticipated increases in FSP costs under current law.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a three-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System and the Legislative Education Board. Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1991 and 1992 and encouraging energy conservation in school facilities;
- establishing an FSP per-pupil allotment for alcohol and drug intervention efforts in the public schools;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;
- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- eliminating in 1992 the per-capita apportionment of available school fund revenues, pending a constitutional amendment (S.J.R. 1), and instead transferring those revenues directly to the foundation school fund;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education;
- expanding the role of the Legislative Education Board (LEB) and the Foundation School Budget Committee in determining the major school finance formula calculations needed in 1994 and beyond to ensure compliance with an equity standard;

- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the State Board of Education to make its accountable cost recommendations to the Legislature based on methodology developed by the Educational Economic Policy Center;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts;
- giving principals sole authority to hire campus level staff;
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards;
- placing additional emphasis on management and leadership training for school district administrators;
- requiring districts to spend 58% of additional state aid on teacher salaries; and
- providing relief to school districts losing state aid due to military base closings or reductions.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $20 million in 1991 and $50 million in 1992 for technology;
- $2 million in 1991 and thereafter for tuition assistance;
- $20 million in 1991 and $50 million in 1992 and thereafter for the Public Education Development Fund;
- $50 million in 1991 and 1992 for facilities, including $5 million in 1991 for a facilities inventory; and
- $250,000 in 1991 and thereafter for management and leadership training for school administrators.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $60.9 million in 1991, increasing to $138.3 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The change in the ADA calculation for school formulas would have the effect of reducing ADA counts and, thereby, significantly reducing state aid on a statewide basis.
- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.
- The calculation of equalization aid for military base school districts could increase state aid to those districts once a federal equity standard was achieved.

The bill's provisions would have an administrative impact on several state agencies. Estimates of these costs are as follows:

- $684,866 in 1991 and increasing costs thereafter for TEA to cover the costs of administering the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts;
- $80,000 in 1991 and $60,000 in 1992 and thereafter for the Texas Higher Education Coordinating Board to cover costs of administering the tuition assistance program;

- $73,932 in 1992 and $13,000 thereafter for the Texas Bond Review Board to cover costs of administering the facilities development grant program; and
- $800,000 in 1991 through 1993 for the Center for Educational Technology.

The costs of the Center for Educational Technology and TEA's cost of administering the Public Education Development Fund would come out of appropriations for the Public Education Development Fund. The administrative costs for the Comptroller's Office cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) require 58% of new state aid to be spent on teacher salaries.

The probable cost of implementing the provisions of the bill during each of the first six years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ 45,000,000	$ 45,000,000	$ 0
1991	1,061,000,000	1,406,900,000	92,250,000
1992	1,360,800,000	1,953,500,000	152,250,000
1993	1,681,300,000	2,573,800,000	52,250,000
1994	1,695,500,000	2,645,200,000	52,250,000
1995	1,698,500,000	2,698,700,000	52,250,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ 0	$ 0	+ 0
1991	60,900,000	1,659,098	+14
1992	86,000,000	1,570,274	+14
1993	116,800,000	1,644,076	+16
1994	131,100,000	832,837	+16
1995	138,300,000	832,837	+16

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, LV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 2, 1990

TO: Honorable Carl A. Parker, Chairman
Subcommittee on Public Education
Committee of the Whole
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Fourth Called Session
By: Parker, Caperton, Hobby

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $1,245,850,000 in fiscal year 1991 out of the General Revenue Fund to several state agencies to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The bill would also appropriate $45,000,000 in fiscal year 1990 out of the General Revenue Fund to cover anticipated increases in FSP costs under current law.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a three-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System and the Legislative Education Board. Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1991 and 1992 and encouraging energy conservation in school facilities;
- establishing an FSP per-pupil allotment for alcohol and drug intervention efforts in the public schools;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;
- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- eliminating in 1992 the per-capita apportionment of available school fund revenues, pending a constitutional amendment (S.J.R. 1), and instead transferring those revenues directly to the foundation school fund;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education;
- expanding the role of the Legislative Education Board (LEB) and the Foundation School Budget Committee in determining the major school finance formula calculations needed in 1994 and beyond to ensure compliance with an equity standard;

- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the State Board of Education to make its accountable cost recommendations to the Legislature based on methodology developed by the Educational Economic Policy Center;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts;
- giving principals sole authority to hire campus level staff;
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards;
- placing additional emphasis on management and leadership training for school district administrators;
- requiring districts to spend 58% of additional state aid on teacher salaries; and
- providing relief to school districts losing state aid due to military base closings or reductions.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $20 million in 1991 and $50 million in 1992 for technology;
- $2 million in 1991 and thereafter for tuition assistance;
- $20 million in 1991 and $50 million in 1992 and thereafter for the Public Education Development Fund;
- $50 million in 1991 and 1992 for facilities, including $5 million in 1991 for a facilities inventory; and
- $250,000 in 1991 and thereafter for management and leadership training for school administrators.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $60.9 million in 1991, increasing to $138.3 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The change in the ADA calculation for school formulas would have the effect of reducing ADA counts and, thereby, significantly reducing state aid on a statewide basis.
- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.
- The calculation of equalization aid for military base school districts could increase state aid to those districts once a federal equity standard was achieved.

The bill's provisions would have an administrative impact on several state agencies. Estimates of these costs are as follows:

- $684,866 in 1991 and increasing costs thereafter for TEA to cover the costs of administering the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts;
- $80,000 in 1991 and $60,000 in 1992 and thereafter for the Texas Higher Education Coordinating Board to cover costs of administering the tuition assistance program;

- $73,932 in 1992 and $13,000 thereafter for the Texas Bond Review Board to cover costs of administering the facilities development grant program; and
- $800,000 in 1991 through 1993 for the Center for Educational Technology.

The costs of the Center for Educational Technology and TEA's cost of administering the Public Education Development Fund would come out of appropriations for the Public Education Development Fund. The administrative costs for the Comptroller's Office cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) require 58% of new state aid to be spent on teacher salaries.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ 45,000,000	$ 45,000,000	$ 0
1991	1,061,000,000	1,406,900,000	92,250,000
1992	1,360,800,000	1,953,500,000	152,250,000
1993	1,681,300,000	2,573,800,000	52,250,000
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Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ 0	$ 0	+ 0
1991	60,900,000	1,659,098	+14
1992	86,000,000	1,570,274	+14
1993	116,800,000	1,644,076	+16
1994	131,100,000	832,837	+16
1995	138,300,000	832,837	+16

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, BL

894FSB1.fn

ADOPTED as amended

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

By Parker, et al. S.B. No. 1

Substitute the following for S.B. No. 1:

By [illegible] C.S.S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public school finance; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. It is the policy of the State of Texas that:

(1) the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors; and

(2) equalized funding elements for each school year be established to produce not later than the 1995-1996 school year and maintain thereafter an equitable funding system that provides substantially equal access to equal revenues per unit of tax effort and meets the following goals:

(A) for not less than 95 percent of all students, the revenue per student of the students' school districts is not significantly related to the districts' taxable value of

property per student;

(B) the state share of funding for public education represents approximately 50 percent of all state and local funding;

(C) no major local property tax increase is required throughout the state;

(D) the state guarantees equalized funding for local tax effort that equals or exceeds the statewide average local tax rate; and

(E) all new state expenditures for public education are equitably distributed.

SECTION 1.02. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) Before each regular session of the legislature beginning with the 74th Legislature, for each school year in the next biennium the Legislative Education Board shall calculate, so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code, considering the level of financing guaranteed for the first tier of the Foundation School Program under Section 16.002 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort provided under Section 16.302 of this code, considering the revenue available at the 95th

percentile of weighted students in the state; and

(4) the maximum district enrichment tax rate provided under Section 16.303 of this code, considering the rate required to levy the amount established under Subdivision (3) of this subsection for weighted students at the 95th percentile.

(b) Not later than October 1 preceding each regular session of the legislature, the board shall report the equalized funding elements calculated under Subsection (a) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

(c) In establishing equalized funding elements under this section, the board shall consider revenue allocated for educational purposes only.

SECTION 1.03. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,800 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year, $1,900 for the 1991-1992 school year, $1,975 for the 1992-1993 school year, $2,100 for the 1993-1994 school year, $2,250 for the 1994-1995 school year, and the greater of $2,250 or the amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and [~~$1,500~~] for each school year thereafter, or a greater amount for any of those years provided by

appropriation.

SECTION 1.04. Section 16.252(a), Education Code, is amended to read as follows:

(a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the district's local share;

"TR" is a tax rate computed by the commissioner of education before each school year that will raise a total local share, prior to adjustments, equal to a percentage [~~33.3 percent~~] of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, as follows:

(1) 39 percent for the 1990-1991 school year;

(2) 40 percent for the 1991-1992 school year;

(3) 41 percent for the 1992-1993 school year;

(4) 42 percent for the 1993-1994 school year;

(5) 43 percent for the 1994-1995 school year; and

(6) the greater of 43 percent or the percentage adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and each school year thereafter; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

SECTION 1.05. Section 16.256, Education Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) Before each regular session of the legislature beginning with the 74th Legislature and after considering the report of the Legislative Education Board under Section 16.008 of this code, the committee shall adopt the following for each school year in the next biennium so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code, considering the level of financing guaranteed for the first tier of the Foundation School Program under Section 16.002 of this code;

(2) the total local share stated as a percentage of estimated costs under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort provided under Section 16.302 of this code, considering the revenue available at the 95th percentile of weighted students in the state; and

(4) the maximum district enrichment tax rate provided under Section 16.303 of this code, considering the rate required to levy the amount established under Subdivision (3) of this subsection for weighted students at the 95th percentile.

(e) In adopting equalized funding elements under this section, the committee shall consider revenue allocated for educational purposes only.

SECTION 1.06. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. Each district is guaranteed a specified amount per weighted student in state and local funds for

each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject to Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $16.65 for the 1990-1991 school year, $18.00 for the 1991-1992 school year, $18.85 for the 1992-1993 school year, $20.55 for the 1993-1994 school year, $24.25 for the 1994-1995 school year, and the greater of $24.25 or the amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1995-1996 school year and each school year thereafter, [~~$18.25~~] or a greater amount for any of those years provided by appropriation;

"WADA" is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the

district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. [~~(a)~~] The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.47 through the 1994-1995 school year and may not exceed the greater of $0.47 or the rate adopted by the foundation school fund budget committee under Section 16.256 of this code each school year thereafter, [~~$0.36~~] or a greater amount for any of those school years provided by appropriation.

[~~(b)--For-the-1989-1990--school--year,--a--district--may--not receive--less--per-student-in-guaranteed-yield-state-funds-than-the amount-of-state-funds-received-under--the--enrichment--equalization allotment-in-the-1988-1989-school-year.~~]

SECTION 1.07. Section 16.155, Education Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program, a district is entitled to an annual allotment [~~for-the-1989-1990-and-1990-1991 school-years~~] equal to the adjusted basic allotment multiplied by a weight of:

(1) 1.45 for the 1990-1991 school year;

(2) 1.40 for the 1991-1992 school year;

(3) 1.35 for the 1992-1993 school year;

(4) 1.30 for the 1993-1994 school year; and

(5) 1.25 for the 1994-1995 school year and each school year thereafter.

(g) The commissioner shall conduct a cost-benefit evaluation of the benefit of the vocational education program as opposed to public education in mathematics and science.

SECTION 1.08. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and awarding grants, the conditions listed in Section 10(a), Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay

the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

SECTION 1.09. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.10. For the 1990-1991 school year, a district is entitled to a total amount from the foundation school fund equal to the greater of the amount to which the district is otherwise entitled for that school year or the amount to which the district would be entitled if:

(1) the basic allotment under Section 16.101, Education Code, was $1,500;

(2) the total local share under Section 16.252(a), Education Code, was 33.3 percent;

(3) the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 16.302, Education Code, was $18.25; and

(4) the maximum district enrichment tax rate under Section 16.303, Education Code, was $0.36.

SECTION 1.11. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the general revenue fund, including any transfers to the Foundation School Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,034,986,669
b. Special Education Allotment, estimated	132,861,588
c. Compensatory Education Allotment, estimated	96,026,020
d. Bilingual Education Allotment, estimated	8,162,768
e. Vocational Education Allotment, estimated	55,324,755

f. Gifted and Talented Allotment, estimated 6,133,702

h. Education Improvement and Career Ladder, estimated

(1) Career Ladder, estimated 1,959,707

i. Less: Net Local Share, estimated -840,545,144

Total, Section 16.254(d), sum certain 406,763,355

(b) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(c) The sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, for the guaranteed yield under the Foundation School Program in line item 1.k. are reduced by the amount of $87,600,055.

(d) The amount of $41,461,232 is appropriated to the Central Education Agency from the general revenue fund for the fiscal year ending August 31, 1991, for the purposes of the state funding required under Section 10 of this Act in addition to regular Foundation School Program costs.

SECTION 1.12. Sections 16.155(b) and (c), Education Code, are repealed.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Sections 11.23(a) and (d), Education Code, are amended to read as follows:

(a) The board shall hold <u>four</u> [~~regular~~] meetings <u>a year</u> in Austin, Texas, on <u>dates determined by the chairman, and</u> [~~the second~~

~~Saturday--in--January,--March,--May,-July,-September,-and-November.~~ ~~It~~] may hold other meetings [~~as-scheduled-by--its--formal--sessions or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.02. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall perform the duties assigned to it under Chapter 12 of this code relating to the adoption and purchase of textbooks. The board may make recommendations to the commissioner and the legislature relating to [~~is-the-policy-forming-and-planning-body for~~] the public school system of the state. It shall also be the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with the Texas Higher Education Coordinating Board[~~,-Texas College--and-University-System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

(b) A member of the State Board of Education may hold public hearings in the district from which the member is elected for the purpose of receiving comments from the public relating to the condition of the public school system and suggestions for improvement to the system. [~~As one part of the Central Education Agency, the State Board of Education shall have specific responsibility for adopting policies, enacting regulations, and establishing general rules for carrying out the duties placed on it or the Central Education Agency by the legislature.~~]

SECTION 2.03. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The commissioner of education is appointed by the governor, with the advice and consent of the senate, from a list of the names of three persons nominated by the Legislative Education Board. The Legislative Education Board shall submit three names to the governor not later than 60 days before the expiration date of each term of office of the commissioner of education. [~~The Office of State Commissioner of Education is a unit of the Central Education Agency and shall be filled in accordance with the provisions of Section 11.25 of this code.~~]

(b) The commissioner of education serves a term of office of four years expiring on February 1 of the appropriate odd-numbered year, except that the governor may remove the commissioner of education, with the advice and consent of the senate, for neglect of duty, incompetence, or fraudulent or criminal conduct. The commissioner of education may serve consecutive terms.

(c) The [~~state~~] commissioner of education shall be a person of broad and professional educational experience, with special and recognized abilities of the highest order in organization, direction, and coordination of education systems and programs, and in administration and management of public schools and public education generally. The commissioner of education shall be a citizen of the United States.

(d) [~~(e)~~] The commissioner shall execute the commissioner's [~~his~~] official bond in a sum not to exceed $50,000, conditioned on the faithful performance of the commissioner's [~~his~~] duties as required by the laws of Texas [~~and--the-rules-and-regulations imposed-by-the-State-Board--of--Education~~], and pursuant to the provisions of Chapter 383, Acts of the 56th Legislature, Regular Session, 1959 (Article 6003b, Vernon's Texas Civil Statutes).

SECTION 2.04. Section 11.52, Education Code, is amended to read as follows:

Sec. 11.52. POWERS AND DUTIES. (a) The commissioner of education shall serve as executive officer of the Central Education Agency [~~and-as-executive-secretary-of-the-State-Board-of--Education and-of-the-State-Board-for-Vocational-Education~~].

(b) The commissioner of education shall be responsible for promoting efficiency and improvement in the public school system of the state and shall have the powers necessary to carry out the duties and responsibilities placed upon the commissioner [~~him~~] by the legislature [~~and-by-the-State-Board-of-Education~~].

(c) The commissioner of education may adopt rules necessary to implement legislative education policy [~~shall-recommend-to-the~~

[~~State-Board-of-Education-such-policies,-rules,-and--regulations--as he--considers--necessary--to-promote-educational-progress-and-shall supply-the-State-Board-of-Education-with-all-necessary-or-pertinent information-to-guide-it-in-its-deliberations~~].

(d) The commissioner of education shall prescribe uniform systems of forms, reports, and records necessary to secure needed information from county school officers and local school districts.

(e) The commissioner of education shall require of county judges, county and district school superintendents, county and school district treasurers or depositories, and other school officers and teachers such school reports relating to school funds and other school affairs as the commissioner [~~he~~] may deem proper for collecting information and advancing the interests of the public schools. The commissioner [~~He~~] shall furnish the necessary [~~blanks,-forms,-and~~] instructions for this purpose.

(f) The commissioner of education may delegate ministerial and executive functions to members of the State Department of Education and may employ division heads and all other employees and clerks to perform the duties of the Central Education Agency as may be authorized by appropriations therefor.

(g) The commissioner of education shall issue teaching certificates to public school teachers and administrators in compliance with the provisions of Chapter 13 of this code.

(h) The commissioner of education is authorized to issue vouchers for the expenditures of the Central Education Agency [~~according--to--the--rules--and-regulations-prescribed-by-the-State Board-of-Education~~].

(i) The commissioner of education shall examine and approve all accounts to be paid out of the school funds by the state treasurer, and upon such approval, the comptroller of public accounts shall be authorized to draw his warrant.

(j) The commissioner of education shall observe and execute the mandates, prohibitions, and regulations established by law [~~or by the State Board of Education in accordance with law~~].

(k) The commissioner of education shall have [~~a manual~~] published at least once every two years [~~that contains~~] the text of this code and an appendix of all other state laws relating to education. The commissioner [~~State Board of Education~~] shall determine the distribution of the text [~~manual~~].

(l) The commissioner of education shall advise and counsel the school officers of the counties, cities, towns, and school districts on the best methods of conducting the public schools. The commissioner [~~He~~] may issue instructions and opinions regarding rules and regulations which shall be binding for observance on all officers and teachers.

(m) The commissioner shall be informed [~~inform himself~~] about the educational progress of the different parts of this state and of other states. Insofar as the commissioner [~~he~~] may be able, the commissioner [~~he~~] shall visit different sections of this state, address teachers' institutes, associations, and other educational gatherings, instruct teachers, and promote all aspects of education. The legislature shall make adequate appropriation for the commissioner's necessary travel expenses, or those of the commissioner's [~~his~~] representative, when in service of the state.

(n) The commissioner shall, one month before the meeting of each regular session of the legislature, and 10 days prior to any special session thereof, at which, under the governor's proclamation convening the same, any legislation may be had respecting the public schools, make a full report to the legislature [~~State Board of Education~~] on the condition of all the public schools. This report shall

[~~(1) give all the information called for by the board and such other matters as the commissioner shall deem important, and~~

[~~(2)~~] be presented by the governor to the legislature, and 2,000 copies of it shall be printed in pamphlet form for use of the legislature and for distribution to the various school officers and libraries in this state and in other states and territories of the United States and Canada, and to the United States Office of Education in Washington.

(o) The commissioner of education may administer to a person who is elected or appointed to an office that has specific duties related to public education any oath of office that the person is required to take under Article XVI, Section 1, of the Texas Constitution or other state law.

(p) Any powers and duties delegated by law to the State Board of Education before the effective date of this subsection, except those powers and duties of the State Board of Education prescribed by the Texas Constitution or under Chapter 12 of this code or its duties as the State Board of Vocational Education, are transferred to the commissioner of education.

SECTION 2.05. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. An institution that offers a teacher education program shall develop a plan to:

(1) train students in the teacher education program in using technology and modern teaching practices in the classroom; and

(2) provide training for public school administrators and teachers in using technology and modern teaching practices in the classroom.

SECTION 2.06. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district in which a majority of the school campuses have been rated as academically unaccredited for a period of two years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district

under Section 19.004 of this code.

(e) The annexation does not require the approval of the board of trustees of the academically unaccredited district or the board of trustees of any district to which territory is annexed.

SECTION 2.07. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. CAMPUS PERFORMANCE OBJECTIVES REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report of the campus performance objectives established under Section 21.7532 of this code and of the progress of the campus toward those objectives, which shall be available to the public and filed with the commissioner of education [~~State Board of Education~~] describing the district's educational performance [~~and giving financial information related to the costs incurred by the district~~].

(b) The [~~State Board of Education by rule shall prescribe the form and content of the report. In adopting the rules, the board may not impose requirements that contribute unnecessarily to the length or complexity of the report, and to the extent possible shall provide for each report topic required by this subsection or by board rule to be presented in a manner that allows the presentation to be limited to not more than one page in length per topic. At a minimum, the~~] report may [~~must~~] include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack

of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program; and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) [~~A--report--under--this--section---must---also---include information--about--the--number--of--students--in--each--classroom, excluding-instrumental--and--choral--music--classrooms,--per--class period.----The--report--must--specify,--by--grade,--the--number--of classrooms,-excluding-instrumental-and-choral-music-classrooms,--in which-in-any-class-period-the-number-of-students-exceeds:~~

[~~(1)--for-kindergarten-through-8th-grade,-20,~~

[~~(2)--for-high-school,-25,-and~~

[~~(3)--for-special-education,-10.~~

[~~(d)~~] The commissioner [~~State--Board-of-Education~~] by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [~~and~~] school district employees, and school campuses are required to prepare.

[~~(e)--Each---district--shall--also--annually--report--to--the commissioner-the-number-of--teachers--on--the--career--ladder,--the~~

~~number--of--teachers--at--each--level,-and-the-sex-and-ethnicity-of these-teachers.--That-information-shall-be-collected-in-a--biennial report--to-the-legislature,-with-the-information-reported-by-school district.~~

[~~(f)--Reports-to-the-legislature-under-this-section-shall--be filed--with--the--Legislative--Budget--Board--and--the--appropriate committees-of-each-house.~~]

SECTION 2.08. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The commissioner of education [~~State-Board-of-Education~~] shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school campuses [~~districts~~] and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned,-or~~

[~~(6)--unaccredited~~].

(b) The board may not rate a number of school districts as exemplary that exceeds 40 percent of the number of districts rated as recognized.

(c) The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and

requirements imposed by rule of the commissioner [~~State Board of Education~~] under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators set by the commissioner under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives;

(5) the quality of learning on each of the district's campuses based on indicators, including [~~such as~~] scores on achievement tests;

(6) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(7) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(8) [~~(6)~~] the fulfillment of curriculum requirements;

(9) [~~(7)~~] the effectiveness of the district's programs in special education and for special populations;

(10) [~~(8) the correlation between student grades and performance on standardized tests;~~

[~~(9)~~] the effectiveness [~~quality~~] of teacher in-service training; and

(11) the effective use of technology to enhance student achievement

[~~(10) paperwork reduction efforts;~~

[~~(11)--training-received-by-board-members;~~

[~~(12)--the-effectiveness-of-the-district's--efforts--to improve-attendance;~~

[~~(13)--the-effectiveness-of-the-district's-remedial-and support--programs-under-Section-21.557-of-this-code-for-students-at risk-of-dropping-out-of-school;~~

[~~(14)--the--effectiveness--of--the--district's--dropout prevention-and-recovery-programs;~~

[~~(15)--the--effectiveness--of-the-district's-drug-abuse prevention-programs;~~

[~~(16)--parental--and--community--involvement---in---the district;~~

[~~(17)--efficient-allocation-of-available-resources;-and~~

[~~(18)--adequate---performance---under---the--indicators adopted-under-Section-21.7531-of-this-code~~].

SECTION 2.09. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS. (a) The commissioner of education, on the advice of the academic excellence indicators advisory committee, the State Board of Education, and the Legislative Education Board, [~~State-Board-of Education~~] shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The commissioner [~~board~~] biennially shall review the indicators for the consideration of appropriate revisions.

(b) The indicators must include[~~:~~

[~~(1)~~] a comparison of the district's, and each

campus's, performance to a projection of the district's or campus's expected performance[~~,--and~~

[~~(2)--the--results--of--the--Central-Education-Agency's most-recent-compliance-review-of-the-district's--special--education program~~].

(c) The commissioner [~~State-Board-of-Education~~] shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(d) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education Agency in the rating of a district under Section 21.753 of this code.

(e) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the commissioner so that the indicators adequately represent the educational goals of the legislature.

SECTION 2.10. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the faculty of the school, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students.

SECTION 2.11. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an on-site evaluation.

(b) The commissioner of education [~~State Board of Education~~] by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the commissioner [~~board~~] may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review may [~~shall~~] include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs;

(4) results of teacher and parent surveys; and

(5) other information required by the board.

(d) In compliance with Section 21.925 of this code, the commissioner [~~board~~] shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [~~as~~] result of the investigation.

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled in the district. The investigation may not be closed until information is obtained from each of those sources. The commissioner [~~board~~] shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner

that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

(h) If an annual review from reports furnished by the school district indicates a need for an on-site evaluation of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 2.12. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [~~and~~]

(4) appointment of a master to oversee the operations of the district or campus; or

(5) appointment of a management team to oversee the operations of the district or campus.

(b) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and--shall-withhold-state-funds-from-the-district~~].

(c) The costs of providing a monitor, [~~or--a~~] master, or management team shall be paid by the district.

(d) A master or management team may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(e) A district rated academically unaccredited [~~that does not have a rating above accredited advised~~] for a period of two [~~three~~] years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code.

(f) Notwithstanding any provision to the contrary, a district rated accredited advised for a period of two years may not enter into a contract with an administrator for a term greater than one year [~~is unaccredited at the conclusion of that period unless the district qualifies for a rating--above--accredited--advised--at that time~~].

SECTION 2.13. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of two years. The commissioner shall immediately inform the Legislative Education

Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed three years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than three years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a

rule adopted under this code, other than a prohibition on conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.14. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A suspension under this section may be appealed to the commissioner of education under Section 11.13 of this code. An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection is final and not subject to judicial review.

SECTION 2.15. Section 11.13(c), Education Code, is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas, except as provided by Section 21.920(e) of this code. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or

decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact.

SECTION 2.16. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~,--including-fiscal-policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost effectiveness. The board may require information and reports from state agencies as necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the

board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The Texas Legislative Council and the Legislative Budget Board shall provide staff for the board as necessary to the performance of its duties.

(f) [~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.17. (a) Before July 1, 1992, the Legislative Education Board shall submit to the governor the names of three persons to consider for appointment as the commissioner of education. Before September 1, 1992, the governor, with the advice and consent of the senate, shall nominate one person from the list provided by the Legislative Education Board to serve as the commissioner of education for a term beginning February 1, 1993, and expiring February 1, 1997.

(b) The person serving as commissioner of education on the effective date of this Act serves until an appointment is made under Subsection (a) of this section unless that person vacates the position or is removed. If that person vacates the position or is removed before February 1, 1993, the governor shall appoint a person to serve in that position until February 1, 1993. The commissioner has all the powers and duties given by law to the State Board of Education.

(c) Rules adopted by the State Board of Education remain in effect until superseded by rules of the commissioner of education.

SECTION 2.18. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan under Section 13.049, Education Code, as added by this Act.

SECTION 2.19. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the commissioner of education. The commissioner of education shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.20. The following sections of the Education Code are repealed:

(1) Section 11.14;

(2) Section 11.25;

(3) Section 11.26(a); and

(4) Section 21.752.

SECTION 2.21. Sections 2.06, 2.07, 2.08, 2.09, 2.10, 2.11, 2.12, and 2.13 of this article apply beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 12.01(c), Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer

software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.02. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate-in-the-selection-of--teachers~~] for that principal's campus after informal consultation with the faculty;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.03. Section 13.354, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall be based primarily on the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.04. Chapter 14, Education Code, is amended by

adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this section is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the general revenue fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by a fraction, the numerator of which is the state's share of the district's foundation school program and the denominator of which is the total cost of the district's foundation school program, and by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The commissioner shall establish rules for the administration of this section.

(d) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging instructional technology.

SECTION 3.05. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.06. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive.

SECTION 3.07. Subchapter E, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER E. COST OF EDUCATION INDEX

Sec. 16.176. PURPOSE. The cost of education index is designed to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of

school districts.

Sec. 16.177. DATA COLLECTION; DEVELOPMENT METHODS. (a) The Educational Economic Policy Center [~~commissioner--of--education~~] shall collect information necessary to the development of the cost of education index based on one or more models that consider the effect of school district or other characteristics on the price and cost of public education in the various school districts of the state. The districts may be divided into a variety of categories which may include region, size, area, density, educational characteristics, and economic conditions.

(b) [~~The-State-Board-of-Education-shall-by--rule--adopt--the specifications--of--the--model-or-models-and-shall-consult-with-the cost-of--education--advisory--committee--and--the--commissioner--in developing-these-specifications.~~

[~~(c)~~] The center [~~commissioner~~] shall report the data collected to the Legislative Education Board and to the Legislative Budget Board [~~State-Board-of-Education-and-the-advisory-committee~~].

(c) The center shall make recommendations to the Legislative Education Board and to the Legislative Budget Board about the methodology of developing the cost of education index.

Sec. 16.178. DEVELOPMENT OF INDEX [~~ADVISORY-COMMITTEE~~]. (a) The Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education-shall-appoint-an--advisory--committee--to advise--the--board--in-the-development-of-the-index.--The-committee must-be-composed--of--15--persons--with--the--expertise--the--board considers-necessary-to-the-development-of-the-index.~~

[~~(b)--Using--the--data--reported--by--the--commissioner,--the~~

~~advisory-committee~~] shall develop [~~and-recommend~~] an index based on an analysis of the prices and costs of goods and services and the effect of school district characteristics and other characteristics on those prices and costs.

(b) [~~(c)~~] The comptroller of public accounts shall assist the boards [~~advisory-committee~~] as the boards request [~~committee requests~~].

(c) [~~(d)~~] The Central Education Agency shall provide clerical and staff assistance to the boards on request. The [~~advisory-committee.--Subject-to-the-approval-of-the-State-Board-of Education,--the~~] commissioner of education may [~~shall~~] retain from the allotments under Sections 16.102 and 16.103 of this code an amount appropriate to finance necessary additional costs for the study authorized by this subchapter.

[~~(e)--Advisory-committee-members-serve--without--compensation but-are-entitled-to-reimbursement-for-actual-and-necessary-expenses incurred-in-the-performance-of-their-duties.--Reimbursement-is-from funds--appropriated--to--the-Central-Education-Agency-and-available for-that-purpose.~~]

Sec. 16.179. BIENNIAL ADOPTION OF INDEX AND FORMULA. Not later than the 30th day before the first day of each regular session of the legislature, the Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education-by--rule~~] shall jointly recommend a cost of education index based on the information from the model or models. That index, subject to adoption by the legislature, shall be used in adjusting the allotment of foundation school funds under this chapter for the

following biennium. The board shall also recommend the formula under which the index is applied to the basic allotment.

Sec. 16.180. NAVAL MILITARY FACILITY IMPACT. (a) The model on which the cost of education index is based must specifically consider the impact of a significant new naval military facility on each district in an impacted region.

(b) If the construction or operation of a significant new naval military facility begins during a school year, the Legislative Education Board and the Legislative Budget Board [~~State Board--of--Education--by--rule~~] shall recommend [~~provide-for~~] the adjustment of the basic allotment during that school year to consider any impact of the facility on the cost of education index of the districts in the impacted region.

(c) In this section, "significant new naval military facility" and "impacted region" have the meanings assigned by Section 4, Article 1, National Defense Impacted Region Assistance Act of 1985.

SECTION 3.08. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. PROGRAM ACCOUNTABLE COSTS

Sec. 16.201. REPORT. (a) The Legislative Education Board and the Legislative Budget Board [~~State-Board-of-Education~~] shall report what the boards jointly determine [~~it-determines~~] to be:

(1) the [~~minimum-basic~~] accountable costs per student to school districts of providing education programs, personnel, and other operating costs that meet the accreditation standards prescribed by law and rule, for each year of the next biennium;

(2) the estimated costs per student to school districts of providing exemplary education programs, personnel, and other operating costs that exceed basic accreditation levels;

(3) the costs of implementing the long-range plan for public school education authorized by Section 11.26(b) of this code;

(4) facility and debt service costs necessary to provide for both current and projected facilities for public schools according to the standards adopted under Subchapter I of this chapter;

(5) the [~~basic~~] accountable costs per student for each programmatic area that is recognized by the Foundation School Program; and

(6) the [~~basic~~] accountable costs of transportation.

(b) The boards, in determining the accountable costs, may not include the costs of cocurricular and extracurricular programs.

Sec. 16.202. METHODOLOGY. The Educational Economic Policy Center shall develop a methodology for the Legislative Education Board and the Legislative Budget Board to use in making the determinations of accountable costs required under Section 16.201 of this code. [~~ADVISORY--COMMITTEE.---(a)---The--State--Board-of Education-shall-appoint-an-advisory-committee-to-assist--the--board in--determining-the-minimum-basic-accountable-costs.--The-committee must-be-composed-of-15-members,-a--majority--of--whom--may--not--be employees-or-officials-of-a-local-school-district.~~

[~~(b)--In--making--appointments--to--the--committee,-the-board shall--give--representation--to--different--geographic--areas---and~~

~~different-sizes-of-schools-and-districts.~~

[~~(e)--Members-of-the-committee-serve-without-compensation-but are--entitled--to--reimbursement--for-actual-and-necessary-expenses incurred-in-performing-their-duties.--Reimbursement-is--from--funds appropriated-to-the-Central-Education-Agency-and-available-for-that purpose.~~]

Sec. 16.203. LEGISLATIVE CONSIDERATION. In adopting the amount of [~~basic,~~] special[~~,~~] and transportation allotments under this chapter, the legislature shall consider the recommendations and report under Section 16.201 of this code [~~of-the-State-Board-of Education~~] as to the [~~minimum-basic~~] accountable costs of a program that meets accreditation standards. The Legislative Education Board and the Legislative Budget Board [~~board~~] shall file the report with the governor[~~,-the-Legislative-Budget-Board,~~] and the legislature [~~Legislative-Education-Board~~].

SECTION 3.09. Section 21.031(a), Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over-the-age-of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.10. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The commissioner of education shall adopt rules for the

implementation of this section, except that the commissioner may not designate the methodology used by a teacher nor the time spent by a teacher or a student on a particular task or subject.

SECTION 3.11. Section 21.136(b), Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the commissioner of education [~~State Board of Education~~], is at or below subsistence level.

SECTION 3.12. Section 21.205(b), Education Code, is amended to read as follows:

(b) The hearing shall be conducted in accordance with rules promulgated by the district. The board of trustees may designate a person to serve as an impartial hearing officer to develop a record for consideration by the board. The board shall make its decision based on a review of the record developed by the impartial hearing officer and on oral argument before the board of the teacher or the teacher's representative and the district's representative.

SECTION 3.13. Section 21.551, Education Code, is amended by adding Subsection (f) to read as follows:

(f) The Central Education Agency shall adopt an appropriate, nationally recognized, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be

1 a secured test. The state shall pay the costs of purchasing and
2 scoring this test.
3 SECTION 3.14. The legislature recommends that the governor,
4 lieutenant governor, and speaker of the house of representatives
5 appoint a special study committee to develop a plan for the
6 coordination of youth services into a community effort and to
7 remove nonacademic related problems of youth from school
8 responsibility and that the committee be required to make
9 preliminary recommendations to the legislature before January 1,
10 1991.
11 SECTION 3.15. The commissioner of education and the State
12 Board of Education shall jointly develop a recommendation for a
13 state health insurance plan for teachers. The commissioner and the
14 board shall report the recommendation to the 73rd Legislature not
15 later than February 1, 1993.
16 SECTION 3.16. Notwithstanding any provision to the contrary:
17 (1) the pilot program established under Section 2.14,
18 Chapter 813, and Section 2, Chapter 1179, Acts of the 71st
19 Legislature, Regular Session, 1989, shall continue through the
20 1990-1991 school year only; and
21 (2) the Central Education Agency shall report the
22 findings of the study under Subsection (e) of those sections to the
23 73rd Legislature not later than February 1, 1993.
24 SECTION 3.17. The following sections of the Education Code
25 are repealed effective September 1, 1991:
26 (1) Section 21.136(e), Education Code; and
27 (2) Sections 21.136(b) and (g), Education Code, as

amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.18. (a) Sections 3.05, 3.09, 3.11, and 3.17 of this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.04 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school district that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the commissioner of education. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school district is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding; and

(5) employee contractual rights and due process.

(c) The Central Education Agency shall monitor a school district to which this section or Section 11.273 of this code applies and report annually to the commissioner of education on the effect of deregulation on student achievement.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus may apply to the commissioner of education for a waiver of a requirement or prohibition imposed by law or rule that the campus determines inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal and faculty that states the achievement objectives of the campus and the inhibition imposed on those objectives by the requirement or prohibition.

(c) The commissioner may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus has fulfilled the achievement objectives submitted to the commissioner under Subsection (b) of this section. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

(e) A school campus may not receive an exemption or waiver

under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus may not receive an exemption or waiver under this section from requirements imposed by state law or rule relating to:

(1) curriculum essential elements;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding; and

(5) employee contractual rights and due process.

SECTION 4.02. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.03. The following provisions of the Education Code are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989; and

(2) Section 21.001(b).

ARTICLE V. EFFECTIVE DATE; EMERGENCY

SECTION 5.01. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

SECTION 5.02. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

ADOPTED as amended

APR 9 1990

AMENDMENT NO. 1 Betty Murray Chief Clerk House of Representatives BY Glossbrenner

Amend C.S.S.B. No. 1 as follows:

(1) On page 7, line 20, strike "and adding Subsection (g)" and on page 8, strikes lines 6-8.

(2) On page 13, line 18, between "education" and the underscored period insert the following: "or not later than 60 days after the occurrence of a vacancy in the office. If the governor fails to appoint a commissioner from the list submitted by the Legislative Education Board, the Legislative Education Board shall submit additional names for the governor's consideration as necessary until an appointment is made"

(3) On page 13, strike lines 25-27 and substitute: "education for good cause."

(4) On page 18, lines 11-27, and page 19, lines 1-4, strike Section 2.06 of the bill and renumber the remaining sections appropriately.

(5) On page 32, lines 10-27, strike Section 2.17 of the bill and substitute the following:

SECTION 2.17. (a) Before February 1, 1993, the governor shall appoint a person to serve as the commissioner of education for a term beginning February 1, 1993, and expiring February 1, 1995.

(b) The person serving as commissioner of education on the effective date of this Act shall continue to serve until an appointment is made under Subsection (a) of this section unless that person is removed pursuant to law or vacates the position. If that person is removed pursuant to law or vacates the position before February 1, 1993, the governor shall appoint a person to serve in that position until February 1, 1995. Thereafter, the Governor shall appoint a commissioner of education on February 1 of each odd-numbered year in which the Governor begins a term of office.

(c) Rules adopted by the State Board of Education remain in effect until superseded by rules of the commissioner of education.

(5) On page 34, line 22, strike "be based primarily on" and substitute "include consideration of".

(6) On page 43, between lines 12 and 13, add a new Section 3.12 and renumber the remaining sections appropriately:

SECTION 3.12. Section 21.209, Education Code, is amended by adding Subsection (c) to read as follows:

(c) Based on the written recommendation of a campus principal, the board of trustees may return a teacher on that principal's campus to probationary status for the succeeding school year, provided that the teacher shall be given written notice prior to May 1 of the specific reasons for the action. If the teacher provides the board with a written request within 10 days after receiving the notice, the teacher shall be given a hearing in accordance with rules promulgated pursuant to Section 21.205(b) of this code. A board's decision to return a teacher to probationary status is not appealable to the commissioner of education. At the end of the probationary year, and based on the written recommendation of the campus principal, the board either shall restore the teacher to nonprobationary status or shall nonrenew the teacher in accordance with the provisions of this subchapter applicable to nonprobationary teachers. If the board nonrenews the teacher, that decision is appealable pursuant to Section 21.207 of this code.

(7) On page 43, line 24, strike "shall" and substitute "may".

(8) On page 44, lines 11-15, strike Section 3.15 and substitute the following:

SECTION 3.15. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop a recommendation for a state health insurance plan for public school employees. The retirement system, commissioner, and board shall report the recommendations to the 72nd Legislature not later than February 1, 1991.

to amendment

Amendment NO. 2 By Glosshenner

Amend the Glosshenner amendment to CSSB 1 by striking item 5 on page 1 in its entirety.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

to amendment

AMENDMENT NO. 3 By Glossbrenner

Amend the Glossbrenner amendment as follows:

Strike item (3) and substitute:

(3) On page 13, strike lines 25-27 and substitute: "education for good cause. The commissioner may serve consecutive terms."

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

Amendment # 4

By

Amend CSSB 1 by striking Article I in its entirety (line 5, page 1 through line 22, page 11) and substituting the following:

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors at similar levels of tax effort. To accomplish this policy, the Foundation School Program is established.

(b) To achieve substantially equal access to similar revenues per pupil, the Foundation School Program shall guarantee that at least 95 percent of all students are in districts that have fully equalized access to the same level of state and local revenues, as adjusted for uncontrollable student and district cost differences, for the maintenance, operation, and efficient administration of the educational programs of the district and fully equalized access to sufficient funding to economically provide adequate and safe educational facilities and equipment.

(c) To have substantially equal access to these revenues at similar levels of tax effort, the Foundation School Program shall guarantee that at least 95 percent of all students are in districts that have fully equalized state and local revenue for each penny of tax effort, for the purposes enumerated in Subsection (b) of this section.

SECTION 1.02. Subchapter A, Chapter 16, Education Code, is amended by adding Subsection 16.008 to read as follows:

Section 16.008. EQUALIZED FUNDING ELEMENTS. (a) Before each regular session of the legislature beginning with the 74th Legislature, for each school year in the next biennium the Legislative Education Board shall calculate, so as to achieve the state policy established under Section 16.001 of this code:

(1) the basic allotment provided under Section 16.101 of this code;

(2) the local share tax rate under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per student per cent of tax effort provided under Section 16.302 of this code; and

(4) the maximum guaranteed level of equalized state and local revenue per student provided under Section 16.303 of this code.

(b) Not later than October 1 preceding each regular session of the legislature, the board shall report the equalized funding elements under Subsection (a) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

SECTION 1.03. Subchapter A, Chapter 16, Education Code, is amended by adding Sections 16.009 and 16.010 to read as follows:

Sec. 16.009. WEIGHTED STUDENTS. In this code, weighted students in average daily attendance (WADA) is determined by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements, by the basic allotment for the applicable year.

Sec. 16.010. PERCENTILE OF WEALTH PER STUDENT. In this code, a district is determined to be at a given percentile of wealth per student by:

(1) ranking all the school districts in the state in ascending order according to the district's taxable value of property, as determined under Section 11.86 of this code for the tax year in which the school year begins, per weighted student;

(2) beginning with the district with the lowest taxable value of property per weighted student, adding the number of weighted students in each district to the sum of the number of weighted students in all lower ranked districts; and

(3) determining the district at which the sum of weighted students first equals or exceeds the given percent of the total number of weighted students in the state.

SECTION 1.04. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs

for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,500 for the 1990-1991 [~~1989-1990~~] school year and $2,128 or an amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~$1,500~~] for each school year thereafter, or a greater amount for any year provided by appropriation.

SECTION 1.05. Section 16.152(a), Education Code, is amended to read as follows:

(a) A [~~For each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a~~] district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by:

(1) 0.2 for each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside;

(2) 2.41 for each student who is in a remedial and support program under Section 21.557 of this code because the student is pregnant; and

(3) 0.1 for each student who is in remedial and support programs under Section 21.557 of this code because the student is a parent or is otherwise at risk of dropping out of school as defined by Subsection (f) of that section [~~, subject to subsection (e) of this section~~].

SECTION 1.06. Section 16.252(a), Education Code, is amended to read as follows:

(a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the district's local share;

"TR" is a tax rate computed by the commissioner of education before each school year that will yield an amount equal to the current year Foundation School Program estimated costs under Subchapters C and D of this chapter divided by the total number of weighted students in the state.

when that tax rate is applied to the 97th percentile of wealth per weighted student [~~will raise a total local share, prior to adjustments, equal to 33.3 percent of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code~~]; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

SECTION 1.07. Section 16.256, Education Code, is amended by adding Subsection (d) to read as follows:

(d) Before each regular session of the legislature beginning with the 74th Legislature and after considering the report of the Legislative Education Board under Section 16.008 of this code, the committee shall adopt the following for each school year in the next biennium so as to achieve the state policy established under Section 16.001 of this code:

(1) a basic allotment provided under Section 16.101 of this code that represents the minimum cost per student of a regular education program that meets the requirements of accreditation and of all other mandates of law and regulation;

(2) the local share tax rate under Section 16.252(a) of this code;

(3) the guaranteed level of state and local funds per student per cent of tax effort provided under Section 16.302 of this code; and

(4) the maximum guaranteed level of equalized state and local revenue per student provided under Section 16.303 of this code.

SECTION 1.08. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

GYA = (GL x WADA x DTR x 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $18.84 for the 1990-1991 school year and the yield per cent of tax effort for the district at the 95th percentile of wealth for each school year thereafter, [~~$18.25~~] or a greater amount for any year provided by appropriation;

"WADA" is the number of weighted students in average daily attendance in the district as determined under Section 16.009 of this code [~~, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year~~];

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

Sec. 16.303. LIMITATIONS OF GUARANTEED YIELD. [~~(a)~~] The sum of a district's guaranteed yield amount and local revenue used in Section 16.302 of this code and the district's Foundation School Program cost under Subchapters C and D of this chapter, divided by the district's weighted students, may not exceed the total amount of state and local revenues per weighted student available to the district at the 95th percentile of such revenues per weighted student in the prior school year, which is determined in the same manner that the district at a given percentile of wealth per weighted student is determined under Section 16.010 of this code, [~~district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.36~~] or a greater

amount for any [~~of those~~] school year [~~years~~] provided by appropriation. For the 1990-91 school year, district enrichment tax rate ("DTR") under Sec. 16.302 of this code may not exceed $0.46.

[~~(b) For the 1989-1990 school year, a district may not receive less per student in guaranteed yield state funds than the amount of state funds received under the enrichment equalization allotment in the 1988-1989 school year.~~]

SECTION 1.09. Section 16.155, Education Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program, a district is entitled to an annual allotment [~~for the 1989-1990 and 1990-1991 school years~~] equal to the adjusted basic allotment multiplied by a weight of 1.45.

(g) The commissioner shall conduct a cost-benefit evaluation of the benefit of the vocational education program as opposed to public education in mathematics and science.

SECTION 1.10. Section 29.05, Education Code, is amended to read as follows:

Sec. 29.05. ALLOCATION OF COSTS. The allocation of funds for the schools of the Department of Corrections shall be set by appropriation [~~A formula for the allocation of professional units and other programs operating expenses shall be developed by the General Education Agency and approved by the State Board of Education~~].

SECTION 1.11. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1991-1992 school year, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and

1 awarding grants, the conditions listed in Section 10(a), Public Facilities Funding Act (Article 717t,
2 Vernon's Texas Civil Statutes).
3 (c) Except to the extent directly related to the acquisition, construction, renovation, or
4 improvement of capital assets and instructional facilities, a grant may not be used to pay the general
5 administrative expenses of any school district or to pay any part of the salary or benefits of an
6 official or employee of any school district receiving a grant under this article.
7 (d) In this article:
8 (1) "Board" has the meaning assigned by Section 2, Public School Facilities
9 Funding Act (Article 717t, Vernon's Texas Civil Statutes).
10 (2) "Capital assets" means permanent fixtures, mechanical or electrical equipment,
11 or other tangible property that becomes a permanent improvement to an instructional facility or
12 furnishings, other than computers, for an instructional facility that have a life of not less than 10
13 years.
14 (3) "Instructional facility" has the meaning assigned by Section 2, Public School
15 Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).
16 (e) This article expires August 31, 1992.
17 SECTION 1.12. Chapter 314, Government Code, is amended by adding Section 314.004
18 to read as follows:
19 Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a)
20 The board shall prepare for each bill or resolution that affects public education an equalized
21 education funding impact statement.
22 (b) The impact statement must evaluate the effect of the bill or resolution on all state
23 equalized funding requirements and policies.
24 (c) The impact statement must be attached to the bill or resolution immediately following
25 the fiscal note attached under Section 314.003.

SECTION 1.13. Notwithstanding any other provision of this Act, a district's increase or decrease in state aid per student due to changes made by this Act to the Education Code at the time of its enactment shall be limited to the following levels for the indicated school years:

(1) 25 percent of the difference between the state aid per weighted student to which the district is otherwise entitled under the provisions of this Act for the 1991-1992 school year and the state aid per weighted student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(2) 50 percent of the difference between the state aid per weighted student to which the district is otherwise entitled under the provisions of this Act for the 1992-1993 school year and the state aid per weighted student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(3) 75 percent of the difference between the state aid per weighted student to which the district is otherwise entitled under the provisions of this Act for the 1993-1994 school year and the state aid per weighted student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

For each of the indicated school years, the commissioner of education shall adjust each district's special allotments and "TR" under section 16.252(d), Education Code, to reflect the impact of the percentages contained in this section.

SECTION 1.14. Notwithstanding any provision to the contrary, for the 1990-1991 school year, "TR" under Section 16.252(a), Education Code, is a tax rate computed by the commissioner of education before the school year begins that will raise a total local share, prior to adjustments, equal to 33.3 percent of the current year Foundation School Program estimated costs under Subchapters C and D, Chapter 16, Education Code, other than the adjustments made under Section 16.102(d) and 16.103(d), Education Code.

SECTION 1.15. For the 1990-91 school year, in addition to amounts previously appropriated, the sum of $450 million is appropriated from the general revenue fund to the Central Education Agency for the Foundation School Program for the purposes of funding the changes in

that program made by this Act and funding increases in average daily attendance and other student population.

Notwithstanding any other provision of law, the commissioner of education shall increase the amount "18.84" on page 5, line 5 of this Act to an amount that will expend any amounts appropriated by this bill in excess of the state share of Subchapters C and D of the Foundation School Program.

SECTION 1.16. Section 16.152(a), Education Code, as amended by this Act, takes effect September 1, 1991.

SECTION 1.17. Sections 16.155(b) and (c), Education Code, are repealed.

ARTICLE II. EFFECTIVE DATE; EMERGENCY

SECTION 2.01. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

SECTION 2.02. The importance of this legislation and the crowded conditions of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 5

BY Parker

Amend CSSB 1 on page 14, line 27 by adding the following:

; however, any rules so adopted shall be submitted to the Legislative Education Board and approved by that board 30 days before implementation.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 6 BY

1 Amend C.S.S.B. 1 as follows:

2 (1) On page 31, between lines 2 and 3, add a new Section
3 2.16 to read as follows:

4 SECTION 2.16. Title 2, Education Code, is amended by adding
5 Chapter 35 to read as follows:

6 CHAPTER 35. LOCAL SCHOOL COUNCILS

7 Sec. 35.01. DEFINITIONS. In this chapter:

8 (1) "Board" means the board of trustees of a school
9 district.

10 (2) "Community resident" means a person, 18 years of
11 age or older, residing in the attendance area of a school, but does
12 not include a person who is a parent of a student enrolled in that
13 school or a person who is an employee of the school or the school
14 district.

15 (3) "Council" means a local school council.

16 (4) "Magnet school" means a school that draws and
17 admits students from more than a single attendance area based on
18 designated selection criteria approved by the board, but does not
19 include a school that has a local attendance area established by
20 the board.

21 (5) "Parent" means the parent or person standing in
22 parental relation of a student enrolled at a school and who is not
23 an employee of the school or the school district.

24 (6) "School" means a primary or secondary public

AMENDMENT NO._____ BY_____

Amend C.S.S.B. 1 as follows:

(1) On page 31, between lines 2 and 3, add a new Section 2.16 to read as follows:

SECTION 2.16. Title 2, Education Code, is amended by adding Chapter 35 to read as follows:

CHAPTER 35. LOCAL SCHOOL COUNCILS

Sec. 35.01. DEFINITIONS. In this chapter:

(1) "Board" means the board of trustees of a school district.

(2) "Community resident" means a person, 18 years of age or older, residing in the attendance area of a school, but does not include a person who is a parent of a student enrolled in that school or a person who is an employee of the school or the school district.

(3) "Council" means a local school council.

(4) "Magnet school" means a school that draws and admits students from more than a single attendance area based on designated selection criteria approved by the board, but does not include a school that has a local attendance area established by the board.

(5) "Parent" means the parent or person standing in parental relation of a student enrolled at a school and who is not an employee of the school or the school district.

(6) "School" means a primary or secondary public

school that is under this chapter.

Sec. 35.02. CREATION. A school district with more than 170,000 students in enrollment shall establish a local school council for each school in the district to act as the governing body of the school.

Sec. 35.03. COMPOSITION AND TERM. (a) A council consists of:

(1) six parents of students attending the school;

(2) two teachers employed at the school;

(3) two community representatives;

(4) the principal of the school; and

(5) for a high school, a nonvoting student member elected annually by the students at the school.

(b) Representatives of each category are to be elected by persons in that category for the school.

(c) Elected members of the council shall be elected at biennial elections. An elected member serves a two-year term of office.

(d) Except for a high school member of the council, to be eligible to serve as an elected member of a council a person must be a qualified voter in the school district.

(e) The council should reflect the racial and ethnic population of the school.

Sec. 35.04. COMMUNITY RESIDENT. (a) Except as provided in Subsection (b) of this section, only community residents residing in the attendance area of the school are eligible to vote for the community resident members of the council.

1 (b) Community residents elected to the council of a magnet
2 school are elected by the parents of students enrolled at the
3 magnet school, the principal of the magnet school, and the teachers
4 employed at the magnet school.
5 Sec. 35.05. ELECTION. (a) Two forms of identification are
6 required to vote on council membership, which may include a birth
7 certificate, driver's license, utility bill, voter registration
8 card, identification from a government agency, a court document, or
9 a student identification card.
10 (b) A person eligible to vote for an office on the council
11 to be filled at the election is entitled to vote for the number of
12 candidates to be elected to fill the vacant offices.
13 (c) Not later than the sixth week after the first day of the
14 school year, the council shall hold an election for council
15 offices. The council shall publicize the date and place of the
16 election by posting notices at the school, in public places in the
17 attendance boundaries of the school, by distributing notices to the
18 pupils at the school, and other means to maximize the involvement
19 of all eligible voters. Elections for council membership are to be
20 held in every odd-numbered year.
21 (d) The council shall publicize the opening of nominations
22 for positions on the council by posting notices at the school, in
23 public places in the attendance boundaries of the school, by
24 distributing notices to the pupils at the school, and other means
25 to maximize the involvement of all eligible voters. Not later than
26 the 14th day before the date of the election, persons eligible to
27 run for positions on the council shall submit their name and

evidence of eligibility to the council.

(e) Not later than the seventh day before the date of the election, the council shall publicize, in the manner provided in Subsection (c) of this section, the names of persons nominated for election to the council.

(f) Voting to fill positions on the council is in person, by secret ballot, at the school between the hours of 7 a.m. and 7 p.m.

(g) The candidates receiving the highest number of votes for the vacant positions are elected to the council. In cases of a tie, the council shall determine the winner by lot.

(h) The council shall certify the results of the election and publish the results in the minutes of the council.

(i) The district superintendent shall resolve any disputes concerning election procedure or results and ensure that resources of a school are not used to endorse or promote a candidate.

(j) The council shall appoint a person eligible to serve on the council to fill an unexpired term of office created by a vacancy.

(k) The board may promulgate rules for election procedures as necessary to ensure fair elections.

Sec. 35.06. MEETINGS AND ORGANIZATION. (a) Not later than the seventh day after the date of a council election, the annual organizational meeting of the council shall be held. At this meeting a parent member of the council shall be elected as presiding officer, and a secretary shall be elected, to serve two-year terms of office. If a vacancy in the office of presiding officer or secretary occurs, the council shall elect a new

1 presiding officer, who is a parent member, or a new secretary, to
2 serve the unexpired term of the vacant office.
3 (b) The time and place of regular meetings of the council
4 shall be determined at the annual organizational meeting. The
5 presiding officer or any four members may call special meetings of
6 the council by giving written notice, specifying the time, place,
7 and purpose of the meeting. Notice of meetings shall also be given
8 to the public.
9 (c) Members of the council serve without compensation. The
10 board may establish a procedure to reimburse a council member for
11 reasonable and necessary expenses incurred in the performance of
12 the member's duties.
13 (d) A council cannot vote on a measure unless a majority of
14 the full membership of the council is present. Except as provided
15 by Subsection (f) of this section, an affirmative vote of a
16 majority of the members of the council determines the outcome of
17 any vote.
18 (e) If the council is evaluating the principal, renewing or
19 modifying the principal's contract, or selecting a new principal,
20 the principal does not have a vote on the matter.
21 (f) Seven affirmative council member votes are required to
22 select a new principal, but not for the renewal of a principal's
23 contract.
24 Sec. 35.07. POWERS AND DUTIES. (a) The council shall
25 evaluate the performance of the principal of the school, determine
26 whether to renew the principal's contract, and select a new
27 principal when needed. If the current principal's contract is not

1 to be renewed, the principal must be notified that the contract
2 will not be renewed no later than April 15 of the calendar year in
3 which the principal's contract expires. The council's selection of
4 a new principal to fill a vacancy shall be made no later than the
5 90th day after the date the vacancy occurs. The council shall not
6 discriminate on the basis of race, sex, creed, religion, or
7 national origin in selecting a principal.
8 (b) The council shall establish criteria to be included in
9 the contract of the principal.
10 (c) The council shall approve the expenditure plan prepared
11 by the principal relating to all funds allocated and distributed to
12 the school by the board.
13 (d) The council shall approve a school improvement plan
14 developed as provided in Section 35.09 of this code.
15 (e) The council shall make recommendations to the principal
16 concerning textbook selection, in accordance with Chapter 12 of
17 this code.
18 (f) The council shall advise the principal on attendance and
19 disciplinary policies for the school.
20 (g) The council shall evaluate the allocation of teaching
21 resources and staff to the school to determine if the allocation is
22 consistent with the school improvement plan and recommend to the
23 board, the superintendent, and the principal reallocation of
24 teaching resources or other staff that the council determines is
25 appropriate.
26 (h) The council shall make recommendations to the principal
27 concerning the principal's appointments of persons to fill vacant,

1 additional, or newly created teaching positions at the school.
2 (i) The council shall receive training and assistance from
3 the board. The council may request the board to contract with
4 personnel or nonprofit organizations not associated with the school
5 district to train or assist council members. If personnel or
6 organizations unassociated with the school district contract to
7 train or assist the council, the period of training or assistance
8 shall not exceed 30 hours during a school year. A person who
9 trains or assists the council may not be continuously employed
10 longer than 30 hours during a given school year and may not have
11 been employed by the board of the school district within six months
12 before the contract to train or assist the council. Council
13 members shall receive training in:
14 (1) school budgets;
15 (2) educational theory pertinent to the school's
16 needs, including the development of the school improvement plan and
17 the principal's performance contract; and
18 (3) personnel selection.
19 (j) The council is subject to the open meetings law, Chapter
20 271, Acts of the 60th Legislature, Regular Session, 1967 (Article
21 6252-17, Vernon's Texas Civil Statutes). A council shall issue and
22 transmit to its school community a detailed annual report
23 accounting for its activities, including financial activity. A
24 council shall convene at least three well-publicized meetings
25 annually with its entire school community. These meetings shall
26 include presentation of the proposed school expenditure plan, and
27 the annual report, and must provide an opportunity for public

comment.

(k) The council may request the principal to close and open staff personnel positions that are consistent with the local school improvement plan.

(l) A council is encouraged to involve members of the school community in facilitating the council's exercise of its responsibilities.

(m) All decisions made and actions taken by the council in the exercise of its powers and duties shall comply with state and federal laws, court orders, and rules properly adopted by the board.

Sec. 35.08. PRINCIPAL. (a) The principal of each school may make recommendations to the council concerning all educational aspects of the school.

(b) Each principal is entitled to approve all teacher and staff appointments for that principal's campus.

(c) The principal, in consultation with the professional staff of the school, parents, and community residents, and with the advice and consent of the council, shall develop the school improvement plan described by Section 35.09 of this code.

(d) The principal, with the advice and consent of the council, shall develop and administer an expenditure plan. The plan must represent the priorities of the school's local improvement plan.

Sec. 35.09. SCHOOL IMPROVEMENT PLAN. (a) A three-year local school improvement plan shall be developed and implemented at each school. The plan must reflect the purpose of the school to

1 improve educational quality.

2 (b) The council shall publicize the process of the plan and

3 the schedule for development of the plan and give the community an

4 opportunity to make recommendations for the plan.

5 (c) The principal shall direct the plan's implementation and

6 the council shall monitor the plan's implementation. After the

7 initial three-year plan terminates, a new three-year plan shall be

8 developed and modified.

9 (d) The principal and council shall biannually report to the

10 public on the progress of the plan.

11 (e) The plan shall be designed to achieve priority goals

12 including:

13 (1) assuring student proficiency in reading, writing,

14 mathematics, science, and critical thinking skills at average rates

15 equal to or above national norms;

16 (2) assuring that students regularly attend school and

17 graduate from school at average rates equal or above national

18 norms;

19 (3) assuring that students are adequately prepared for

20 and aided in making a successful transition to further education

21 and life experience;

22 (4) assuring that students are adequately prepared for

23 and aided in making a successful transition to employment; and

24 (5) assuring that students are, to the maximum extent

25 possible, provided with a learning experience that is of high

26 academic quality and that reflects high expectations for all

27 students' capacities to learn.

1 (f) The school improvement plan shall include:

2 (1) an analysis of data collected in the school and
3 community indicating the specific strengths and weaknesses of the
4 school in light of the goals of the plan;

5 (2) a description of specific annual objectives the
6 school will pursue in achieving the goals of the plan;

7 (3) a description of the specific activities the
8 school will undertake to achieve its objectives;

9 (4) an analysis of the school's staffing pattern and
10 material resources and an explanation of how the school's planned
11 staffing pattern, the deployment of staff, and the use of material
12 resources furthers the objectives of the plan;

13 (5) a description of the key assumptions and
14 directions of the school's curriculum and the academic and
15 nonacademic programs of the school and an explanation of how the
16 curriculum furthers the goals and objectives of the plan;

17 (6) a description of the steps that will be taken to
18 enhance educational opportunities for all students, regardless of
19 gender, including students with limited English proficiency,
20 disabled students, low-income students, and minority students;

21 (7) a description of any steps that may be taken by
22 the school to educate parents as to how they can assist their
23 children to learn effectively at home;

24 (8) a description of the steps the school will take to
25 coordinate its efforts with, and to gain the participation and
26 support of, parents, community residents, business organizations,
27 and other local institutions and individuals;

(9) a description of any staff development program for all school staff and volunteers tied to the priority goals, objectives, and activities specified in the plan;

(10) a description of the steps the council will undertake to monitor implementation of the plan on an ongoing basis;

(11) a description of the steps the school will take to ensure that teachers have working conditions that provide a professional environment conducive to fulfilling their responsibilities;

(12) a description of the steps the school will take to ensure teachers the time and opportunity to incorporate new ideas and techniques; and

(13) a description of the steps the school will take to encourage pride and positive identification with the school through various athletic activities.

Sec. 35.10 COUNCIL PERFORMANCE. If a board determines that a local school council is not performing the duties required by this chapter, the board may direct the council to perform those duties. If the council fails to perform as directed, the board may intervene and perform those duties until a new local school council is selected at the next election of the local school council.

(2) On page 33, between lines 9 and 10, add a new Section 2.20 to read as follows:

SECTION 2.20. Chapter 35, Education Code, as added by this Act, applies beginning with the 1991-1992 school year. The board

1 of trustees of a school district shall set a date not later than
2 the sixth week after the first day of the school year for the
3 election of members of the local school council for the 1991-1992
4 school year.
5 (3) Renumber subsequent sections appropriately.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

Amendment No. 1 By Delaya

Amend CSSB 1 as follows:

(1) On page 37, line 11, insert the following between "(c)" and "A":

The commissioner of education, in consultation with the commissioner of human services, shall monitor and evaluate prekindergarten programs in the state of Texas as to their developmental appropriateness. Furthermore, the commissioner of education, in consultation with the commissioner of human services, shall evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs such as child care administered under Chapter 44 of the Human Resources Code, and federal Headstart programs. This evaluation shall utilize recommendations contained in the report to the 71st Legislature required by Chapter 717, Acts of the 70th Legislature, Regular Session, 1987. For the purpose of providing cost-effective care for children during the full work day with developmentally appropriate curriculum, the commissioners shall investigate the use of existing children care program sites as prekindergarten sites.

(d)

(2) On page 44, between lines 2 and 3, insert a new section

3.14 to read as follows, and renumber the subsequent sections appropriately:

SECTION 3.14. The commissioner of education, in consultation with the commissioner of human services, shall submit a report to the 72nd Legislature, with specific legislative recommendations on the developmental appropriateness of prekindergarten programs, the potential for using existing child care program sites as prekindergarten sites, and on the coordination of those programs under Section 16.003 (c), Education Code, as amended by this Act._

p. 3 l. 13
p. 37, l. 15-16

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 8 BY Parker Oakley

Amend CSSB. 1 as follows:

(1) Add a new section to be appropriately numbered and to read as follows:

SECTION ____. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.011 to read as follows:

Sec. 16.011. UNFUNDED STATE EDUCATIONAL MANDATES. (a) Except as provided by Subsection (d) of this section a school district is entitled to be reimbursed from the general revenue fund in the state treasury for the costs incurred in a school year by the school district to comply with any state educational mandate enacted on or after January 1, 1990, unless the legislature:

(1) by statute enacted by a record vote of four-fifths of the members elected to each house expressly provides that the educational mandate is not subject to reimbursement under this section; or

(2) appropriates or otherwise provides for the payment or reimbursement from a source other than revenue of the school district of the costs incurred in the school year by the school district in complying with the educational mandate.

(b) On or before the next September 1 following a regular session of the legislature or the 90th day after the last day of a special session of the legislature, the comptroller of public accounts shall publish a list of the educational mandates enacted by the legislature during that legislative session the costs of

which are reimbursable under Subsection (a) of this section. By that same date the comptroller shall remove from the list of reimbursable educational mandates for a previous legislative session those mandates no longer reimbursable under Subsection (a) of this section. Not later than the 60th day after the date on which the comptroller publishes the list for a legislative session, a school district may petition the comptroller to include on the list additional provisions enacted at the applicable legislative session or to retain an educational mandate on the list from a previous legislative session. If the comptroller refuses to grant the petition of a school district, the school district, not later than the 60th day after the date on which it submitted the petition to the comptroller, may bring an action in the district court of Travis County to require the comptroller to act in accordance with the petition. The court may not reverse the comptroller's action unless the school district establishes by clear and convincing evidence that the decision of the comptroller is erroneous. The decision of the district court may be appealed in the manner provided by law for civil suits generally.

(c) For purposes of this section, costs incurred to comply with a rule adopted by a state agency to implement a state educational mandate or a judicial decision interpreting or applying a state educational mandate are reimbursable in the same manner as other costs incurred to comply with that educational mandate, if those other costs are required to be reimbursed under this section.

(d) This section does not apply to a state educational mandate:

(1) not included in the appropriate list of educational mandates published by the comptroller of public accounts under this section;

(2) imposed by the legislature or a state agency to comply with a requirement of the Texas Constitution or federal law; or

(3) creating a new criminal offense or changing the elements of a criminal offense.

(e) To receive a reimbursement to which it is entitled under Subsection (a) of this section, the school district must apply to the comptroller of public accounts not later than November 1 of the school year following the school year in which the reimbursable expense was incurred. The application must provide evidence of the costs incurred by the school district in complying with the educational mandate. A school district is not eligible for reimbursement under this subsection unless it complies or in good faith attempts to comply with the educational mandate in the school year for which the reimbursement is sought. The comptroller shall pay the amount of the costs the comptroller determines were directly incurred in complying with the educational mandate not later than the end of the school year in which the school district applies for reimbursement. Not later than November 1 of the school year after the school year in which application is made, the school district may appeal a decision of the comptroller not to pay an amount applied for, or to pay less than the amount applied for, to a district court of Travis County. The court may not reverse the comptroller's decision unless the school district establishes

1 by clear and convincing evidence that the decision of the
2 comptroller is erroneous. The decision of the district court may
3 be appealed in the manner provided by law for civil suits
4 generally.
5 (f) In this section, "state educational mandate" means a
6 requirement made by a statute enacted by the legislature, and
7 imposed on school districts only, the implementation of which
8 requires an expenditure by the school district that would not have
9 been required in the absence of the statutory provision.
10 (2) Renumber subsequent sections appropriately.

p. 42, l. 15-16

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 9 BY Nelson

Amend C.S.S.B. No. 1 by adding the following appropriately numbered sections:

SECTION _____. Subchapter C, Chapter 20, Education Code, is amended by adding Section 20.57 to read as follows:

Sec. 20.57. LEGAL SERVICES FOR SCHOOL BOND ISSUERS. (a) In this section:

(1) "Bond" means a bond, certificate, note, or other obligation for the payment of money authorized by law to be issued by an issuer and includes an interim, temporary, or refunding bond.

(2) "Issuer" means a school district.

(b) For the purpose of providing necessary legal services to issuers of bonds, the attorney general shall establish a bond counsel division in the attorney general's office. The attorney general shall employ attorneys and other employees necessary to carry out this section. Attorneys employed under this subsection are not subject to the position classification plan provided for by the Position Classification Act of 1961 (Article 6252-11, Vernon's Texas Civil Statutes).

(c) Notwithstanding any other provision of law, an issuer, except as provided by Subsection (d) of this section, may not employ legal counsel other than the attorney general or otherwise obtain legal services from a source other than the attorney general in connection with the issuer's bonds.

(d) The attorney general may allow an issuer to obtain legal

services from another source only if the attorney general determines that the work load of the bond counsel division prevents the division from providing the necessary services within the appropriate amount of time considering the nature of the services. In approving private legal counsel under this section, the attorney general may not approve or reject a particular counsel or firm. Approval of the attorney general constitutes authority to employ any private legal counsel, subject to any applicable restrictions under other law. This section does not prohibit an issuer from obtaining legal services in connection with the issuer's bonds from a regular permanent employee of the issuer.

(e) The attorney general shall charge an issuer a fee for services under this section in an amount comparable to the amount charged by private legal counsel for similar services. Fees collected under this section shall be deposited in the state treasury to the credit of the general revenue fund.

(f) The attorney general shall adopt procedures necessary to carry out this section, including procedures by which an issuer may apply for legal services under this section.

SECTION _____. Section 20.57, Education Code, as added by this Act, applies only to legal services in connection with bonds issued on or after the effective date of this Act. That section does not prohibit the payment for services rendered before the effective date of this Act.

P. 43, lines 3-4

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 10 BY DENTON

Amend C.S.S.B. 1 by adding a new section to Article III to read as follows:

SECTION____. Section 21.101, Education Code, is amended by adding Subsection (h) as follows:

(h) The State Board of Education jointly with the Texas Commission on Alcohol and Drug Abuse ~~shall~~ may design alcohol and drug intervention programs for public schools. Each school district ~~shall~~ may implement a program under guidelines adopted by the board.

p. 43

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 71 BY

Amend C.S.S.B. No. 1 as follows:

(1) On page 43, strike lines 4 and 5 and substitute the following:

SECTION 3.11. Section 21.136, Education Code, is amended by amending Subsection (b) and adding Subsection (h) to read as follows:

(2) On page 43, between lines 12 and 13, insert the following:

(h) The state shall pay the costs of teacher salaries, transportation, and classroom construction necessary for a district to offer prekindergarten classes to children who are three years of age. If the state fails to pay those costs, the district is exempt from the provisions of this section as applied to children who are three years of age.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

P. 44 l. 2

AMENDMENT NO. 12 BY Robinson

Amend C.S.S.B. 1 as follows:

On page 44, line 2, between "test" and "." add ", and of distributing the results of the test to the school districts".

~~p. 41, lines 22-23~~
p. 44, lines 2-3

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 13 BY [signature]

Amend C.S.S.B. No. 1 as follows:

(1) Add a new section, appropriately numbered, to read as follows:

SECTION ___. Subchapter Z, Chapter 212, Local Government Code, is amended by adding Section 212.902 to read as follows:

Sec. 212.902. SCHOOL DISTRICT LAND DEVELOPMENT STANDARDS. (a) On request by a school district, a municipality shall enter an agreement with the board of trustees of the school district to establish fees, review periods, and land development standards approved by the board of trustees for educational facilities constructed by the school district.

(b) If the municipality and the board of trustees do not reach an agreement on or before the 180th day after the date on which the municipality received the school district's request for an agreement, after that date the municipality does not have land development regulatory authority over the school district except for the municipality's building code, to the extent the building code applies, and for land development standards established in an agreement between the municipality and the school district. This subsection does not restrict a school district and a municipality from reaching an agreement after the end of the 180-day period.

(c) If a municipality loses land development regulatory authority over a school district under this section, the school district may not begin any new construction of educational

1 facilities or the expansion of existing educational facilities
2 unless the district has submitted to the Texas Water Commission a
3 water quality program and the commission has approved the program.
4 (d) A school district that requests an agreement under this
5 section, at the time it makes the request, shall send a copy of the
6 request to the commissioner of education. At the end of the
7 180-day period, the requesting district shall report to the
8 commissioner the status or result of negotiations with the
9 municipality. A municipality may send a separate status report to
10 the commissioner. The district shall send to the commissioner a
11 copy of each agreement between the district and a municipality
12 under this section.
13 (e) In this section, "land development standards" includes
14 impervious cover limitations, building setbacks, floor to area
15 ratios, building coverage, water quality controls, landscaping,
16 development setbacks, driveway cuts, height restrictions, and
17 building codes, if applicable.
18 (2) Renumber subsequent sections appropriately.

P.46 1.1

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 14 BY HAMMOND

Amend C.S.S.B. No. 1 as follows:

(1) On page 46, strike lines 1 and 2, and on page 47, strike lines 9 and 10, and substitute the following in each of those places:

(4) competitive bidding;

(5) employee contractual rights and due process; and

(6) elementary school class size limits.

p. 46 l. 6

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 15 BY HAMMOND

Amend C.S.S.B. No. 1 as follows:

(1) On page 46, between lines 6 and 7, insert the following:

(d) A school district exempt under this section may select for purchase a textbook not on a state-adopted multiple list. The textbook shall be purchased by the state in the same manner as a textbook selected from a multiple list. If the cost of the textbook exceeds the cost of the costliest textbook on the multiple list for the same subject matter or course, the district shall pay the difference in costs from local funds. The State Board of Education shall adopt rules necessary for the implementation of this subsection.

p.47 l.27

FLOOR AMENDMENT NO. 16 BY B. Danly

(1) On Page 47 of C.S.S.B. No. 1, delete line 27.

ADOPTED

APR 9 1990

Betty Murray
Chief Clerk
House of Representatives

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

April 24, 1990
Date

90 APR 25 AM 8:07
HOUSE OF REPRESENTATIVES

Honorable William P. Hobby
President of the Senate

Honorable Gibson D. "Gib" Lewis
Speaker of the House of Representatives

Sir:

We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S.B. 1 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Senator Carl A. Parker, Chair	Rep. Ernestine Glossbrenner, Chair
Senator Kent Caperton	Rep. Paul Colbert
Senator John Montford	Rep. Jim Rudd
Senator Gonzalo Barrientos	Rep. Hugo Berlanga
Senator Lyndi Krier	Rep. Kent Grusendorf
On the part of the Senate	On the part of the House

ADOPTED by non record vote

APR 26 1990

Betty Murray
Chief Clerk
House of Representatives

Paper clip one of these forms to each of the following:
the original and two copies to the house of origin
three copies to the other house

Passed, subject to Art III,
Sec. 49a, Texas Constitution

CONFERENCE COMMITTEE REPORT

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of fiscal neutrality which provides for substantially equal access to similar revenue per student at similar tax effort.

(c) The program of state financial support designed and implemented to achieve these policies shall include strict adherence to the following principles:

(1) the yield of state and local educational program revenue per pupil per cent of effective tax effort shall not be

statistically significantly related to local taxable wealth per student for at least those districts in which 95 percent of students attend school;

(2) the level of state and local revenues for which equalization is established shall include funds necessary for the efficient operation and administration of appropriate educational programs and the provision of financing for adequate facilities and equipment; and

(3) the level of local tax effort for which equalization is established shall be not less than the weighted average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student.

SECTION 1.02. Section 16.004, Education Code, is amended to read as follows:

Sec. 16.004. SCOPE OF PROGRAM. Under the Foundation School Program, a school district may receive state financial aid for programs, services, facilities, and equipment, including personnel salaries, current operating expenses, categorical programs, and transportation services. The amount of state aid to each school district shall be based on the district's ability to support its public schools.

SECTION 1.03. Section 16.006, Education Code, is amended to read as follows:

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is determined by the daily attendance as averaged each month of the minimum school year as

defined under Section 16.052(a) of this code [~~best--four--weeks--of eight--weeks--of--attendance.--The-State-Board-of-Education-by-rule shall-prescribe-the-eight-weeks-for-which-attendance--records--must be--maintained--by--all-districts-for-this-purpose,-except-that-the records-must-be-kept-for-four-weeks-of-each-regular-semester~~].

(b) For the school year 1990-1991 only, the number of students in average daily attendance under the definition described in Subsection (a) of this section shall not be less than 98 percent of the number of students that would be obtained under the definition used for the 1989-1990 school year.

(c) A school district that experiences a decline of two percent or more in average daily attendance as a result of the closing or reduction in personnel of a military base shall be funded on the basis of the actual average daily attendance of the immediately preceding school year.

SECTION 1.04. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The Legislative Education Board shall adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each school year thereafter.

(b) The funding elements shall include:

(1) a basic allotment for the purposes of Section 16.101 of this code that represents the cost per student of a

regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of school districts for the purposes of Sections 16.102 and 16.103 of this code;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter D of this chapter;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter H of this chapter that represents the costs as determined and limited under Subchapter F of this chapter for exemplary programs including the cost of facilities and equipment until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter;

(5) the total tax rates for the local funding requirements of Section 16.252 of this code and Subchapter H of this chapter with the provision that the sum of these tax rates may not be less than the prior year average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student; and

(6) the formula elements for the funding formulas for capital outlay and debt service under the provision of Subchapter I of this chapter.

(c) Beginning in 1992, not later than October 1 preceding

each regular session of the legislature, the board by rule shall report the equalized funding elements calculated under Subsection (b) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

(d) Notwithstanding other provisions of this section, the report and recommendations of the Legislative Education Board for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.05. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,910 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year and $2,128 or an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year [~~$1,500~~] for each school year thereafter, or a greater amount for any school year provided by appropriation.

SECTION 1.06. Section 16.151(a), Education Code, is amended to read as follows:

(a) For each full-time equivalent student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a

weight determined according to instructional arrangement, which for the 1989-1990 and 1990-1991 school years is as follows:

Homebound	5.0
Hospital class	5.0
Speech therapy	7.11
Resource room	2.7
Self-contained, mild and moderate, regular campus	2.3
Self-contained, severe, regular campus	3.5
Self-contained, separate campus	2.7
Multidistrict class	3.5
Nonpublic day school	3.5
Vocational adjustment class	2.3
Community class	3.5
[~~Self-contained, pregnant~~	~~2.0~~]
Mainstream	0.25

SECTION 1.07. Section 16.152(a), Education Code, is amended to read as follows:

(a) For each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.2 <u>and 2.41 for each student who is in a remedial and support program under Section 21.557 of this code because the student is pregnant</u>[~~, subject to Subsection (e) of this section~~].

SECTION 1.08. Section 16.152(c), Education Code, is amended to read as follows:

(c) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, which shall not exceed 15 percent, must be used in providing remedial and compensatory education programs under Section 21.557 of this code, and the district must account for the expenditure of state funds by program and by campus. Funds allocated under this section, other than the indirect cost allotment, shall only be expended for supplemental purposes in addition to those programs and services funded under the regular education program of the district from all funding sources.

SECTION 1.09. Section 16.252, Education Code, is amended to read as follows:

Sec. 16.252. LOCAL SHARE OF PROGRAM COST. (a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the district's local share;

"TR" is a tax rate which for the 1990-1991 school year shall be computed by the commissioner of education before the 1990-1991 [~~each~~] school year as the rate that will raise a total local share, prior to adjustments, equal to 41 [~~33.3~~] percent of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, and which shall be

$0.70 per hundred dollars of valuation for each year thereafter, or a rate as adopted by the foundation school fund budget committee for the 1993-1994 and 1994-1995 school years under authority granted in Section 16.256(d) of this code; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

(b) A tax rate of $0.70 per $100 of valuation used as "TR" is based upon an estimated calculation that yields an amount equal to the current year Foundation School Program estimated costs under Subchapters C and D of this chapter divided by the total number of weighted students in the state, when that tax rate is applied to the 97th percentile of wealth per weighted student when preliminary values for the 1990-1991 school year are used.

(c) The commissioner of education shall adjust the values reported in the official report of the State Property Tax Board to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

(d) [~~(e)~~] Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(e) [~~(d)~~] A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(f) [~~(e)~~] The commissioner of education shall hear appeals from local school districts which have experienced a rapid decline

in tax base used in calculating the local fund assignment, exceeding eight percent of prior year, that is beyond the control of the local board of trustees. The commissioner of education may adjust the local school district's taxable values for local fund assignment purposes for such losses in value exceeding eight percent and thereby adjust the local fund assignment to reflect the local current year taxable value. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

SECTION 1.10. Section 16.256, Education Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) The foundation school fund budget committee shall adopt rules for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each year thereafter. In the calculation of these funding elements, the committee shall consider the report of the Legislative Education Board prescribed under Section 16.008 of this code.

(e) The funding elements shall include:

(1) a basic allotment for the purposes of Section 16.101 of this code that represents the cost per student of a regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of

1 school districts for the purposes of Sections 16.102 and 16.103 of
2 this code;
3 (3) appropriate program cost differentials and other
4 funding elements for the programs authorized under Subchapter D of
5 this chapter;
6 (4) the maximum guaranteed level of qualified state
7 and local funds per student for the purposes of Subchapter H of
8 this chapter that represents the costs as determined and limited
9 under Subchapter F of this chapter for exemplary programs including
10 the cost of facilities and equipment until such time as a funding
11 formula for capital outlay and debt service is adopted under
12 Subchapter I of this chapter;
13 (5) the total tax rates for the local funding
14 requirements of Section 16.252 of this code and Subchapter H of
15 this chapter with the provision that the sum of these tax rates may
16 not be less than the prior year average tax rate for all districts
17 other than the districts with five percent of the total number of
18 students with the highest wealth per student; and
19 (6) the formula elements for the funding formulas for
20 capital outlay and debt service under the provision of Subchapter I
21 of this chapter.
22 (f) Beginning in 1992, not later than November 1 preceding
23 each regular session of the legislature, the foundation school fund
24 budget committee shall adopt and report the equalized funding
25 elements calculated under this section to the commissioner of
26 education and the legislature. Before the committee adopts the
27 elements, the committee or the committee's designees shall hold a

public hearing on the recommendations of the Legislative Education Board.

(g) Notwithstanding other provisions of this section, the funding elements adopted by the foundation school fund budget committee for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.11. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. (a) Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $18.25 for the 1990-1991 school year and $31 for each school year thereafter, or a greater amount for any year provided by appropriation, or an amount adopted by the foundation school fund budget committee under Section 16.256(d) of this code for the 1993-1994 or 1994-1995 school year or thereafter;

"WADA" is the number of weighted students in average daily

attendance, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

(b) The rates of $31 and $0.41 for "GL" and for the limitation on "DTR" under Section 16.303 of this code, respectively, are calculated using the preliminary 1990-1991 95th percentile of property wealth per weighted student and the 95th percentile of estimated state and local revenue per weighted student.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.37 in the 1990-1991 school year, $0.41 in each year thereafter, or an amount for 1993-1994 and 1994-1995 school years or thereafter as adopted by the foundation school fund budget committee under Section 16.256(d) of this code [~~$0.36 or a~~

~~greater--amount--for--any--of--these--school--years---provided---by appropriation~~].

(b) State assistance under this subchapter for districts operating on a federal military installation shall be calculated on the basis of average countywide tax rates and property values per student. The commissioner of education shall calculate appropriate values for each such school district [~~For-the-1989-1990-school year,-a-district-may-not-receive-less--per--student--in--guaranteed yield-state-funds-than-the-amount-of-state-funds-received-under-the enrichment-equalization-allotment-in-the-1988-1989-school-year~~].

SECTION 1.12. Section 16.155, Education Code, is amended by amending Subsections (a) and (e) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program in grades nine through 12 or in vocational education for the handicapped programs in grades seven through 12, a district is entitled to an annual allotment [~~for--the--1989-1990-and-1990-1991-school-years~~] equal to the adjusted basic allotment multiplied by a weight of 1.37 [~~1.45~~].

(e) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in providing vocational education programs in grades nine through 12 or vocational education for the handicapped programs in grades seven through 12 under the provisions of Sections 21.111, 21.1111, and 21.112 of this code.

(g) The commissioner shall conduct a cost-benefit comparison

between vocational education programs and mathematics and science programs.

SECTION 1.13. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. [~~PROGRAM~~] ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE. The accountable costs of education studies are designed to support the development of the equalized funding elements necessary to provide a state and local public school finance system which meets the state policy established in Section 16.001 of this code and provides the research basis for the equalized funding elements under the provisions of Section 16.008 of this code [~~REPORT.--The-State-Board-of-Education-shall-report what-it-determines-to-be:~~

[~~(1)--the-minimum-basic-accountable-costs--per--student to-school-districts-of-providing-education-programs,-personnel,-and other---operating--costs--that--meet--the--accreditation--standards prescribed-by-law-and-rule,-for-each-year-of-the-next-biennium;~~

[~~(2)--the--estimated--costs--per--student---to---school districts-of-providing-exemplary-education-programs,-personnel,-and other-operating-costs-that-exceed-basic-accreditation-levels;~~

[~~(3)--the-costs-of-implementing-the-long-range-plan-for public--school--education--authorized--by--Section-11.26(b)-of-this code;~~

[~~(4)--facility-and--debt--service--costs--necessary--to provide--for--both--current--and--projected--facilities--for-public schools-according-to-the-standards-adopted-under--Subchapter--I--of this-chapter;~~

[~~(5)--the--basic-accountable-costs-per-student-for-each programmatic-area-that--is--recognized--by--the--Foundation--School Program;-and~~

[~~(6)--the--basic--accountable-costs-of-transportation~~].

Sec. 16.202. STUDIES. (a) On a biennial basis, the Legislative Education Board and the Legislative Budget Board, with the assistance of the Educational Economic Policy Center and the Central Education Agency, shall complete each of the following studies and develop recommended amounts where appropriate for each year of the next biennium:

(1) a study of the fiscal neutrality of the system to determine the status of the state and local finance system with regard to the policies established under the provisions of Section 16.001 of this code, including recommendations for adjustments necessary to maintain fiscal neutrality;

(2) the accountable costs per student to school districts of providing educational programs, personnel, and other operating costs that meet accreditation criteria and the provisions of law and regulation;

(3) a cost of education index designed to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of school districts;

(4) program cost differentials designed by program to provide support for the added expense of high-cost courses or programs for students participating in such courses or programs;

(5) transportation and career ladder allotments;

(6) the accountable costs per student to districts

rated as exemplary under the provisions of Subchapter T of Chapter 21 of this code for the provision of personnel, programs, and other operating expenses, with the limitation that this level may not be less than 95 percent nor more than 105 percent of the 95th percentile of state and local revenue per pupil;

(7) the levels of tax effort necessary for each tier of the foundation school program necessary to fulfill the requirements of Sections 16.001 and 16.008 of this code; and

(8) capital outlay and debt service requirements and formula elements for the requirements of Subchapter I of this chapter or other provisions of this chapter.

(b) In the determination of costs and revenues under this chapter, the boards shall consider those costs and revenues necessary for operation, maintenance, and administration and those costs necessary for adequate facilities and equipment and shall exclude all other costs [~~ADVISORY-COMMITTEE.--(a)--The-State--Board of--Education--shall--appoint--an--advisory-committee-to-assist-the board-in-determining-the--minimum--basic--accountable--costs.---The committee--must--be--composed-of-15-members,-a-majority-of-whom-may not-be-employees-or-officials-of-a-local-school-district.~~

[~~(b)--In-making-appointments--to--the--committee,--the--board shall---give--representation--to--different--geographic--areas--and different-sizes-of-schools-and-districts.~~

[~~(c)--Members-of-the-committee-serve-without-compensation-but are-entitled-to-reimbursement-for--actual--and--necessary--expenses incurred--in--performing-their-duties.--Reimbursement-is-from-funds appropriated-to-the-Central-Education-Agency-and-available-for-that~~

1 purpose].

2 Sec. 16.203. PROCEDURES. (a) In the determination of the
3 statistical measures used for the calculation of fiscal neutrality,
4 the boards shall use only those measures recommended by an
5 impartial panel of persons expert in the use of statistics
6 appointed by the boards.

7 (b) The cost of education index shall be based on one or
8 more models that consider the effect of school district or other
9 characteristics on the cost of public education in the various
10 school districts of the state. The districts may be divided into a
11 variety of categories which may include region, size, area,
12 density, educational characteristics, and economic conditions.

13 (c) The commissioner of education shall provide appropriate
14 assistance to the boards for the calculation of the various funding
15 elements. Subject to review by the Legislative Education Board,
16 the commissioner of education shall retain from the allotments
17 under Sections 16.102 and 16.103 of this code and Subchapter D of
18 this chapter amounts appropriate to finance necessary additional
19 costs for the studies required under this subchapter.

20 (d) The boards may appoint advisory committees to assist in
21 the development of the various funding elements and studies
22 required under this subchapter. Advisory committee members serve
23 without compensation but are entitled to reimbursement for actual
24 and necessary expenses incurred in the performance of their duties.
25 Reimbursement shall be from funds available under Subsection (c) of
26 this section or from other funds available to the boards.

27 (e) In the studies relating to program cost differentials

the boards shall give special consideration to cost factors associated with class size, laboratory expenses, materials, equipment, teacher training, necessary salary supplementation, and special services related to individual courses or groups of courses [~~LEGISLATIVE--CONSIDERATION.--In--adopting--the--amount--of--basic, special,--and--transportation--allotments--under--this-chapter,-the legislature-shall-consider-the-recommendations-and--report--of--the State--Board-of-Education-as-to-the-minimum-basic-accountable-costs of-a-program-that-meets-accreditation-standards.--The--board--shall file--the--report--with-the-governor,-the-Legislative-Budget-Board, and-the-Legislative-Education-Board~~].

Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. (a) The model on which a cost of education index is based must specifically consider the impact of a significant new naval military facility on each district in an impacted region.

(b) If the construction or operation of a significant new naval military facility begins during a school year, the Legislative Education Board and the Legislative Budget Board shall recommend the adjustment of the basic allotment during that school year to consider any impact of the facility on the cost of education index of the districts in the impacted region.

(c) In this section, "significant new naval military facility" and "impacted region" have the meanings assigned by Section 4, Article 1, National Defense Impacted Region Assistance Act of 1985 (Article 689a-4d, Vernon's Texas Civil Statutes).

SECTION 1.14. (a) In the development of the accountable cost of education studies during the 1989-1990 and 1990-1991 school

years, the Legislative Education Board and Legislative Budget Board shall give special consideration to the studies required for the development of program cost differentials, the cost of education index, and a comprehensive set of recommendations for the provision of state assistance to school districts for school facilities and debt service beginning in the 1991-1992 school year. These studies shall be completed not later than January 1, 1991.

(b) In addition, specific studies of the impact of year-round average daily attendance, appropriate mechanisms for the funding of vocational education, and the cost of serving at-risk students shall be included in the studies completed by the boards prior to January 1, 1991.

SECTION 1.15. Section 13.353, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for that purpose, the Central Education Agency shall allocate an amount each year for the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills including skills necessary to implement Sections 21.7532 and 21.930, of this code. The State Board of Education may designate special projects and development activities to be carried out with such funds. The manner in which such funds are utilized shall be reported annually to the commissioner of education. This subsection takes effect June 1, 1990.

SECTION 1.16. Section 29.05, Education Code, is amended to

read as follows:

Sec. 29.05. ALLOCATION OF COSTS. A formula for the allocation of professional units and other operating expenses shall be developed by the Central Education Agency and approved by the State Board of Education. For the fiscal year ending August 31, 1991, the amount approved by the State Board of Education may not exceed $28,203,328. Not later than February 1, 1991, the Central Education Agency and the Texas Department of Criminal Justice shall propose to the 72nd Legislature a formula for funding the schools authorized by Section 29.01 of this code, using the fund required by Section 29.04 of this code.

SECTION 1.17. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1991-1992 school year, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. A portion of these funds may be used to alleviate the debt service obligations of school districts incurring debt since September 1, 1984, and prior to the effective date of this Act.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and

awarding grants, the conditions listed in Subsection (a), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(e) This article expires August 31, 1992.

SECTION 1.18. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact

statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.19. (a) Notwithstanding any other provision of this Act, a district's increase or decrease in state aid per student due to changes made by this Act to the Education Code at the time of its enactment shall be limited to the following levels for the indicated school years:

(1) 25 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1991-1992 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(2) 50 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1992-1993 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(3) 75 percent or a different percentage as may be set by the foundation school fund budget committee of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1993-1994 school year and the state aid per student to which the

district is entitled under the provisions of this Act for the 1990-1991 school year.

(b) Unless determined to be different amounts for the 1993-1994 and 1994-1995 school years by the foundation school fund budget committee under the authority granted to it in Section 16.256(d), Education Code, as amended by this Act, the following shall be used in determining eligibility for state aid and special program allotment amounts beginning in the 1991-1992 school year:

(1) the basic allotment only for purposes of determining the amounts of funds which school districts must allot for special programs under Subchapter D, Chapter 16, Education Code, under provisions of this Act shall be $1,965 for the 1991-1992 school year, $2,019 for the 1992-1993 school year, $2,074 for the 1993-1994 school year, and $2,128 for the 1994-1995 school year; and

(2) the minimum tax effort per hundred dollars of valuation required under Section 16.252, Education Code, shall be $0.54 for the 1991-1992 school year, $0.54 for the 1992-1993 school year, $0.62 for the 1993-1994 school year, and $0.70 for the 1994-1995 school year.

SECTION 1.20. No district shall receive less funds for the 1990-1991 school year than the district would have received under the prior provisions of the Education Code, with the exception that the financial impact of the provisions relating to average daily attendance under Section 16.006, Education Code, shall not be held harmless. The commissioner of education shall provide for appropriate calculations to implement this section.

SECTION 1.21. (a) Sections 16.151(c); 16.152(e), as added by Section 9, Chapter 816, Acts of the 71st Legislature, Regular Session, 1989; 16.176; 16.177; 16.178(a), (b), (c), and (e); 16.179; and 16.180, Education Code, are repealed effective immediately.

(b) Effective September 1, 1991, Section 16.178(d), Education Code, is repealed.

SECTION 1.22. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Section 1.13 of this article takes effect immediately.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Section 2.01, Education Code, is amended to read as follows:

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. The objective of state support and maintenance of a system of public education is education for citizenship and is grounded upon conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students shall have an opportunity to benefit from an appropriate education. The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL B: The state shall be within national norms for student

performance.

GOAL C: A well-balanced and appropriate curriculum will be provided to all students.

GOAL D: Qualified and effective personnel will be attracted and retained. Adequate and competitive compensation commensurate with responsibilities will be ensured. Qualified staff in critical shortage areas will be recruited, trained, and retained.

GOAL E: The organization and management of all levels of the educational system will be productive, efficient, and accountable.

GOAL F: Instruction and administration will be improved through research that identifies creative and effective methods. Demonstration programs will be developed and local initiatives encouraged for new instructional arrangements and management techniques. Technology will be used to increase the equity, efficiency, and effectiveness of classroom instruction, instructional management, and administration.

SECTION 2.02. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~,--including-fiscal-policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost-effectiveness. The board may require information and reports from state agencies as

necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The board may employ staff as necessary for the performance of its duties, as allowed by legislative appropriation, or may request and use staff provided by the Texas Legislative Council or the Legislative Budget Board. Such staff, if any, shall be available to all members of the legislature.

(f) [~~The--Texas--Legislative-Council-shall-provide-staff-for the-board-as-necessary-to-the-performance-of-its-duties.~~

[~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.03. Section 327.006, Government Code, is amended to read as follows:

Sec. 327.006. REVIEW OF EDUCATIONAL POLICY [~~CURRICULUM~~] IMPLEMENTATION. (a) The board shall periodically [~~biennially~~] review the actions or proposed actions of [~~curriculum rules adopted by~~] the State Board of Education [~~under Section 21.101, Education Code,~~] for the purpose of ensuring compliance with legislative intent.

(b) If the board determines that any action or proposed action of the State Board of Education conflicts with legislative educational policy, the board shall submit its comments on the conflict to the State Board of Education in writing.

(c) If the board determines that a final action of the board conflicts with the intent of legislative educational policy, the board may:

(1) request additional information from the State Board of Education relating to the intent of the board's action;

(2) request a joint meeting with the State Board of Education to discuss the conflict between the action and legislative educational policy;

(3) request that the State Board of Education reconsider its action; or

(4) notify the governor, lieutenant governor, speaker of the house, and the legislature of the conflict presented.

SECTION 2.04. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.2091 to read as follows:

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) The Texas

Higher Education Coordinating Board in cooperation with the commissioner of education shall establish a program to assist in the recruitment of minorities into the education profession. The program may include, but is not limited to, the following:

(1) tuition or grant assistance programs;

(2) incentive scholarship programs utilizing funds under Subchapter G, Chapter 56, of this code, to encourage minorities to enter the education profession;

(3) cooperation with institutions of higher education to conduct recruitment seminars, job fairs, and mentorship programs;

(4) cooperation with public school districts to conduct career exploration programs in the area of public education; and

(5) cooperation with education interest groups and organizations to conduct career exploration programs, recruitment seminars, job fairs, and mentorship programs.

(b) Funds appropriated for these programs shall be specifically allocated by the board in its annual budget process and shall be monitored by the board to determine that the program is meeting goals established by the board.

SECTION 2.05. Subsections (a) and (d), Section 11.23, Education Code, are amended to read as follows:

(a) The board shall hold four [~~regular~~] meetings a year in Austin, Texas, on dates determined by the chairman, and [~~the second Saturday in January, March, May, July, September, and November. It~~] may hold other meetings [~~as scheduled by its formal sessions~~

~~or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.06. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall take actions necessary to implement legislative policy [~~is--the--policy-forming--and-planning-body~~] for the public school system of the state. The board shall include in the record of its meetings the legislative authority for each action taken by the board. The board shall consider any comments submitted by the Legislative Education Board on a proposed rule before voting on final adoption of the rule. If the board is unsure of the legislative intent of any legislative enactment, the board may request a joint meeting with the Legislative Education Board to discuss the intent.

(b) The board is [~~It-shall~~] also [~~be~~] the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with the Texas Higher Education Coordinating Board[~~,-Texas--College--and University--System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State

Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

[~~(b)--As-one-part-of-the-Central-Education-Agency,-the--State Board--of-Education-shall-have-specific-responsibility-for-adopting policies,-enacting-regulations,-and-establishing-general-rules--for carrying--out--the--duties--placed--on--it-or-the-Central-Education Agency-by-the-legislature.~~]

SECTION 2.07. Subsection (c), Section 11.26, Education Code, is amended to read as follows:

(c) With the advice and assistance of the state commissioner of education, the State Board of Education shall:

(1) [~~formulate--and--present--to--the---governor---and Legislative--Budget--Board--the--proposed--budget--or--budgets--for operating-the-Foundation--School--Program,--the--Central--Education Agency,-and-the-other-programs-for-which-it-has-responsibility;~~

[~~(2)--adopt---operating---budgets---on---the--basis--of appropriation-by-the-legislature;~~

[~~(3)--establish--procedures--for---budgetary---control, expending,--auditing,--and--reporting--on--expenditures--within-the budgets-adopted;~~

[~~(4)~~] make to the legislature biennial reports covering all the activities and expenditures of the Central Education Agency;

(2) [~~(5)~~] adopt rules for the accreditation of schools;

(3) [~~(6)~~] execute contracts for the purchase of instructional aids, including textbooks, within the limits of authority granted by the legislature;

(4) [~~(7)~~] execute contracts for the investment of the permanent school fund, within the limits of authority granted by Chapter 15 of this code;

(5) [~~(8)~~] adopt rules consistent with Chapter 13 of this code for certification of teachers, administrators, and other professional personnel customarily employed in public schools;

(6) [~~(9)~~] adopt rules requiring school districts to notify parents of students of a teacher teaching a subject for which the teacher is not certified, unless the teacher is serving an internship under Section 13.035 of this code, or the teacher has at least 24 semester credit hours in the subject, or the teacher is teaching under an emergency permit and is making satisfactory progress toward completion of a deficiency plan;

(7) [~~(10)~~] consider the athletic necessities and activities of the public schools of Texas and in advance of each regular session of the legislature specifically report to the governor of Texas the proper and lawful division of time and money to be devoted to athletics, holidays, legal and otherwise, and to educational purposes; and

(8) [~~(11)~~] on or before May 15 of each year, formulate and transmit to the Texas Council on Vocational Education a list of evaluation topics that address developing and future concerns of the board in the field of technical-vocational education.

SECTION 2.08. Subsection (a), Section 11.29, Education Code,

is amended to read as follows:

(a) The commissioner of education [~~State Board of Education~~] shall adopt annually a budget for operating the Foundation School Program, [~~the operation of~~] the Central Education Agency, and other programs for which the State Board of Education has responsibility. The budget shall be in accordance with the amounts appropriated by the general appropriations act and shall provide funds for the administration and operation of the Central Education Agency and any other necessary expense. Before adopting the budget, the commissioner shall:

(1) submit the budget to the State Board of Education and the Legislative Education Board for review and comment; and

(2) after receiving the comments of those boards, present the budget to the governor and the Legislative Budget Board.

SECTION 2.09. Subsections (a) and (c), Section 11.25, Education Code, are amended to read as follows:

(a) The state commissioner of education shall be the executive officer through whom the State Board of Education shall [~~carry out its policies and~~] enforce its rules and regulations.

(c) The State Board of Education shall appoint the state commissioner of education, with the advice and consent of the senate, to serve at the will of the board.

SECTION 2.10. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Standards adopted under Section 13.032 or 13.035 of this code for teacher

training shall include training in the use of technology and effective teaching practices in the classroom.

(b) Regional education service centers, teacher centers, institutions of higher education with approved teacher education programs, and other appropriate educational entities shall offer in-service training for public school teachers and other educational personnel in the use of technology and effective teaching practices in the classroom.

SECTION 2.11. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district that has been rated as academically unaccredited for a period of two years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district under Section 19.004 of this code.

(e) Before the commissioner orders an annexation under this section, the commissioner shall investigate the educational and

financial impact of the annexation on the receiving district. The commissioner may order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district prior to the annexation and to meet its financial obligations incurred prior to the annexation.

(f) For five years beginning with the school year in which the annexation occurs, the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment calculated under Section 16.252 of this code by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation. A district that receives an adjustment to its local fund assignment under this section is not eligible for incentive aid under Subchapter G of Chapter 23 of this code.

SECTION 2.12. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. PERFORMANCE REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report describing the district's educational performance that includes campus performance objectives established under Section 21.7532 of this code and the progress of each campus toward those objectives, which shall be available to the public and filed with the State Board of Education. The board shall hold a hearing for public discussion of

the report. The board shall notify property owners and parents in the district of the hearing. The board may combine the notice with the notice of a public hearing on a proposed tax increase required under Section 26.06, Tax Code [~~describing--the--district's educational-performance-and-giving-financial-information-related-to the-costs-incurred-by-the-district~~].

(b) The [~~State-Board-of-Education-by--rule--shall--prescribe the--form--and--content--of-the-report.--In-adopting-the-rules,-the board-may-not-impose-requirements-that-contribute-unnecessarily--to the--length-or-complexity-of-the-report,-and-to-the-extent-possible shall-provide-for-each-report-topic-required-by-this-subsection--or by--board--rule--to--be--presented--in--a--manner--that--allows-the presentation-to-be-limited-to-not-more-than-one-page-in-length--per topic.---At-a-minimum,-the~~] report may [~~must~~] include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program;

and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) The report must also include a comparison provided by the Central Education Agency of the performance of each campus to the performance of campuses with similar wealth and demographics and of the district to districts statewide for information required under Subsections (b)(4), (5), (7), and (8) of this section and all academic indicators under Section 21.7531 of this code. [~~A--report under--this--section-must-also-include-information-about-the-number of-students-in-each-classroom,-excluding--instrumental--and--choral music--classrooms,--per--class-period.--The-report-must-specify,-by grade,-the-number-of-classrooms,-excluding-instrumental-and--choral music--classrooms,--in--which--in--any--class--period-the-number-of students-exceeds:~~

[~~(1)--for-kindergarten-through-8th-grade,-20;~~

[~~(2)--for-high-school,-25;-and~~

[~~(3)--for-special-education,-10.~~]

(d) The State Board of Education by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [~~and~~] school district employees, and school campuses are required to prepare.

[~~(e)--Each--district--shall--also--annually--report--to---the commissioner--the--number--of--teachers--on--the-career-ladder,-the number-of-teachers-at-each-level,-and--the--sex--and--ethnicity--of these--teachers.--That-information-shall-be-collected-in-a-biennial~~

~~report-to-the-legislature,-with-the-information-reported-by--school district.~~

[~~(f)--Reports--to-the-legislature-under-this-section-shall-be filed--with--the--Legislative--Budget--Board--and--the--appropriate committees-of-each-house.~~]

SECTION 2.13. Section 21.551, Education Code, is amended by adding Subsections (f), (g), (h), and (i) to read as follows:

(f) The State Board of Education shall adopt one or more appropriate, nationally recognized, norm-referenced assessment instruments to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instruments adopted must be secured tests. The state shall pay the costs of purchasing and scoring the adopted assessment instruments and of distributing the results of the adopted instruments to the school districts.

(g) The norm-referenced assessment instruments adopted must meet all applicable federal rules and regulations. The normative data used by the instruments must fairly represent all minority and socio-economic groups.

(h) The norm-referenced assessment instrument bidders shall disclose all bias information and data regarding studies and procedures used for norming and item tryouts. The publisher of each assessment instrument shall provide documentation to ensure that student test scores will be as accurate as possible.

(i) For accountability purposes, the norm-referenced assessment instruments shall measure the content that is appropriate for the age and grade of the students through

consistent tests in the areas of reading, mathematics, language arts, science, and social studies across all targeted grade levels where beneficial for measuring academic progress. The instruments shall each measure the applications of higher order thinking skills across all content areas. The proportion of higher order thinking skills measured must be appropriate for the age and grade of the students. The norm-referenced assessment instrument bidders shall disclose the procedures used, including item classifications, to ensure adequate measurement of higher order thinking skills.

SECTION 2.14. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned;--or~~

[~~(6)--unaccredited~~].

(b) The board may not rate a number of school districts as exemplary that exceeds 40 percent of the number of districts rated as recognized. This subsection expires September 1, 1993.

(c) The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators adopted by the board under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives;

(5) the quality of learning on each of the district's campuses based on indicators including [~~such--as~~] scores on achievement tests;

(6) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(7) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(8) the effectiveness of the district's campuses on the basis of the most current criteria identified by research on effective schools;

(9) [~~(6)~~] the fulfillment of curriculum requirements;

(10) [~~(7)~~] the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(11) [~~(8)--the--correlation--between-student-grades-and performance-on-standardized-tests;~~

[~~(9)~~] the effectiveness [~~quality~~] of teacher in-service training;

[~~(10)--paperwork-reduction-efforts;~~

[~~(11)--training-received-by-board-members;~~]

(12) the effective use of technology to enhance student achievement; [~~the-effectiveness-of-the--district's--efforts to-improve-attendance;~~]

(13) the effectiveness of the district's remedial and support programs under Section 21.557 of this code for students at risk of dropping out of school;

(14) the effectiveness of the district's dropout prevention and recovery programs; and

(15) [~~the-effectiveness-of-the-district's--drug--abuse prevention-programs;~~

[~~(16)--parental---and---community--involvement--in--the district;~~

[~~(17)~~] efficient allocation of available resources[~~; and~~

[~~(18)--adequate---performance---under---the--indicators adopted-under-Section-21.7531-of-this-code~~].

(d) The Central Education Agency shall rate each campus in a district on the basis of the campus's performance on the indicators adopted under Section 21.7531 of this code using the rating categories provided for districts under Subsection (a) of this section.

(e) The accreditation rating of a school district or campus under this section may not be lowered solely on the basis of size.

SECTION 2.15. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS. (a) The State Board of Education, on the advice of the academic excellence indicators advisory committee, the educational excellence committee, and the Legislative Education Board, shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The board biennially shall review the indicators for the consideration of appropriate revisions.

(b) Performance on the indicators required by this section shall be compared to a projection of expected performance for purposes of evaluation, accreditation, and determination of exemplary status. The indicators must include:

(1) the results of criterion-referenced assessment instruments required under Section 21.551 of this code; [~~a comparison of the district's performance to a projection of the district's expected performance, and~~]

(2) the results of tests with national norms, including the Scholastic Aptitude Test and the American College Test;

(3) high school graduation rates;

(4) student attendance; and

(5) student enrollment in advanced academic courses [~~the Central Education Agency's most recent compliance review of the district's special education program~~].

(c) The State Board of Education shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(d) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education Agency in the rating of a district under Section 21.753 of this code.

(e) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the State Board of Education and the Legislative Education Board.

SECTION 2.16. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the professional staff of the school as provided for through the procedure established in Section 21.930 of this code, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students. The objectives must be approved by the district's board of trustees.

SECTION 2.17. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted in Section 21.7531 of this code

and determine if specific action is warranted. The review may include limited [~~determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an~~] on-site evaluation if necessary.

(b) The State Board of Education by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the board may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review shall include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs; and

(4) [~~results of teacher and parent surveys, and~~

[~~(5)~~] other information required by the board.

(d) In compliance with Section 21.925 of this code, the board shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [~~as~~] result of the investigation.

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled at [~~in~~] the campus [~~district~~]. The investigation may not be closed until information is obtained from each of those sources. The board shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the

superintendent and the board of trustees of any impending investigation of the district's accreditation.

(h) If an annual review from reports furnished by the school district indicates a need for an on-site evaluation of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 2.18. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [and]

(4) appointment of a master to oversee the operations of the district;

(5) appointment of a management team to oversee the operations of the district.

(b) If a campus is rated accredited advised or academically unaccredited, the commissioner shall take the following actions to the extent the commissioner determines necessary:

(1) appointment of a monitor, master, or management team to oversee the operations of the campus; or

(2) order the board of trustees or the superintendent to take certain actions relating to the operations of the campus.

(c) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and shall withhold state funds from the district~~].

(d) [~~(e)~~] The costs of providing a monitor, [~~or a~~] master, or management team shall be paid by the district.

(e) A master or management team appointed to oversee the operations of the district may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(f) A master or management team appointed to oversee the operations of a campus may approve or disapprove any action that relates to the campus and that is taken by the principal of the campus, the superintendent of the district, or the board of trustees of the district.

(g) [~~(d)~~] A district that is rated academically unaccredited [~~does not have a rating above accredited advised~~] for a period of two [~~three~~] years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code [~~is unaccredited at the conclusion of that period unless the district qualifies for a rating above accredited advised at that time~~].

(h) Notwithstanding any provision to the contrary, a district that is rated accredited advised or academically unaccredited for a period of two consecutive years may not enter into a contract with an administrator for a term greater than one year unless the administrator has not been previously employed by the district. This subsection does not apply if it is determined by the accreditation review that the reasons for the district being rated accredited advised or academically unaccredited are not related to substantial deficiencies in the administrator's performance.

SECTION 2.19. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of two years. The commissioner shall immediately inform the Legislative Education Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed two years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than two years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a rule adopted under this code, other than a prohibition of conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.20. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related

to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection may not be appealed except on the grounds that the decision is arbitrary or capricious. Evidence may not be introduced on appeal other than the record of the evidence before the commissioner.

SECTION 2.21. Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.930 to read as follows:

Sec. 21.930. DISTRICT LEVEL DECISION PROCESS. (a) The board of trustees of each school district shall adopt a policy to involve the professional staff of the district in establishing and reviewing the district's educational goals, objectives, and major district-wide classroom instructional programs.

(b) The board shall establish a procedure under which meetings are held regularly with representative professional staff and the board or board designee.

(c) The board shall adopt a procedure, consistent with Section 21.904(a), Education Code, for the professional staff within the district to nominate and elect the representatives who will meet with the board or the board designee as required under the provisions of this section. Two-thirds of the elected representatives must be classroom teachers. The remaining representatives shall be campus-based staff.

(d) This section does not prohibit the board from conducting meetings with teachers or groups of teachers other than the

meetings described by this section.

(e) Nothing in this section shall be construed to limit or affect the power of a local school board of trustees to manage and govern the public free schools of this state.

(f) Nothing in this section shall be construed as creating a new cause of action or as requiring collective bargaining.

SECTION 2.22. Subsection (c), Section 11.13, Education Code, is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact, except as provided by Section 21.920(e) of this code.

SECTION 2.23. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.020 to read as follows:

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. The comptroller may periodically review the effectiveness and efficiency of the budgets and operations of school districts.

SECTION 2.24. Subsection (a), Section 11.14, Education Code, is amended to read as follows:

(a) The provisions of this chapter shall not be construed to give the State Board of Education, the commissioner of education, the State Department of Education, or anyone whomsoever, the power

to close, to consolidate, or cause by regulation or rule to be closed or consolidated, any public school district in this state. This subsection does not affect the powers of the commissioner under Section 19.027 of this code.

SECTION 2.25. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan under Section 13.049, Education Code, as added by this Act.

SECTION 2.26. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the State Board of Education. The board shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.27. The following sections of the Education Code are repealed:

(1) Subsection (a), Section 11.26; and

(2) Section 21.752.

SECTION 2.28. Section 2.13 of this article applies beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

SECTION 2.29. Section 2.23 of this article takes effect September 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 11.208, Education Code, as added by Chapter 658, Acts of the 71st Legislature, Regular Session, 1989, is amended by amending Subsection (b) and adding Subsections (d)-(g) to read as follows:

(b) The agreement shall include provisions for:

(1) the commission to assist regional education service centers in providing inservice training in substance abuse prevention for school districts;

(2) the joint annual review by the agency and the commission of the regional education service centers' substance abuse prevention and early intervention programs;

(3) the exchange of information between the agency and the commission relating to students in need of substance abuse prevention services; and

(4) a system to provide school districts [~~proven~~] model peer assistance [~~programs~~] for substance abuse prevention.

(d) The commission shall provide a statewide peer assistance and leadership system to include the training of trainers, clearinghouse services, and technical assistance to school districts and to train and provide a full-time peer program coordinator for each regional education service center.

(e) The peer program coordinator shall:

(1) assist school districts and campuses to develop and implement peer assistance and leadership programs;

(2) train teachers and other personnel for those programs;

(3) establish regional peer assistance and leadership networks; and

(4) participate in the statewide peer assistance and leadership network.

(f) A peer program coordinator shall be provided for 20

percent of the regional education service centers in the state under this section not later than November 1, 1990. Coordinators shall be provided for an additional 20 percent of the regional education service centers each following year until a coordinator is assigned to each regional service center in the state.

(g) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse shall design a substance abuse assessment and intervention program for the public schools. Each school district shall implement the program, under guidelines adopted by the agency and the commission, if the necessary funds are made available by legislative appropriation.

SECTION 3.02. Section 11.27, Education Code, as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

Sec. 11.27. INNOVATIVE [~~DEMONSTRATION~~] PROGRAMS. (a) The State Board of Education shall establish a process under which [~~a limited---number---of~~] programs developed by school campuses [~~districts~~] may be approved [~~by-the-board~~], notwithstanding lack of compliance with other statutory requirements, to demonstrate innovative educational practices.

(b) Innovative programs that may be approved under this section include, but are not limited to, programs relating to:

(1) school year restructuring;

(2) alternative learning environments;

(3) parental literacy;

(4) decentralization of organizational decisions;

(5) instructional technology;

(6) student and parental choice among public schools;

(7) child care;

(8) early childhood education;

(9) an extended school day;

(10) teacher and administrator development;

(11) continuous progress education;

(12) student-teacher ratios below 22:1 in elementary grades;

(13) use of elementary school guidance counselors, social workers, and other personnel in successful dropout prevention programs;

(14) career development for students;

(15) bilingual training;

(16) the generation of more effective parental involvement with the schools;

(17) school-age latch-key children;

(18) volunteer efforts with the private sector;

(19) coordination of school activities with community health and human services programs and other community resources;

(20) magnet schools;

(21) interdisciplinary curriculum;

(22) peer tutoring;

(23) counseling of families of at-risk students; and

(24) comprehensive coordination with health and human service delivery systems.

(c) Innovative program applications shall initially be selected on a competitive, peer review basis by the program

advisory committee established under Section 11.271 of this code, with final approval by the State Board of Education and, if the program requires the expenditure of state funds, the Legislative Education Board [~~A demonstration program may not exceed two years in duration, and not more than 20 programs may be approved for operation at any one time.~~

[~~(c) To be approved under this section, a demonstration program must:~~

[~~(1) focus on improvements in educational productivity, efficiency, and accountability;~~

[~~(2) preserve to the satisfaction of the board the rights of students, parents, and teachers granted by law, and~~

[~~(3) provide specific procedures for the evaluation of the program~~].

(d) A school campus's [~~district's~~] application for approval of a program under this section must include substantial evidence that the campus [~~district~~] has adequately planned the program and that the application has been approved by the district's board of trustees.

(e) The approval by the State Board of Education of an application under this section that requires the expenditure of state funds is ineffective unless [~~A demonstration program approved under this section may not result in an increase in the amount of state funds allocated to the district or a decrease in the amount allocated to any other district.~~

[~~(f) State funds may not be expended on a demonstration program authorized by this section unless the program has been~~

~~reviewed--and--approved--in--advance--by~~] the Legislative Education Board approves the expenditure of state funds for the program under the authority of Article XVI, Section 69, of the Texas Constitution.

(f) [~~(g)~~] If an innovative [~~a--demonstration~~] program proposes a deviation from a requirement or prohibition imposed by state law or rule, final approval of the program [~~by-the-State Board-of-Education~~] constitutes a waiver of the requirement or prohibition for the duration of the program. A prohibition on conduct that constitutes a criminal offense may not be waived.

(g) A school campus with an approved innovative program receiving funds under Section 11.271 of this code shall report on the progress of the program to the Central Education Agency not later than September 1 of each year after the school year that the funding is received and upon completion of the program.

(h) The Central Education Agency shall evaluate each program's effectiveness and shall report its findings to the Legislative Education Board and to the State Board of Education not later than December 1 preceding each regular session of the legislature.

SECTION 3.03. Subchapter B, Chapter 11, Education Code, is amended by adding Section 11.271 to read as follows:

Sec. 11.271. PUBLIC EDUCATION DEVELOPMENT FUND. (a) The public education development fund is an account in the General Revenue Fund. The comptroller of public accounts may receive gifts and grants for the public education development fund.

(b) Funds that may be credited to the public education

development fund include gifts, grants, and legislative appropriations.

(c) The State Board of Education shall administer the public education development fund.

(d) Each fiscal year, the board, after deducting the cost of administration not to exceed an amount set by appropriation, shall make disbursements from the public education development fund to the Educational Economic Policy Center in a total amount approved by the Legislative Education Board. The board shall disburse the remainder of the fund to eligible school campuses.

(e) To be eligible for a disbursement from the public education development fund under this section, a school campus must have an approved innovative program application under Section 11.27 of this code. A campus may use funds received under this section for the approved innovative program only.

(f) A gift or grant to the public education development fund that provides the terms of its disbursement may be distributed only as specifically provided by the terms of the gift or grant.

(g) Seventy percent of the funds disbursed under this section must be for projects designed to improve the academic achievement of low-performing students. Priority shall be given to projects submitted by campuses that have 60 percent or fewer students who perform satisfactorily on the criterion-referenced assessment instruments required under Section 21.551 of this code or that are otherwise low-performing campuses as defined by rule of the State Board of Education.

(h) From funds appropriated for the public education

development fund, the comptroller shall issue warrants to the Educational Economic Policy Center and to each eligible school campus's school district in the amount certified by the board to the comptroller.

(i) The Educational Economic Policy Committee shall appoint a program advisory committee, composed of experts in policy research and disciplines that represent the center's purposes, to make recommendations to the State Board of Education and the Legislative Education Board on the use of the public education development fund.

SECTION 3.04. Subsection (c), Section 12.01, Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.05. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate-in-the-selection-of--teachers~~] for that principal's

campus from a pool of applicants selected by the district or of applicants who meet the hiring requirements established by the district, based on criteria developed by the principal after informal consultation with the faculty;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.06. Section 13.354, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall include the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.07. Chapter 14, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this subchapter is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the general revenue fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16 of this code. The state's share is paid from the technology fund.

(d) If approved by the legislature, the unobligated and unencumbered balances of appropriations distributed under this section are forfeited by the recipients at the end of the fiscal biennium, and the recipients shall return the appropriated money to the technology fund. All money returned to the technology fund under this subsection is subject to distribution in the next fiscal year for special projects as defined by rule of the State Board of Education on application by a school district.

(e) The State Board of Education shall establish rules for the administration of this section.

(f) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. (a) A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging

instructional technology.

(b) The Central Education Agency shall monitor the use of each district's allotment to ensure that at least 75 percent of the allotment is used to provide classroom instructional services and programs.

SECTION 3.08. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) The commissioner of education, in consultation with the commissioner of human services, shall monitor and evaluate prekindergarten programs in the State of Texas as to their developmental appropriateness. Furthermore, the commissioner of education, in consultation with the commissioner of human services, shall evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs such as child care administered under Chapter 44 of the Human Resources Code and federal Head Start programs. This evaluation shall utilize recommendations contained in the report to the 71st Legislature required by Chapter 717, Acts of the 70th Legislature, Regular Session, 1987. For the purpose of

providing cost-effective care for children during the full work day with developmentally appropriate curriculum, the commissioners shall investigate the use of existing child care program sites as prekindergarten sites.

(d) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.09. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

SECTION 3.10. Subsection (a), Section 21.031, Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over the age of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.11. Subsection (b), Section 21.136, Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the State Board of Education, is at or below subsistence level.

SECTION 3.12. Section 21.205(b), Education Code, is amended to read as follows:

(b) The hearing shall be conducted in accordance with rules promulgated by the district. The board of trustees may designate a person to serve as an impartial hearing officer to develop a record for consideration by the board. The board shall make its decision based on a review of the record developed by the impartial hearing officer and on oral argument before the board of the teacher or the teacher's representative and the district's representative.

SECTION 3.13. (a) Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.9012 to read as follows:

Sec. 21.9012. ENERGY CONSERVATION MEASURES. (a) The board of trustees of a school district may enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) A contract to which this section applies includes a contract for the installation of:

(1) insulation of the building structure and systems within the building;

(2) storm windows or doors, caulking or weatherstripping, multiglazed windows or doors, heat absorbing or heat reflective glazed and coated window or door systems, or other window or door system modifications that reduce energy consumption;

(3) automatic energy control systems, including computer software and technical data licenses;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) lighting fixtures that increase energy efficiency; or

(6) energy recovery systems.

(c) The person with whom the board contracts must be experienced in the design, implementation, and installation of energy conservation measures.

(d) Before entering into a contract for energy conservation measures, the board shall require the provider of the energy conservation measures to file with the board a performance bond that is in an amount the board finds reasonable and necessary to protect the interests of the school district and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

(e) The board may enter into a contract for a period of more than one year for energy conservation measures with a person if the board finds that the amount the school district would spend on the energy conservation measures will not exceed the amount to be saved

in energy and operating costs over 10 years from the date of installation. If the term of a contract for energy conservation measures exceeds one year, the district's contractual obligation in any year during the term of the contract may not exceed the total energy and operating cost savings, including but not limited to electrical, gas, or other utility cost savings and operating cost savings resulting from automatic monitoring and control, as determined by the board in this subsection, divided by the number of years in the contract term. The board shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, repairs, and debt service.

(f) A contract for energy conservation measures, with respect to existing buildings or facilities, may be a lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing.

(g) A contract under this section may be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(h) In accordance with the terms of a request for proposals under Subsection (g) of this section and with regulations adopted by the board of trustees, the school district may conduct discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the school district may allow proposal revisions after submissions and before the award of the contract.

(i) If provided in a request for proposals under Subsection (g) of this section, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations.

(j) Upon completion of all negotiations, the board shall give notice of intent to award a contract to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals are open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals are not open for public inspection.

(b) Section 21.9012, Education Code, as added by this section, takes effect September 1, 1990, and applies to a contract for energy conservation measures entered on or after that date.

SECTION 3.14. Section 23.023, Education Code, is amended by amending Subsections (a), (b), (c), (e), (h), (i), and (k) and by adding Subsection (m) to read as follows:

(a) Any independent school district, whether created by special or general law, with 64,000 [~~66,000~~] or more students in average daily attendance [~~for--the--1975-1976--school--year--or thereafter~~] shall be under the management and control of a board of nine trustees elected in accordance with the provisions of this section.

(b) Seven [~~At--all--elections-held-after-December-31,-1977, seven~~] members of the board of trustees shall be elected by the qualified voters of single-member districts and two members, who shall be the president and vice-president of the board, shall be elected at large.

(c) At least 120 days before the first school board election at which a district elects trustees under this section [~~to-be-held in-April,-1978~~], the board shall divide the school district into seven trustee districts which are compact, contiguous, and contain as nearly as practicable an equal population according to the last preceding federal decennial census.

(e) The candidate receiving a majority of the votes cast in each position is elected. If no candidate receives a majority of the votes cast for that position, the board shall order a runoff to be held on a date authorized by Section 2.025, Election Code [~~the third-Saturday-in-April-immediately-following-the-first--election~~], and only the names of the two candidates receiving the highest number of votes in the first election shall be listed on the ballot. The candidate receiving the majority of the votes cast in the runoff election is elected.

(h) In districts with seven board members on the date the

district becomes subject to this section [~~January-1,-1978~~], members of the board serving on that date shall serve for the remainder of their terms, except those choosing to resign. At the first election at which a district first elects trustees under this section [~~held--in--April,--1978~~], six [~~four~~] members shall be elected--the president, vice-president, and four [~~two~~] regular members. The president and vice-president then elected shall serve for a term of two years. The other [~~two~~] members then elected shall [~~draw--lots--so-that-one-will-serve-for-a-term-of-two-years, and-one-will~~] serve for a term of four years. The [~~five~~] members of the board holding the offices for which there was no election shall draw lots to determine which trustee district they will represent during the remainder of their terms. Thereafter, all members shall be elected to staggered terms of four years.

(i) A school district having 64,000 [~~66,000~~] or more students in average daily attendance [~~for-the-1975-1976-school-year or--thereafter~~] which has previously adopted single-member district representation may continue to operate under that plan.

(k) A school district with less than 64,000 [~~66,000~~] students in average daily attendance for the 1975-1976 school year that later becomes subject to this section shall begin electing trustees from single-member districts in accordance with this section no later than the first regular election held in [~~following~~] the next calendar year or subsequent year [~~in-which-the federal--census--is--taken~~]. A school district subject to this section whose average daily attendance drops below 64,000 [~~66,000~~] students shall continue to be governed by this section. This

section does not apply to a district which has adopted a plan of electing a board of trustees in whole or in part from single-member districts prior to August 31, 1991.

(m) For the purposes of this section, average daily attendance is defined as the number of students enrolled and in attendance on average during the last 10 school days of September in each school year.

SECTION 3.15. Section 23.30, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A school district may employ, retain, contract with, or compensate a licensed real estate broker or salesman for assistance in the acquisition or sale of real property.

SECTION 3.16. Subchapter Z, Chapter 212, Local Government Code, is amended by adding Section 212.902 to read as follows:

Sec. 212.902. SCHOOL DISTRICT LAND DEVELOPMENT STANDARDS. (a) This section applies to agreements between school districts and any municipality which has annexed territory for limited purposes.

(b) On request by a school district, a municipality shall enter an agreement with the board of trustees of the school district 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. The agreement shall include a provision exempting the district from all land development ordinances in cases where the district is adding temporary classroom buildings on an existing school campus.

(c) If the municipality and the school district do not reach an agreement on or before the 120th day after the date on which the municipality receives the district's request for an agreement, proposed agreements by the school district and the municipality shall be submitted to an independent arbitrator appointed by the presiding district judge whose jurisdiction includes the school district. The arbitrator shall, after a hearing at which both the school district and 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 and the municipality. The cost of the arbitration proceeding shall be borne equally by the school district and the municipality.

(d) A school district that requests an agreement under this section, at the time 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 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 shall send to the commissioner a copy of each agreement between the district and a municipality under this section.

(e) In this section, "land development standards" includes impervious cover limitations, building setbacks, floor to area ratios, building coverage, water quality controls, landscaping, development setbacks, compatability standards, traffic analyses, and driveway cuts, if applicable.

1 (f) Nothing in this section shall be construed to limit the
2 applicability of, or waive fees for, fire, safety, health, or
3 building code ordinances of the municipality prior to or during
4 construction of school buildings, nor shall any agreement waive any
5 fee or modify any ordinance of a municipality for an
6 administration, service, or athletic facility proposed for
7 construction by a school district.
8 SECTION 3.17. (a) Each fiscal year before the end of the
9 Center for Educational Technology's first three years of operation,
10 the State Board of Education shall make disbursements from the
11 public education development fund under Section 11.271, Education
12 Code, as added by this Act, to the Center for Educational
13 Technology in an amount approved by the Legislative Education Board
14 before making disbursements to eligible school campuses.
15 (b) From funds appropriated for the fund, the comptroller of
16 public accounts shall issue warrants to the center in the amount
17 certified by the commissioner.
18 SECTION 3.18. The legislature recommends that the governor,
19 lieutenant governor, and speaker of the house of representatives
20 appoint a special study committee to develop a plan for the
21 coordination of youth services into a community effort and to
22 remove nonacademic related problems of youth from school
23 responsibility and that the committee be required to make
24 preliminary recommendations to the legislature before January 1,
25 1991.
26 SECTION 3.19. The commissioner of education, in consultation
27 with the commissioner of human services, shall submit a report to

the 72nd Legislature, with specific legislative recommendations on the developmental appropriateness of prekindergarten programs, the potential for using existing child care program sites as prekindergarten sites, and the coordination of those programs under Section 16.003(c), Education Code, as amended by this Act.

SECTION 3.20. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop a recommendation for a state health insurance plan for public school employees. The retirement system, commissioner, and board shall report the recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 3.21. Notwithstanding any provision to the contrary:

(1) the pilot program established under Section 2.14, Chapter 813, and Section 2, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, shall continue through the 1990-1991 school year only; and

(2) the Central Education Agency shall report the findings of the study under Subsection (e) of those sections to the 73rd Legislature not later than February 1, 1993.

SECTION 3.22. The following sections of the Education Code are repealed effective September 1, 1991:

(1) Section 21.136(e), Education Code; and

(2) Sections 21.136(b) and (g), Education Code, as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.23. (a) Sections 3.08, 3.10, 3.11, and 3.22 of

this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.07 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school campus or district that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the State Board of Education with the advice of the Legislative Education Board. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school campus or district is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus or district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) elementary school class size limits;

(7) removal of a disruptive student from the classroom;

(8) suspension or explusion of a student;

(9) at risk programs;

(10) prekindergarten programs;

(11) minimum graduation requirements; or

(12) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(c) The Central Education Agency shall monitor and evaluate deregulation of a school campus or district under this section and Section 11.273 of this code and report annually on the effect of deregulation on student achievement to the State Board of Education, the Legislative Education Board, the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature. The report must include a list of the exemptions utilized and a review of the effectiveness of the waivers and exemptions programs.

(d) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus or

district may apply to the State Board of Education for a waiver of a requirement or prohibition imposed by law or rule that the campus or district determines inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal or district superintendent, as appropriate, and faculty of the campus or district that states the achievement objectives of the campus or district and the inhibition imposed on those objectives by the requirement or prohibition and shall be approved by the district's board of trustees.

(c) The board may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus or district for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus or district has fulfilled the achievement objectives submitted to the board under Subsection (b) of this section. The exemption remains in effect until the board determines that achievement levels of the campus or district have declined.

(e) A school campus or district may not receive an exemption or waiver under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus or district may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating

to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) elementary school class size limits;

(6) minimum graduation requirements;

(7) removal of a disruptive student from the classroom;

(8) suspension or expulsion of a student;

(9) at risk programs;

(10) prekindergarten programs; or

(11) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(f) A school district or campus that receives a waiver under this section for textbook selection may select for purchase a textbook not on a state-adopted multiple list. The textbook shall be purchased by the district and shall be used for the same number of years for which the textbooks for the subject or course are adopted by the State Board of Education. The unit cost of the textbooks selected shall not exceed the unit cost of the costliest textbook on the multiple list for the subject or course. The commissioner of education shall calculate the allowable cost and

transmit from the state textbook fund that amount to the district for purchase of the textbooks. The State Board of Education shall adopt rules necessary for the implementation of this subsection.

(g) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall adopt rules for the implementation of this section, except that the board may not designate the methodology used by a teacher nor the time spent by the teacher or a student on a particular task or subject.

SECTION 4.03. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.04. Subsection (b), Section 34.004, Education Code, is amended to read as follows:

(b) The State Board of Education with the advice and approval of the educational excellence committee shall establish the criteria and standards for the awards. The awards for school campuses shall be based primarily on the indicators established under Section 21.7531 of this code and the campus objectives established under Section 21.7532 of this code. The board shall incorporate criteria for the performance of students in special education programs. The criteria for schools and school districts must be measurable criteria and may include criteria related to:

(1) student achievement;

(2) operational efficiency;

(3) central administrative support;

(4) student and teacher attendance;

(5) graduates who enter college, receive advanced training, or are employed;

(6) principals participating in instructional leadership training; and

(7) other matters selected by the committee that are related to scholastic gains.

SECTION 4.05. Chapter 56, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.101. PROGRAM NAME. The student financial assistance program authorized by this subchapter is known as the Texas tuition assistance grant program, and an individual grant awarded under this subchapter is known as a Texas tuition assistance grant.

Sec. 56.102. PURPOSE. The purpose of this subchapter is to

provide an eligible person a grant of money for tuition to enable that person to attend an institution of higher education.

Sec. 56.103. ELIGIBLE PERSON. (a) To be eligible for a Texas tuition assistance grant, a person must:

(1) be a Texas resident as defined by coordinating board rules;

(2) enroll for a full course load in an institution of higher education as defined by Section 61.003 or 61.222 of this code;

(3) be from a low-income or middle-income family and establish financial need as defined by coordinating board rules;

(4) within the two years preceding the person's grant application, have graduated from a secondary school with a cumulative grade average that is equal to or greater than the equivalent of 80 on a scale of 100;

(5) have applied for any available financial assistance; and

(6) have complied with any other requirements adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a Texas tuition assistance grant if the person:

(1) has been granted a baccalaureate degree; or

(2) has been convicted of a felony or a crime involving moral turpitude, unless the person has met eligibility requirements as defined in Section 56.103(a) of this code and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or

completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.104. ADMINISTRATIVE AUTHORITY. The coordinating board shall provide a Texas tuition assistance grant to an eligible person enrolled in an institution of higher education based on the financial need of that person. The total amount of Texas tuition assistance grants distributed by the coordinating board may not exceed the amount appropriated for the Texas tuition assistance grant program.

Sec. 56.105. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a person's Texas tuition assistance grant application, an enrollment report from the institution of higher education enrolling the person, and a certification of the amount of financial need from the institution of higher education, the coordinating board shall distribute the amount of the grant for the person to the institution of higher education.

(b) The amount of a Texas tuition assistance grant may not exceed the amount of tuition the student would be charged at a public senior institution of higher education and, when added to other gift aid, may not exceed the financial need of the student.

Sec. 56.106. LIMITATIONS ON GRANT. A person entitled to a Texas tuition assistance grant loses that person's right to future payments of money from the grant program if the person:

(1) does not make steady academic progress toward a baccalaureate degree as determined under coordinating board rules;

(2) does not maintain full-time enrollment standing for at least two semesters in any academic year;

(3) has a grade average that is in the lower 50 percent of the total grade averages of all full-time students enrolled in the same college or other department in the institution of higher education; or

(4) is convicted of a felony or a crime involving moral turpitude, unless the person has met eligibility requirements as defined in Section 56.103(a) of this code and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or has completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.107. ADOPTION AND DISTRIBUTION OF RULES. (a) The coordinating board shall adopt rules to administer this subchapter.

(b) The coordinating board shall distribute to each institution of higher education and to each school district copies of all rules adopted under this subchapter.

Sec. 56.108. FUNDING. (a) The coordinating board may accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Texas tuition assistance grants are payable from gifts, grants, and funds appropriated by the legislature.

SECTION 4.06. The Texas Higher Education Coordinating Board shall adopt and distribute initial rules required by Subchapter G, Chapter 56, Education Code, as added by this Act, not later than January 1, 1991. The coordinating board shall make grants to eligible persons under this Act beginning with the fall semester 1991.

SECTION 4.07. The following provisions of the Education Code are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989;

(2) Subsection (b), Section 21.001; and

(3) Subchapter B, Chapter 56.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01. Subsection (a), Section 21.008, Education Code, is amended to read as follows:

(a) Each school district shall operate for either two or three semesters during each school year, at the option of the district, except as provided under Section 21.010 of this code or under rules adopted under Section 21.009 of this code. The semesters must provide the required number of days of instruction for students and inservice education and preparation for teachers[~~, except as provided under Section 16.052(b) of this code~~].

SECTION 5.02. Subsection (a), Section 21.009, Education Code, is amended to read as follows:

(a) The State Board of Education shall [~~may~~] adopt rules

under which a school district may operate its schools year-round, including rules necessary for the operation of a multitrack school year under Section 21.010 of this code.

SECTION 5.03. Subchapter A, Education Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:

(1) "Track" means a group of students and teachers scheduled to attend school and take vacation periods on the same schedule.

(2) "Multitrack" means multiple tracks, with staggered instructional blocks and vacation periods.

(b) The board of trustees of a school district may operate a school on a multitrack school year.

SECTION 5.04. (a) The State Board of Education shall adopt rules under Subsection (a), Section 21.009, Education Code, as amended by this Act, not later than January 1, 1991.

(b) Subsection (d), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes), as added by this Act, applies beginning with applications for aid for the 1991-1992 school year.

ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the General Revenue Fund, including any transfers to the Foundation School

Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,289,011,867
b. Special Education Allotment, estimated	182,188,810
c. Compensatory Education Allotment, estimated	127,394,825
d. Bilingual Education Allotment, estimated	10,120,471
e. Vocational Education Allotment, estimated	51,435,248
f. Gifted and Talented Allotment, estimated	7,665,160
i. Less: Net Local Share, estimated	-1,111,883,076
Total, Section 16.254(d), sum certain	483,629,020

(b) The total appropriation made by Subsection (a) of this section is reduced by the amounts appropriated by H.B. 91 and H.B. 131, Acts of the 71st Legislature, 4th Called Session, 1990.

(c) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(d) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the career ladder under the Foundation School Program (line item 1.h.(1)) is reduced by the amount of $2,984,220.

(e) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the guaranteed yield under the

Foundation School Program for the fiscal year ending August 31, 1991, is reduced by the amount of $68,773,410.

(f) For the fiscal year ending August 31, 1991, the amount of $5,000,000 is transferred from the General Revenue Fund to the public education development fund created under Section 11.271, Education Code, as added by this Act, and all balances accruing to that fund are appropriated to the Central Education Agency for the purposes of that fund.

(g) For the fiscal year ending August 31, 1990, the amount of $5,000,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of the facilities inventory under Section 16.401, Education Code, and the unexpended balance is appropriated for the fiscal year ending August 31, 1991, for the same purpose.

(h) For the fiscal year ending August 31, 1991, the amount of $80,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of funding programs referred to in Section 13.353(e), Education Code.

(i) For the fiscal year ending August 31, 1991, the amount of $61,290,980 is appropriated from the General Revenue Fund to the Central Education Agency for the purposes of Section 1.20 of this Act. If that amount is insufficient for the purposes of that section, the commissioner of education shall reduce the amount to which each district is entitled under that section proportionately.

SECTION 6.02. (a) This Act takes effect September 1, 1990, except as otherwise provided by this Act.

(b) Section 6.01(g) of this article takes effect

immediately.

SECTION 6.03. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

FINAL REPORT - APRIL 24, 1990

SIDE BY SIDE ANALYSIS
CONFERENCE COMMITTEE
S.B. 1

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE I. FINANCE		
1. AVAILABLE SCHOOL FUND Amends Sec. 15.01 T.E.C. to provide for the distribution of the Available School Fund through the Foundation School Program. Makes technical change to delete unnecessary language relating to tax revenues. (Section 1.01, page 1)	No similar provision.	House
2. STATE POLICY Amends Sec. 16.001 to estab. equitable funding system principles: -95% of students in revenue nuetral system. -State share not less than 50% of state/local funds. -No major local property tax increase is required. -State guaranteed equalized funding for local tax effort that equals the statewide average local tax effort. -All new state expenditures are equitably distributed.	Foundation School Program (FSP) guarantees that 95% of all students are in districts that have fully equalized access to same level of state and local revenue, adjusted for uncontrollable student and district cost dif, maintenance and operation, efficient administration and fully equalized access to sufficient funding for facilities and equipment. Guarantees substantially equal access to revenues at similar levels of tax effort with 95% of students in districts that have fully equalized state/local revenue per penny of tax effort.	Modified House and Senate.
3. SCOPE OF PROGRAM. Amends Sec. 16.004, to include programs, services, facilities, and equipment in use of state aid. (Section 1.03, page 3)	No similar provision.	Senate
4. Amends Section 16.006, to establish average daily attendance determined by the average each month during the fall and spring semesters of each school year.	Maintains current law (best four of eight weeks.)	Senate with 2% cap on loss in ADA. Provisions for military bases.

FINAL REPORT - APRIL 24, 1990

SIDE BY SIDE ANALYSIS

CONFERENCE COMMITTEE

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SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
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4. Amends Section 16.006, to establish average daily attendance determined by the average each month during the fall and spring semesters of each school year.	Maintains current law (best four of eight weeks.)	Senate with 2% cap on loss in ADA. Provisions for military bases.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
New Subsection (b) allows a school district that experiences a decline of two percent or more in average daily attendance as a result of the reduction in personnel or closing at a military base to be funded on the basis of the average daily attendance in the preceding year. (Section 1.04, pages 3-4)	No similar provision.	Senate
5. EQUALIZED FUNDING ELEMENTS , New Sec. 16.008, Education Code, to require the Legislative Ed. Board to calculate the components of school funding including the basic allotment, local share, guaranteed yield, and district enrichment tax effort biennially to maintain an equitable finance system. Requires the LEB to report the funding elements to the commissioner of education, and the legislature before each session. (Section 1.05, page 4)	Adds Sec. 16.008 same provisions except new definition of local share (2) and maximum tax rate. (Sec. 1.02 page 2) Senate version -effective 73rd leg.(1993) House effective 74th leg.(1995)	New amendment with Senate and House.
6. BASIC ALLOTMENT Amends Sec. 16.101, Education Code, to increase the basic allotment from $1,500 to $1,910 for the 1990-1991 school year, $2,000 for 1991-1992 school year, $2,100 for 1992-1993, and an amount adopted by the foundation school budget committee for 1993-1994 and thereafter. (Section 1.06, page 5)	BASIC ALLOTMENT- Maintains current law $1,500/ADA for 1990-91 increasing to $2,128 in 1991-92 and thereafter until 1995 when the FSFBC is authorized to establish it. (Sec. 1.04 page 4)	Increases basic allotment from $1,500 to $1,910 for 1990-91 and $2,128 for 91-92 or until changed by FSFBC.
7. New Sec. 16.160, Education Code, entitling each school district to a $5 per student allotment for alcohol and drug abuse intervention teams. (Section 1.07, pages 5-6) (Sec. 3.15, page 58 program provisions)	Provision allowing SBOE and Texas Commission on Alcohol and Drug Abuse to design alcohol and drug intervention programs for schools. (Sec. 3.12 page 59)	New amendment Sec. 11.208

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
8. LOCAL SHARE (Currently 33 1/3% or $ 0.34) Amends Sec. 16.252 (a), to increase the local share to 41% (54¢) in 1990-1991, 42% (60¢) in 1991 1992, 43% (65¢) in 1992-1993, and an amount calculated by the foundation school fund budget committee each year thereafter. (Sec. 1.08, page 6)	Maintains 33 1/3% ($0.34) for 1990-1991 and thereafter based on total tax rate that produces a state share of FSP costs for all districts up to but not including the 97th percentile of wealth per weighted pupil. (est. to cost 71¢) Sec. 1.06, page 5)	Senate -increase to 41% or $.54 for 1990-91 with phased in full tax rate approx. $.70. Modified House.
9. Amends Sec. 16.254(a) and (b), to delete references to the Available School Fund. (Section 1.09, page 7)	No Similar Provision.	House
10. Amends Sec. 16.256(d), to authorize the foundation school fund budget committee to adopt the basic allotment, the local share percentage, and the guaranteed yield level and enrichment tax rate. Effective 73rd Legislature - 1993 (Section 1.10, pages 7-8)	Effective 74th Legislature-1995 (Sec. 1.07, page 5) S- Report due by Nov. 1 before each regular session. H- Report due before session.	Modified House. FSFBC shall calculate new FSP items not later than 1994-95.
11. GUARANTEED YIELD (Currently is $18.25/ weighted) Amends Sec. 16.302, Increases guaranteed yield amount to $22 for the 1990-1991 school year, $24 for 1991-1992, $26 for 1992-1993, and an amount adopted by the foundation school fund budget committee each year thereafter. (Section 1.11, pages 8-9)	$18.84 in 1991; in 1992 and thereafter based on the per pupil yield per penny of local tax effort for the district at the 95th percentile of wealth per weighted pupil. (Section 1.08, page 6-7)	Maintains current law $18.25 for 90-91 and $31. each year thereafter or until changed by FSFBC
12. LIMITATIONS OF GUARANTEED YIELD (Currently DTR= $ 0.36) Amends Sec. 16.303, Guaranteed tax rate to increase to $ .47 through 1992-1993 with the FSFBC adopting rate each year thereafter.	$ .46 in 1991, in 1992 and thereafter converted to a limit on state and local revenue per weighted pupil available to the district at the 95th percentile of revenue per weighted pupil. (Section 1.08, pages 7-8)	Increases to $.37 for 1990-91 and $.41 each year thereafter or until changed by FSFBC.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Allows 50 percent of federal impact aid to be considered the local revenue of a district for the purposes of calculating guaranteed yield allotments. Provides that a school district is not eligible for guaranteed yield allotments until federal impact aid is considered as local revenue for the purposes of calculating guaranteed yield allotments. (Section 1.11, pages 9-10)	No similar provision	New language allows for state aid calculation on average countywide tax rates.
13. Amends Sec. 16.155, to limit the use of weighted allotments for vocational education programs for grades nine through 12. Decreases the vocational education allotment to 1.35 in 1990-91, 1.30 in 1991-92, and 1.25 each year thereafter. Authorizes the SBOE to set indirect cost allotments related to vocational education programs. Requires the commissioner to conduct a cost-benefit comparison related to vocational education programs. (Section 1.12, pages 10-12)	Maintains current law weight of 1.45, and requires the commissioner to conduct a cost-benefit evaluation of the benefit of vocational education as opposed to public education in mathematics and science. (Section 1.09, page 8)	Reduces weight to 1.37 for 1990-91. Authorizes study. Vocational educ for handicapped CVAE at grades 7-12 excepted from limitation
14. Creates Emergency Facility Program, and appropriates $45 million for 1990-91 to authorize the board to make public school facilities development grants to school districts for emergency facilities needs and debt service incurred since 1984.	Beginning 1991-92 for one year. Doesn't designate that portion of funds may be used for debt service. (Section 1.11, page 9-10)	Senate with 1991-92 effective date. No appropriation for 1990-91. Facilities inventory authorized in Article 6- $5,000,000.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
15. Adds Sec. 314.004, Government Code, to require that the LBB prepare for each bill or resolution that affects public education a statement regarding its effect on equalized education funding. (Section 1.14, page 13)	Same as Senate	Same provision.
16. Adds Sec. 13.353(e), Education Code, to require the TEA to allocate funds appropriated for federal Leadership in Education Administration Development (LEAD) programs in the amount of $250,000 or greater. Authorizes the State Board of Education to designate projects and activities to be carried out with the funds. (Section 1.15, page 14) Eff. 6/1/90	No similar provision	New language specifying use of funds and not designating program.
17. Requires that 58 percent of any additional funds received by a school district through this Act be used for teacher salaries. (Section 1.16, page 14)	No similar provision	House.
18. Repeals Education Code Secs. 15.01(c) (relating to the definition of scholastic population) and 15.10(d) and 15.12(a) (relating to the Available School Fund). (Section 1.17, page 14)	No similar provision	House.
19. Provides that the effective date of	No similar provision	House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
the sections relating to the Available School Fund be contingent on the passage of constitutional amendment. (Sec. 1.18, page 15)		
20. No similar provision	20. New Section 16.009 (Sec. 1.03 page 3) Defines weighted students (WADA) as the sum of district allotments(less career ladder and transportation) divided by the basic allotment for that year.(Includes 100% PDI and Small/Sparse Adj)	Senate
21. No similar provision.	21. New Section 16.010 PERCENTILE OF WEALTH PER STUDENT Defines process for determining the total level of revenue per student for each school year. Districts are ranked according to taxable value per weighted student. The district at which the sum of weighted students equals or exceeds the 95th percentile.determines the revenue target. (Sec. 1.03 page 3)	Senate
22. No similar provision	22. Amends Section 16.152 COMPENSATORY EDUCATION to expand the program to include: (1) 0.2 weight for educationally disadvantaged student or non-handicapped student residing in residential placement facility (2) 2.41 weight for pregnant students (3) 0.1 for students who are parents or at risk	House with new pregnant weight effective 1991-92 and without "at risk" weight New requirement that funds be supplemental.
23. No similar provision.	23. TRANSITION FUNDING (Sec. 1.13 pg 11) Current funding formula for 1990-91. For 1991-92 and each year thereafter, the commissioner is authorized to calculate district state aid. District state aid is held harmless with maximum loss or gain limited to 25% of difference in 1991-92, 50% in 1992-93, and 75% in 1993-94.	Modified House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
24. No similar provision.	24 1990-91 Tax Rate LFA Tax rate used in the computation of LFA for 1990-91 will be based on the 33.3% total local share of FSP.	Senate
25. No similar provision.	25. WINDHAM SCHOOLS (Sec. 1.10, Page9) Amends to set appropriations for School at Department of Corrections by appropriation rather than formula.	New language to require study by CEA and TDCJ for 72nd Legislature
26. Appropriations -ARTICLE VI	26. Appropriates $450 million from general revenue for the Foundation School Program and increases the guaranteed yield amount from current $18.25 to $18.8 for the 1990-91 school year.	Senate.
27. No similar provision.	27. Effective date for Sec. 16.152 (a) relating to compensatory education -new weights - Sept. 1, 1991	House.
28. No similar provision.	28. Repeals Sec. 16.155 (b) and (c) relating to the State Board of Education's authority to study and recommend new funding weights for vocational education.	House-new language to combine studieson weights under acc. cost study.

New sections:
Sec. 1.20 Hold Harmless for 1990-91.
Sec. 1.21 (a) and (b) repeals studies authorized under each special program and Cost of Education Index.
Sec. 1.22 Transfer of pregnant student under special education weight to compensatory education effective Sept. 1, 1991
Sec. 1.13 Accountable Costs study effective immediately.

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ARTICLE II. ACCOUNTABILITY		
1. Amends Sec. 2.01, Education Code, to add Goals for Public Education. The goals address: student achievement; Texas student performance in relation to other states' student performance; curriculum, teacher and other school personnel recruitment, training, and retention; educational system organization and management; and improvement of teaching methods. (Section 2.01, pages 15-16)	No similar provision.	Senate Version as amended. Amendment substitutes "All students shall have an opportunity to benefit from an appropriate education." for the first sentence in GOAL A. No change in intent.
2. Amends Sec. 327.005, Government Code, to add oversight responsibilities to the LEB that include fiscal matters, academic expectations, and evaluation of program cost effectiveness. Allows the LEB to appoint advisory committees, whose members serve without compensation, to advise the LEB in the discharge of its duties. Allows the LEB to hire staff or as allowed by legislative appropriation to use staff from the Legislative Council or the Legislative Budget Board. (Section 2.02, pages 16-17)	Same as Senate version with the exception that only Legislative Council and Legislative Budget Board staff may be used by the LEB, rather than allowing the LEB the choice of hiring staff or using loaned staff from these agencies. (Section 2.16, pages 42-43)	Senate Version as amended. Amendment provides that any staff hired by or loaned to the LEB are available to all members of the legislature.
3. Amends Sec. 327.006, Government Code, to change the LEB's role to set	No similar provision.	Senate Version

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policy and periodically review actions or proposed actions of the State of Board of Education. Requires the LEB to submit in writing to the State Board of Education any identified conflicts with legislative educational policy of proposed or implemented SBOE action. Authorizes the LEB to request a joint meeting for additional information, or a change in position with the SBOE should a conflict in legislative educational policy be identified. Requires notification of conflict to the governor, lieutenant governor, speaker of the house, and members of the legislature. (Section 2.03, pages 17-18)		
4. Adds Sec. 11.2091, Education Code, to establish Minority Recruitment Programs. Requires the Coordinating Board in cooperation with the commissioner of education to establish programs that may include: tuition or grant assistance; incentive scholarships; recruitment seminars, job fairs, and mentorship programs; and career exploration programs. Places programs and program appropriations under the Coordinating Board. (Section 2.04, pages 18-19)	No similar provision.	Senate Version

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Stipulates that the governor appoints the SBOE chairman with the advice and consent of the Senate. (Section 2.05, pages 19-20)		
6. Amends Sec. 11.24, Education Code, to add to the constitutional duties of the State Board of Education responsibility for implementing legislative policy. Requires the SBOE to cite legislative authority for each Board action, to consider LEB comments prior to SBOE rule adoption, and to request a joint meeting with the LEB to resolve any questions of legislative intent. Eliminates the general policy-making, regulation-making, and rule-making responsibility of SBOE with regard to legislative educational policy. (Section 2.06, pages 20-21)	(a) Adds to the Constitutional duties of the SBOE adoption and purchase of textbooks. Authorizes the SBOE to make recommendations to the commissioner and legislature regarding the public school system. Includes Senate language regarding the SBOE being the State Board for Vocational Education. (b) Authorizes members of the SBOE to hold public hearings in their respective districts for the purpose of receiving public comment on public schools. (Section 2.02, pages 13-14)	Senate Version
7. Amends Sec. 11.26(c), Education Code, to eliminate from State Board of Education responsibilities the preparation and presentation of legislative appropriation requests and operating budgets. Also eliminates from the SBOE responsibilities establishing budget control and reporting procedures. (Section 2.07, pages 21-23)	No similar provision.	Senate Version
8. Amends Sec. 11.29, Education Code, to require the commissioner of education, rather than the State Board of Education, to adopt an annual FSP operating budget. Requires the commissioner to seek comment about the budget to the SBOE and the LEB	No similar provision.	Senate Version

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prior to its presentation to the governor and the LBB. (Section 2.08, page 23)		
9. Amends Secs. 11.25(a) and (b), Education Code, to remove from the commissioner of education the responsibility for implementing State Board of Education policies; (general policy-making responsibility is removed from the SBOE in Section 2.06 of the bill). Includes Senate confirmation of SBOE appointee for commissioner of education. (Section 2.09, pages 23-24)	Repealed. Eliminates provisions regarding the powers and duties of the commissioner of education. (Section 2.21 page 44)	Senate Version
10. Adds Sec. 13.049, Education Code, to require teacher training to include the use of technology and effective teaching practices in the classroom. Specifies that regional educational service centers, teaching centers, certain institutions of higher education, and others are required to offer such training. (Section 2.10, page 24)	Requires only institutions that offer a teacher education program, rather than all entities specified in the Senate version, to develop a plan to train teacher education students, public school administrators, and teachers in using technology and modern teaching practices in the classroom. (Section 2.05, page 19)	Senate Version
11. Academically Unaccredited School Districts (Sec. 2.11, page 25)		
Subsec. (a) authorizes the commissioner of education to order a district that has been academically unaccredited for three years to be annexed by an adjoining district.	No similar provision.	Senate Version as amended. Amendment lowers the number of years from 3 to 2 before comm. can order district annexation.
Subsec. (b) specifies that the receiving district's board be the governing board for the expanded district.	No similar provision.	Senate Version
Subsec. (c) requires the commissioner to	No similar provision.	Senate Version

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define the legal boundary of the expanded district.		
Subsec. (d) transfers title on property and liability of debt of the academically unaccredited district vests to the newly created expanded district.	No similar provision.	Senate Version
Subsec. (e) requires the commissioner of education to investigate the educational and financial impact of the annexation on the receiving district prior to issuing an annexation order. Prohibits the annexation if it impairs the ability of the receiving district to educate its students and meet its financial obligations. Requires the approval of the board of trustees of the receiving district prior to annexation.	No similar provision.	Senate Version as amended. Amendment deletes requirement for local board approval prior to annexation.
Subsec. (f) requires the commissioner to annually adjust the local fund assignment of the expanded district for five years by an amount calculated for the receiving district's LFA by multiplying it by a fraction whose numerator is the number of resident students prior to annexation and whose denominator is the number of resident students after annexation. Prohibits an enlarged district from eligibility for specified incentive funds. (Section 2.11, pages 24-25)	No similar provision.	Senate Version
12. Adds Sec. 21.041(f), Education Code, prohibiting State Board of Education rules or district or campus attendance policies from discouraging or restricting	No similar provision.	House Version

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reasonable medical and dental appointments for students. (Section 2.12, page 26)		
13. PERFORMANCE REPORT (Section 2.13, page 26)		
Requires board of trustees to publish an annual report describing the district's educational performance including campus performance objectives and progress.	Requires annual campus performance, rather than district, objectives report to be filed with the commissioner, rather than the SBOE. (Section 2.06, page 18)	Senate Version as amended. Amendment requires board notification of parents in addition to property owners and allows the notice to be combined with that proposing a tax increase, as required by Section 26.06, Tax Code.
Requires the board to hold a public hearing on the report with notification of the meeting to property owners in the district.		
Subsec. (b) eliminates State Board of Education rule-making authority regarding report form and content.	Allows, rather than requires, same items be included in the report.	House Version
Subsec. (c) requires the report to include a comparison between the district's performance and that of districts with similar wealth and demographics, and to districts statewide with regard to: instructional and administrative costs; personnel; pupil-teacher ratios by grade groupings and program; and all academic indicators under Section 21.7531, Education Code. Eliminates conflicting language regarding the inclusion of certain required information in this report.	Authorizes the commissioner, rather than the SBOE, to compile these reports. (Section 2.06, pages 19-21)	Senate Version as amended. Amendment requires comparison of each campus in addition to comparisons of districts.
Subsec. (d) adds "school campuses" to those entities that receive respite through paperwork reduction.	No similar provision.	Senate Version

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14. Sec 21.551(f), Education Code, requiring the State Board of Education to adopt an appropriate, nationally recognized, secured, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels (Section 2.14, pages 28-29)	Allows the Central Education Agency, rather than the SBOE, to adopt norm-referenced assessment instrument. Requires the state to pay the full cost of administering the test and distributing its results. (Section 3.17, page 61)	Senate Version as amended. Amendment requires:TEA to adopt 1 or more tests; the state to pay for full cost for administering it and distributing its results; the test to meet Federal guidelines;normed data fairly represent all minority & SES groups; bidders to disclose all test bias; measure age & grade levels appropriately for specified subject areas and higher order thinking.
15. ACCREDITATION (Sec. 2.16, page 31)		
Subsec. (a) amended by reducing the the of accreditation rating levels from six to five and substituting "academically unaccredited" for "unaccredited" as the lowest rating level.	Same as Senate version except authorizes the commissioner, rather than the SBOE, to adopt rules for the accreditation of school districts. (Section 2.07, page 21)	Senate Version
Subsec. (b) eliminates the limitation on the number of districts that the State Board of Education may rate as "exemplary";	Retains the limitation on the number of districts that the SBOE may rate as "exemplary". (page 22)	House Version as amended. Amendment sunsets this provision in 1993.
Adds the following criteria to be considered for accreditation: adequate	Same as Senate version with the following additions:	Senate Version except: retains "the quality of learning on each of the district's campuses based on indicators, including scores on achievement tests";

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performance under the academic excellence indicators; the relation between State Board-approved academic excellence indicators and campus performance objectives; and campus effectiveness.	the commissioner, rather than the SBOE, determines the accreditation rules;	
	references academic excellence indicators set by the commissioner, rather than the SBOE;	
Clarifies that the criterion regarding the effectiveness of the district's programs in special education be based on the Central Education Agency's most recent compliance review of the district and programs for special populations.	retains as a criterion the quality of learning on district campuses;	
	retains as a criterion the effectiveness; rather than the quality, of teacher in-service training;	retains "the effectiveness of teacher in-service training";
Eliminates the following criteria from consideration for accreditation: the quality of learning on district campuses; the correlation between student grades and performance on standardized tests; paperwork reduction efforts; training received by board members; effectiveness of the district's efforts to improve attendance; effectiveness of the district's drug prevention programs; and parental and community involvement in the district.	adds as a criterion the effective use of technology to enhance student achievement;	adds "the effective use of technology to enhance student achievement".
	deletes as criteria the effectiveness of the district's remedial and support programs for students at risk of dropping out, the effectiveness of the district's dropout prevention and recovery program, and the efficient allocation of resources. (Section 2.07, pages 21-24)	
Subsec. (c) requires the Central Education Agency to rate each campus using the five-level rating scale on the State Board-adopted campus performance indicators.	No similar provision.	Senate Version
Subsec. (d) prohibits lowering a district or campus accreditation rating solely on the basis of its size. (Section 2.15, pages 29-31)	No similar provision.	Senate Version

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16. ACADEMIC EXCELLENCE INDICATORS (Section 2.16, page 31)		
Subsec. (a) amended by changing the section name from "performance indicators" to "academic excellence indicators." Requires the academic excellence advisory committee, the educational excellence committee, and the Legislative Education Board to advise the State Board of Education prior to its required adoption of quality of learning indicators. Adds "other performance standards" to those adopted by the SBOE.	Similar except requires the commissioner, rather than the SBOE, to adopt a set of academic indicators. (Section 2.08, page 24)	Senate Version
	Does not specify same indicators and camparison by campus.	
Subsec. (b) adds to required indicators: the results of criterion-referenced assessment instruments; the results of tests with national norms (e.g., SAT and ACT); high school graduation rates; student attendance; and student enrollment in advanced academic courses. Eliminates from required indicators: comparison of actual district performance to its performance goals and the results of the district's most recent compliance review for its special education programs.	Requires the commissioner, rather than the SBOE, to report the results of performance indicator reviews to the legislature.	Senate Version as amended. Amendment limits comparison of performance to projection for purposes of evaluation, accreditation, and determination of exemplary status only. Changes subsec (c) to (b) and combines subsec (b) at the end of (c). Reletters accordingly.
Subsec. (f) requires the Educational Economic Policy Center to biennially review the academic excellence indicators and recommends changes to the SBOE. (Section 2.16, pages 22-23)	Requires the Educational Economic Policy Center to report to the commissioner, rather than to the SBOE, regarding recommended changes in the indicators (Section 2.08, pages 24-25)	Senate Version

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17. CAMPUS PERFORMANCE OBJECTIVES		
Requires each school principal, with the assistance of the school's site-based decision-making committee, to establish academic and other performance objectives for the campus with approval of board of trustees. Specifies composition of site-based decision-making committee to include principal and teachers, elected by a plurality vote of campus teachers. (Section 2.17, pages 33-34)	Similar to Senate version. Requires each school principal, with the assistance of the school's faculty, rather than the site-based decision-making committee, to establish academic and other performance objectives for the campus. (Section 2.09, page 25)	Senate Version as amended. Amendment provides for assistance to principal from school's professional staff, selected in accordance with DISTRICT LEVEL DECISION PROCESS (Sec. 21.930, TEC)
18. INVESTIGATIONS (Sec. 2.18, page 34)		
Requires TEA to annually review the performance of each district and its campuses, and determine whether any action is necessary. Eliminates conflicting language regarding accreditation criteria. Allows limited on-site evaluation.	(a) Same as Senate version except does not require a review of performance of each district and campus on indicators to determine if specific action is warranted. (Section 2.10, page 25)	Senate Version
Substitutes "academically unaccredited" for "warned" and requires the State Board to establish an annual visitation schedule for those districts rated academically unaccredited.	Same as Senate version except authorizes TEA to conduct on-site evaluation for one or more campuses in a district, if the results of an annual review indicate its necessity.	House Version
(c) Requires annual review to include student performance and attendance. Eliminates results of teacher and parent surveys from required annual performance reviews.	(c) Allows, rather than requires, inclusion of specified items in an evaluation. Retains results of teacher and parent surveys as an item.	Senate Version

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deficiencies in the district.		
19. SANCTIONS (Sec. 2.19, page 36) Amends Sec. 21.757, Education Code		
Subsec. (a)(5) authorizes the commissioner of education to appoint a management team to oversee the operations of the district that does not satisfy accreditation criteria.	Same except requires the appt. of management team to oversee operations of campus rather than district. (Sec. 2.11 page 27)	Senate Version
Subsec. (b) adds options for the commissioner of education regarding accredited advised or academically unaccredited campus: appoint a monitor, master, or management team to oversee campus operations; and order the local board or superintendent to take specified steps.	No similar provision.	Senate Version
Subsec. (f) allows the designated district or campus oversight body to approve or disapprove any action of the campus principal or district superintendent or board of trustees.	No similar provision.	Senate Version
Subsec. (g) requires that districts that are rated academically unaccredited for three years be annexed to another district or be oredered a state-operated school district. (Section 2.19, pages 36-38)	Authorizes the commissioner to order the creation of state operated school district for those rated as academically unaccredited for two years.	House Version
No similar provision.	f) Prohibits districts rated as accredited advised for a period of two years from entering into contracts for administrators for more than one year.	House Version as amended. Amendment allows contracting fo: more than 1 year if administrator was not previously employed by the district or if the accreditation review determines deficiencies are not related to the administrator's performance

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20. Adds Sec. 21.758, Education Code. (Page 38) Subsec. (a) authorizes the commissioner of education to order the suspension of powers of a local board of a school district that has been academically unaccredited for three years. Requires the commissioner to inform the LEB of such an occurrence.	Same as Senate version except authorizes the commissioner of education to order suspension of powers of local school districts that have been academically unaccredited for two, rather than three, years. (Section 2.12, pages 29-30)	Senate Version as amended. Amendment reduces time period from 3 to 2 years.
21. Adds Sec. 21.920(e), Education Code. Stipulates that appeals regarding student eligibility to participate in extracurricular activities are not contested cases under the Administrative Procedures and Texas Register Act. Allows the commissioner to delegate appeals matters. Prohibits the commissioner's or designee's decision from further appeal. Stipulates rules of evidence for appeal. (Section 2.21, pages 39-40)	Same as Senate version with additional language authorizing appeal of suspension to the commissioner and clarification that the decision made by the commissioner or the commissioner's designee is final and not subject to judicial review. (Section 2.13, page 30-31)	Senate Version as amended. Amendment permits appeals only if the decision is arbitrary or capricious. (deletes "or not supported by substancial evidence".)
22. Adds Sec. 21.930, Education Code, requiring each board of trustees to involve district teachers in educational decision making regarding educational policies. Requires board consultation with district teachers and administrators. Requires the board to	No similar provision.	Senate Version as amended. Amendment clarifies that this section does not limit the local board's power to manage and govern, nor does it create a new cause of action or require collective bargaining.

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establish procedures for regular meetings with teacher. Stipulates how teachers select their representation to meet with the board. Clarifies that the board may meet with other teachers or teacher groups in addition to the teacher representative required by this section. (Section 2.22, page 40)		
23. Amends Sec. 11.13(c), Education Code, to exclude from issues of law and fact, regarding appeals to district court in Travis County, those issues described in Section 21.920(e), T.E.C.	Similar to Senate version except excludes from appeals to district court in Travis County those matters described in Section 21.920(e), T.E.C.	Senate Version
24. Adds Sec. 403.020, Government Code, to allow the comptroller to periodically review the effectiveness and efficiency of district budgets and operations. (Section 2.24, page 41)	No similar provision.	Senate Version
25. Amends Sec. 11.14(a), Education Code, to except the powers of the commissioner under Section 19.027, Education Code, to close or consolidate school districts from provisions that prohibit authority for closing or consolidating district. (Section 2.25, page 41)	Repealed. (Section 2.21, page 44)	Senate Version
26 Stipulates that the advisory	Same as Senate version with the exception that the recommendations are submitted to the commissioner, rather than the SBOE. (Section 2.19, page 44)	Senate Version

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committee appointed to recommend performance indicators and develop criteria for evaluating district performance submit recommendations for academic excellence indicators to the State Board of Education no later than January 1, 1991. (Section 2.27, page 42)		
27. Stipulates effective date for Section 2.14 of this bill as beginning with the 1991-1992 school year. (Section 2.29, page 42)	No similar provision.	Senate Version
28. Stipulates effective date for Section 2.24 of this bill is September 1, 1991. (Section 2.30, page 42)	No similar provision.	Senate Version
No similar provision.	Stipulates effective date for sections on Campus performance Objectives, Accreditation Standards, Academic Excellence Indicators, Campus Performance Objectives, Investigations, Sanctions, and State-Operated School Districts as September 1, 1991. (Section 2.22, pages 44-45)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provision.	Amends Sec. 11.51, Education Code, to require the commissioner of education be appointed by the governor with the advice and consent of the senate, from a list of 3 LEB-nominated names. Requires the LEB to submit nominees to the governor within 60 days of the expiration of the commissioner's term of office or of a vacancy in the office. Stipulates the procedures for providing additional nominees to the governor. Eliminates language that describes the Office of the Commissioner of Education.	Senate Version
No similar provision.	Specifies the commissioner's term of office as 4 years, terminating on February 1 of the appropriate odd-numbered year. Authorizes removal of the commissioner for good causes. Allows the commissioner to serve consecutive terms.	Senate Version
No similar provision.	Eliminates gender-specific language. (Section 2.03, pages 14-15)	Senate Version

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No similar provision.	Amends 11.52, Education Code to eliminate the commissioner's role as executive secretary of the SBOE and SBVocEd. Eliminates from the commissioner's responsibilities those determined by the SBOE.	Senate Version
No similar provision.	Authorizes the commissioner to adopt rules necessary to implement legislative education policy, and to submit them and receive approval of them from the LEB 30 days prior to their implementation. Eliminates the requirement that the commissioner recommend these policies to the SBOE for action.	Senate Version
No similar provision.	Transfers responsibility from the SBOE to the commissioner for distribution of an education code text. Transfers all powers and duties delegted by law to the SBOE, except those Constitutionally delegated, to the commissioner. (Section 2.04, pages 15-19)	Senate Version

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No similar provisions.	Adds Chapter 35, Sections 35.01 - 35.10, Education Code, to establish local school councils for each school in a district that has more than 170,000 enrolled students. Sets out provisions for composition of councils, voter eligibility, election of council members, meeting and organization procedures, powers and duties of the council, responsibilities of the principal, requirement for developing a 3-year school improvement plan, and resulting action from non-performance by a school council. (Section 2.15, pages 31-42)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provision.	Requires the LEB to submit to the Governor 3 nominees for the position of commissioner, no later than July 1, 1992. Requires the Governor to nominate a person from that list, with the advice and consent of the Senate, no later than September 1, 1992. Stipulates term of commissioner under this provision.	Senate Version
No similar provision.	Retains SBOE rules until they are superseded by the rules of the commissioner. (Section 2.17, pages 43-44)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE III. EFFICIENCY		
1. Amends Sec. 11.27, Education Code, to allow innovative programs on the campus, rather than district, level. Substitutes innovative programs in place of demonstration programs. (pg. 42)	No similar provision	Senate
Adds, but is not limited to, the following innovative programs: school year restructuring; alternative learning environments; parental literacy; decentralization of organizational decisions; instructional technology; student and parental choice among public schools; child care; early childhood education; an extended school day; teacher and administrator development; continuous progress education; ratios below 22:1 in elementary grades; use of elementary school counselors, social workers, and personnel in successful dropout prevention programs; career development for students; bilingual training; parental involvement; school-age latch-key children; volunteer efforts with private sector; coordination of school activities with community programs and resources; and magnet schools.		Senate with amendment adding the following to the innovative programs list: - interdisciplinary curriculum - peer tutoring - counseling of families of at-risk students - comprehensive coordination with health and human service delivery systems

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Requires that innovative program applications be selected on a competitive basis by the program advisory committee established under Section 11.271, with final approval by the SBOE, and when expenditures of state funds are required, the LEB. Requires campus applications to be approved by the district's local school board. Removes the SBOE from the approval process regarding waivers.		Senate
Requires campuses with approved programs receiving funds under Section 11.271 to report program progress to the TEA; specifies report date. Requires the TEA to evaluate the programs' effectiveness and report its findings to the SBOE and LEB; specifies report date. (Section 3.01, pages 42-45)		Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
2. Adds Sec. 11.271, Education Code, to establish the public education development fund as an account in the general revenue fund, and allows gifts, grants, and legislative appropriations to be credited to the fund. (pg. 46) Requires the SBOE to disburse the fund each fiscal year, after deducting the cost of administration not to exceed an amount set by appropriation, to the Educational Economic Policy Center with approval by the LEB. Requires the SBOE to disburse the remainder of the fund to eligible school districts. Requires campuses to have an approved innovative program application under Section 11.27 to be eligible for the funds. Provides that the use of gifts or grants may be designated by the donor and must be used for the designated purpose. Requires 70% of the program funds be targeted for improvement of academic achievement of low-performing students. Gives priority to campuses that have 60% or fewer who performed satisfactorily on the criterion-referenced assessment instruments required under Section 21.551, or are otherwise low-performing campuses as defined by the SBOE.	No similar provision	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Requires the comptroller to issue warrants from the fund, in an amount certified by the SBOE, to the Educational Economic Policy Center and eligible school districts. Requires the Educational Economic Policy Committee to appoint a program advisory committee of specified membership to make recommendations to the SBOE and LEB on the use of the fund. (Section 3.02, pages 45-47)		
3. Adds Sec. 11.33(e), Education Code, to require each Regional Educational Center to provide training to each district coordinator and school coordinator in the region for the alcohol and drug abuse intervention program adopted by the SBOE. (Section 3.03, page 47)	No similar provision	New language amending Sec. 11.208 establishing statewide peer assistance and leadership programs in substance abuse prevention. The programs will be designed by the Central Education Agency and the Texas Commission on Alcohol and Drug Abuse.
4. Amends Sec. 13.352, Education Code. Requires principals to approve all teacher and staff appointments for their campuses from a pool of applicants selected by the district or those applicants who meet the district's hiring requirements (Section 3.05, page 48)	Amends Sec. 13,352. Requires principal to approve all teacher and staff appointments after informal consultation with the faculty. (Section 3.02, Page 45)	Senate, amended to add the requirement that approval is "based on criteria developed by the principal after informal consultation with the faculty."

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
5. Adds Subchapter D, Chapter 14, establishing the Technology Fund. (Section 3.07, page 49-51)	Technology Fund (Section 3.04, pages 46-48	
Sec. 14.063 requires the Central Education Agency to administer and make annual disbursements from the technology fund. Entitles each school district to an annual allotment for the purposes provided under Section 14.064 of the TEC equal to its unadjusted ADA multiplied by: $30 for the 1992-1993 school year, or a greater amount provided by appropriation; $35 for the 1993-1994 school year, or a greater amount provided by appropriation; $40 for the 1994-1995 school year, or a greater amount provided by appropriation; $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.	Same as senate version except that each school district is entitled to an annual allotment equal to its unadjusted ADA multiplied by a fraction, the numerator of which is the state's share of the district's Foundation School program and the denominator is the total cost of the district's Foundation School program multiped by allotments that are the same as the senate version.	Senate
Provides that the cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16, Education Code, and that the state's share, is paid from the technology fund.	No similar provision.	Senate
If approved by the legislature, requires the unobligated funds and unexpended balances of appropriations distributed under this section to be forfeited by the recipients at the end of the fiscal biennium, and returned to the	No similar provision.	Senate, amended to change "unexpended balances" to "unencumbered balances."

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
technology fund. Requires all returned money to be subject to distribution in the next fiscal year for special projects as defined by rule of the SBOE on application by a school district.		
Requires the SBOE to establish rules for the administration of this section.	Requires the commissioner of education to establish rules for the administration of this section.	Senate
Requires the Central Education Agency to monitor the use of each district's allotment to ensure that at least 75% of the allotment is used to provide classroom instructional services and programs. (Section 3.07, pages 49-51)	No similar provision.	Senate
6. Amends Sec. 16.003, Education Code, to add children enrolled in a prekindergarten class to the list of eligible students entitled to the benefits of the Foundation School Program. (Section 3.08, pages 51-52)	Same as senate version and includes requirement that the commissioner of education and commissioner of human services evaluate prekindergarten programs. (Section 3.05, pages 48-49)	House

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
7. No similar provision.	Amends Subchapter A, Chapter 16, Education Code, by adding Sec. 16.011 relating to Unfunded State Educational Mandates. Requires that a school district be reimbursed the costs incurred when complying with any state educational mandate unless the mandate passed by four-fifths vote of each house providing that the mandate not be subject to reimbursement or payment is otherwise provided by the state. Authorizes a school district to petition the comptroller for funds not received and to take action in district court regarding a petition not acted on. (Section 3.06, pages 49-52)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
8 . No similar provision.	Amends Subchapter E, Chapter 16, relating to the Cost of Education Index. Transfers authority relating to the development and recommendation of the cost of education index to the Educational Economic Policy Center, the Legislative Education Board, and the Legislative Budget Board from the commissioner of education and the State Board of Education.	House language incorporated in Subchapter F.
No similar provision.	Transfers authority from the State Board of Education to the Legislative Education Board and the Legislative Budget Board to recommend a basic allotment adjustment related to Naval Military Facility Impact. (Section 3.08, pages 52-55)	House
9 Amends Subchapter F, Chapter 16, relating to Program Accountable Costs.	Amends Subchapter F, Chapter 16, relating to Program Accountable Costs.	
Sec. 16.201 requires the SBOE to determine the accountable costs per student of providing an efficient educational program. Deletes language relating to minimum basic programs. Prohibits the SBOE from including cocurricular and extracurricular programs in the accountable cost.	Sec. 16.201 requires the LEB and the LBB to determine the accountable costs per student. Deletes language relating to minimum basic programs. Prohibits the LEB and LBB from including cocurricular and extracurricular programs in accountable cost.	Modified House language to create single comprehensive study on Cost of Education, Program Accountable Costs and other costs factors. New language in Sec. 16.201 - Purpose and Sec. 16.202- Studies. Article I, Section 1.13
Sec. 16.202 deletes language relating to minimum basic programs. Retains current language regarding advisory committee on accountable costs.	Sec. 16.202 deletes language relating to minimum basic programs. Eliminates the advisory committee on accountable costs. Requires the Education Economic Policy Center to develop a methodology to be used by the LEB and LBB in determining accountable costs.	

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Sec. 16.203 deletes reference to basic allotment in legislative consideration. Retains requirement that the State Board of Education report to the governor, the LEB, and the LBB.	Same as senate version except to require the LEB and the LBB to report to the governor and the legislature.	New language for additional studies with procedures established to be utilized in studies.
Sec. 16.204 added to require the Educational Economic Policy Center to recommend a methodology for the SBOE to use in making a determinations of accountable costs. (Section 3.10, pages 52-54)	Similar provision in Sec. 16.202 requires the Policy Center to develop methodology for the LEB and the LBB. (Section 3.09, pages 55-57)	
10 No similar provision.	Amends Subchapter C, Chapter 20, by adding Sec. 20.57 relating to Legal Services for School Bond Issuers. Requires the attorney general to provide legal services to school districts that are issuing bonds. (Section 3.10, pages 57-59)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
11 Adds Sec. 21.101(h), Education Code, requiring the SBOE to design an alcohol and drug abuse intervention program for the public schools, and requires each school district to implement the program under the board's adopted guidelines. (Section 3.12, pages 54-55)	Adds Sec. 21.101(h) to allow the SBOE and the Texas Commission on Alcohol and Drug Abuse to design alchohol and drug intervention programs for public schools. Districts may implement the programs. (Section 3.12, page 59)	Referenced in new language in Sec. 11.208 on substance abuse prevention
12. Amends Sec. 21.136, Education Code, changing the age eligibility for enrollment in a prekindergarten class from four to three years of age. (Section 3.13, page 55)	Same as senate version except transfers authority to set eligiblity standards from the SBOE to the commissioner of education. Adds subsection (h) to require the state to pay for costs associated with offering a 3-year-old prekindergarten program. Exempts districts from offering program if the state fails to pay. (Section 3.14, page 60)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
13. Adds Sec. 21.9012 relating to energy conservation measures. Allows the board of trustees of a school district to enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities. Establishes requirements for contractors . Permits multi-year contracts if the amount of savings estimated for a 10-year period does not exceed the cost of the contract. Allows multi-year contracts to be lease-purchase contracts that conform to federal tax requirements for tax-free financing. Allows for competitive bidding and stipulates procedures for bidding and contract award. (Section 3.14, pages 55-58)	No similar provision.	Senate, amended to delete language related to the installation of cogeneration systems and to stipulate that lease/purchase agreements may be approved for existing buildings or facilities only.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
14 Amends Subchapter Z, Chapter 21, by adding Sections 21.930 through 21.932. Sec. 21.930 requires the designation of district school coordinators for drug free schools. Requires the district coordinator to instruct the intervention teams in the state alcohol and drug abuse intervention program and review each school's alcohol and drug abuse intervention program. Sec. 21.931 requires the establishment of alcohol and drug abuse intervention teams by each public school. Provides composition and duties of teams. Sec. 21.932 requires the establishment of a school and community drug free school advisory team.	No similar provision.	House. Substance abuse prevention programs are referenced in Sec. 11.208.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
15 Amends Sec. 23.023, Education Code, by reducing the student population from 66,000 to 60,000 for those school districts whose boards must include nine members. Requires that for districts whose student population is 60,000 or greater, seven of the board members be elected from single member districts, and the president and vice president be elected at large. Requires the school board to create seven trustee districts at a specified period prior to a school district election, and to specify that runoff elections be on a date authorized by the Election Code. Specifies staggered elections for those districts that must comply with this section. Allows districts whose student population is 60,000 or greater and have already implemented single-member districts, to continue to operate under their current plans.	No similar provision.	Senate, amended to reduce the student population from 66,000 to 64,000. Amended to define average daily attendance for this section as the last 10 school days in September.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Requires school districts whose student populations are currently below 60,000 but that later exceed 60,000 to comply with this section no later than the first regular election year held within the next two years. Requires school districts whose student populations currently exceed 60,000 but later fall below 60,000 to continue to comply with this section. Exempts districts that adopt a single-member district plan prior to January 1, 1991, from complying with this section. (Section 3.16, pages 61-63)		Amended to exempt districts that adopt a single-member plan prior to Aug. 31, 1991.
16 Adds Sec. 23.30(e), Education Code, permitting a school district to engage a licensed real estate broker or salesman to acquire or sell real property. (Section 3.17, page 63)	No similar provision.	Senate
17 Requires that the center for educational technology be funded by the public education development fund for the first three years of operation in an amount approved by the LEB. Requires the comptroller to distribute the money as certified by the commissioner. (Section 3.19, pages 63-64)	No similar provision.	Senate

	SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
18	No similar provision.	Amends Sec. 21.209 by adding subsection (c) to allow a school board to return a teacher to probationary status upon recommendation of the principal. Provides following the probationary year, the board shall restore nonprobationary status or shall nonrenew the teacher contract. (Section 3.15, pages 60-61)	Senate
19	No similar provision.	Amends Sec. 21.205 to allow a school board to designate an impartial hearing officer to participate in a hearing requested by a teacher who has received notice of nonrenewal. (Section 3.16, page 61)	House
20	No similar provision.	Requires the commissioner of education and the commissioner of human services to report to the 72nd Legislature the potential of using existing child care program sites as prekindergarten sites. (Section 3.18, pages 61-62)	House

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
21 No similar provision.	Amends Subchapter X, Chapter 212, Local Government Code, by adding Sec. 212.902 relating to School District Land Development Standards. Authorizes school districts to request an agreement regarding land development standards from its municipality when constructing educational facilities. If an agreement cannot be reached in 180 days, the municipality no longer has land development regulatory authority over the school district with specified exceptions. Prior to any construction, the school district must have the Texas Water Commission approve its water quality program. (Section 3.19, pages 62-63)	House, amended to review fees and review periods, require an agreement within 120 days, and require an arbitrator to review proposed agreements if an agreement cannot be reached by the entities.
22 Effective Date. Sections 3.08, 3.11, 3.13, and 3.22 of this article apply beginning with the 1991-1992 school year. Section 3.07 of this article takes effect September 1, 1992. (Section 3.23, page 65)	Effective date. Sections 3.05, 3.11, 3.14, and 3.24 of this article beginning with the 1991-1992 school year. Section 3.04 takes effect September 1, 1992. (Section 3.25, page 64)	Same in both bills.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE IV. PERFORMANCE INCENTIVES		
1. Adds Sec. 11.272, to authorize a school campus rated exemplary through the accreditation process to be exempt from statutes and regulations designated by the SBOE with the advice of the LEB, except for:	Same except authorizes school districts, and statutes and regulations are designated by Commissioner	Senate, but applies to districts or campuses
Curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject; restrictions on extracurricular activities; health and safety; competitive bidding; textbook selection; minimum graduation requirements; or educational employee and educational non-teacher, non-contract employee rights and benefits.	Exceptions: Same except does not allow for any exclusions within the curriculum essential elements category; deletes textbook selection and minimum graduation requirements; adds elementary school class size limit; and changes the employee rights and benefits category to apply only to contractual rights.	Senate plus the following exceptions: elementary school class size limits; removal of a disruptive student from the classroom; suspension or expulsion of a student; at-risk programs; and prekindergarten programs.
Requires TEA to evaluate campuses operating under exemptions and report on the effects of deregulation on student achievement.	Requires TEA to monitor, not evaluate, school districts	Senate, but applies to districts or campuses
Beginning 1990-91, requires SBOE to provide as much regulatory relief as possible to high performing campuses.	No similar provision	Senate, but applies to districts or campuses
No similar provision	Allows a school district exempt under this section to select for purchase a textbook not on a state-adopt multiple list.	Senate
(Section 4.01, pages 65-66)	(Section 4.01, pages 65-66)	

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
2. Adds Sec. 11.273, to authorize school campuses to apply to the SBOE for waivers from laws or rules with approval from the local board of trustees.	Same except districts apply to Commissioner and approval by board of trustees is not required	Senate, but applies to districts or campuses
Stipulates that a school campus may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to: curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject; restrictions on extracurricular activities; health and safety; competitive bidding; textbook selection; minimum graduation requirements; or educational employee and eduational non-teacher, non-contract employee rights and benefits.	Same except applies to school districts, does not allow for any exclusions within the curriculum essential elements category, deletes textbook selection and minimum graduation requirements, adds elementary school class size limits, and changes the employee rights and benefits category to apply only to contractual rights. (Section 4.01, pages 66-67)	Senate, but deletes textbook selection and outlines conditions for which districts and campuses may receive a waiver under this category. Adds elementary school class size limits; removal of a disruptive student from the classroom; suspension or expulsion of a student; at-risk programs; and prekindergarten programs.
Beginning 1990-91, requires the SBOE to provide as much regulatory relief as possible to high performing campuses. (Section 4.01, pages 66-68)	No similar provision	Senate, but applies to districts or campuses

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
3. Adds Sec. 21.101(h), Education Code, to prohibit the SBOE from designating the methodology used by a teacher or the time spent by the student on a task or subject. (Section 4.02, page 68)	Sec. 21.101 (i) prohibits the commissioner of education from designating teaching methodology or time spent by a teacher or student on a task. (Section 3.13, page 59)	Senate
4 Amends Sec. 34.004(b), Education Code, to require that academic excellence awards for school campuses be based on specified criteria. (Section 4.04, page 69)	No similar provision	Senate
5 Adds Subchapter G, Chapter 56, Education Code, to create the Texas Tuition Assistance Grant Program to provide college assistance grants to students from low- and middle-income families who graduated from high school with a grade average of 80 or better and will attend public or private universities in the state. Authorizes the coordinating board to administer the grant program and to provide the grants through gifts, grants, and appropriated funds. (Section 4.05, pages 69-72)	No similar provision	Senate with amendment allowing persons convicted of a felony to qualify for grants.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
6 Requires the coordinating board to adopt rules for the grant program by Jan. 1, 1991, and make grants beginning with the fall semester 1991. (Section 4.06, page 72)	No similar provision	Senate
7 Repeals Sec. 11.27, Education Code (relating to innovative educational programs established during the 71st Legislative Session); Sec. 21.001(b), Education Code (relating to the state of the school year); Subchapter B, Chapter 56, Education Code (relating to the Texas Assistance Grants currently in statute but unfunded). (Section 4.06, pages 72-73)	Does not repeal Section 21.000(b) or Subchapter B, Chapter 56 (Section 4.03, page 68)	Senate
ARTICLE V. YEAR-ROUND SCHOOLS		
Amends Sec. 21.008(a), Education Code, to conform statute relating to the school year to provide for year-round schools. (Section 5.01, page 73)	No similar provision.	Senate
Amends Sec. 21.009(a), Education Code, to require the SBOE to adopt rules relating to year-round schools including rules necessary for the operation of multitrack school years. (Section 5.02, page 73)		Senate
Adds Sec. 21.010, Education Code, to define the terms "track" and "multitrack" and to authorize local school boards to		Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
operate schools on a multitrack year. (Section 5.03, pages 73-74)		
Requires the SBOE to adopt rules relating to year-round schools by Jan. 1, 1991. (Sec. 5.04(a), page 74)		Senate
Provides that Subsection (d), Article 717t, as added by this Act, relating to the facilities grant program becomes effective for the 1991-1992 school year. (Section 5.04, page 74)		Senate
ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY		
1. Makes additional appropriations for the Foundation School Program for the fiscal year ending Aug. 31, 1991.	Makes an additional appropriation of $450 million for the Foundation School Program for 1990-91 school year. (Section 1.15, page 12)	Makes additional appropriations $483,629,000 .
Reduces the amount appropriated for the transportation allotment for the 1991 fiscal year by $546,655.	No similar provision	Senate.
Appropriates $20 million for the Long Range Plan for Technology with priority given to providing access to academic courses for high school students through technology-based systems, training and support services for educational personnel in the efficient and effective use of technology, and technological equipment for instruction.	No similar provision	House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Appropriates $2 million for the Texas Tuition Assistance Grant program.	No similar provision	House.
Appropriates $20 million for the Public Education Development Fund.	No similar provision	Senate- $5 million.
Appropriates $45 million for facilities development grants.	No similar provision	House.
Appropriates $5 million for facilities inventory.	No similar provision	Senate.-$5 million.
Appropriates $250,000 for the Leadership in Educational Administration Programs.	No similar provision	Senate- $80,000
Appropriates $9.1 million for the alcohol and drug abuse intervention program. (Section 6.01, pages 74-77)	No similar provision	House.
2. Appropriates $45 million to the Foundation School Program to cover the shortfall created during the 1989-1990 school year. (Section 6.02, page 77)	No similar provision	House.
3. Provides effective date of Sept. 1, 1990. (Section 6.03, page 77)	Same as Senate	Modified to reflect the effective dates of studies.
	New Section:	Authorizes $61,290,980 Hold Harmless funding for 1990-91 school year. Districts shall not lose state aid under the provisions of this bill other than ADA count.

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

April 24, 1990
Date

Honorable William P. Hobby
President of the Senate

Honorable Gibson D. "Gib" Lewis
Speaker of the House of Representatives

Sir:

We, your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S.B. 1 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Senator Carl A. Parker, Chair

Senator Kent Caperton

Senator John Montford

Senator Gonzalo Barrientos

Senator Cyndi Krier

On the part of the Senate

Rep. Ernestine Glossbrenner, Chair

Rep. Paul Colbert

Rep. Jim Rudd

Rep. Hugo Berlanga

Rep. Kent Grusendorf

On the part of the House

ADOPTED
by 26 yeas 5 nays
APR 26 1990

Secretary of the Senate

Paper clip one of these forms to each of the following:
the original and two copies to the house of origin
three copies to the other house

APR 24 1990 Read and filed with Secretary of Senate

Mee

~~CONFERENCE COMMITTEE REPORT~~

S.B. No. 1

~~A BILL TO BE ENTITLED~~

AN ACT

relating to public education; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of fiscal neutrality which provides for substantially equal access to similar revenue per student at similar tax effort.

(c) The program of state financial support designed and implemented to achieve these policies shall include strict adherence to the following principles:

(1) the yield of state and local educational program revenue per pupil per cent of effective tax effort shall not be

read 4-26-90

statistically significantly related to local taxable wealth per 1/2 student for at least those districts in which 95 percent of students attend school;

(2) the level of state and local revenues for which equalization is established shall include funds necessary for the efficient operation and administration of appropriate educational programs and the provision of financing for adequate facilities and equipment; and

(3) the level of local tax effort for which equalization is established shall be not less than the weighted average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student.

SECTION 1.02. Section 16.004, Education Code, is amended to read as follows:

Sec. 16.004. SCOPE OF PROGRAM. Under the Foundation School Program, a school district may receive state financial aid for programs, services, facilities, and equipment, including personnel salaries, current operating expenses, categorical programs, and transportation services. The amount of state aid to each school district shall be based on the district's ability to support its public schools.

SECTION 1.03. Section 16.006, Education Code, is amended to read as follows:

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is determined by the daily attendance as averaged each month of the minimum school year as 2/3

described

~~defined~~ under Section 16.052(a) of this code [~~best--four--weeks--of eight--weeks--of--attendance.--The-State-Board-of-Education-by-rule shall-prescribe-the-eight-weeks-for-which-attendance--records--must be--maintained--by--all-districts-for-this-purpose,-except-that-the records-must-be-kept-for-four-weeks-of-each-regular-semester~~].

(b) For the school year 1990-1991 only, the number of students in average daily attendance under the definition described in Subsection (a) of this section shall not be less than 98 percent of the number of students that would be obtained under the definition used for the 1989-1990 school year.

(c) A school district that experiences a decline of two percent or more in average daily attendance as a result of the closing or reduction in personnel of a military base shall be funded on the basis of the actual average daily attendance of the immediately preceding school year.

SECTION 1.04. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The Legislative Education Board shall adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each school year thereafter.

(b) The funding elements shall include:

(1) a basic allotment for the purposes of Section 16.101 of this code that represents the cost per student of a

regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of school districts for the purposes of Sections 16.102 and 16.103 of this code;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter D of this chapter;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter H of this chapter that represents the costs as determined and limited under Subchapter F of this chapter for exemplary programs including the cost of facilities and equipment until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter;

(5) the total tax rates for the local funding requirements of Section 16.252 of this code and Subchapter H of this chapter with the provision that the sum of these tax rates may not be less than the prior year average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student; and

(6) the formula elements for the funding formulas for capital outlay and debt service under the provisions of Subchapter I of this chapter.

(c) Beginning in 1992, not later than October 1 preceding

each regular session of the legislature, the board by rule shall report the equalized funding elements calculated under Subsection (b) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

(d) Notwithstanding other provisions of this section, the report and recommendations of the Legislative Education Board for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.05. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,910 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year and $2,128 or an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year [~~$1,500~~] for each school year thereafter, or a greater amount for any school year provided by appropriation.

SECTION 1.06. Subsection (a) Section 16.151~~(a)~~, Education Code, is amended to read as follows:

(a) For each full-time equivalent student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a

weight determined according to instructional arrangement, which for the 1989-1990 and 1990-1991 school years is as follows:

Homebound	5.0
Hospital class	5.0
Speech therapy	7.11
Resource room	2.7
Self-contained, mild and moderate, regular campus	2.3
Self-contained, severe, regular campus	3.5
Self-contained, separate campus	2.7
Multidistrict class	3.5
Nonpublic day school	3.5
Vocational adjustment class	2.3
Community class	3.5
[~~Self-contained, pregnant~~	~~2.0~~]
Mainstream	0.25

SECTION 1.07. Subsection (a), Section 16.152~~(a)~~, Education Code, is amended to read as follows:

(a) For each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.2 and 2.41 for each student who is in a remedial and support program under Section 21.557 of this code because the student is pregnant[~~, subject to Subsection (e) of this section~~].

SECTION 1.08. Subsection (c), Section 16.152(c), Education Code, is amended to read as follows:

(c) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, which shall not exceed 15 percent, must be used in providing remedial and compensatory education programs under Section 21.557 of this code, and the district must account for the expenditure of state funds by program and by campus. Funds allocated under this section, other than the indirect cost allotment, shall only be expended for supplemental purposes in addition to those programs and services funded under the regular education program of the district from all funding sources.

SECTION 1.09. Section 16.252, Education Code, is amended to read as follows:

Sec. 16.252. LOCAL SHARE OF PROGRAM COST. (a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the district's local share;

"TR" is a tax rate which for the 1990-1991 school year shall be computed by the commissioner of education before the 1990-1991 [each] school year as the rate that will raise a total local share, prior to adjustments, equal to 41 [~~39.3~~] percent of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, and which shall be

$0.70 per hundred dollars of valuation for each year thereafter, or a rate as adopted by the foundation school fund budget committee for the 1993-1994 and 1994-1995 school years under authority granted in Section 16.256(d) of this code; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

(b) A tax rate of $0.70 per $100 of valuation used as "TR" is based upon an estimated calculation that yields an amount equal to the current year Foundation School Program estimated costs under Subchapters C and D of this chapter divided by the total number of weighted students in the state, when that tax rate is applied to the 97th percentile of wealth per weighted student when preliminary values for the 1990-1991 school year are used.

(c) The commissioner of education shall adjust the values reported in the official report of the State Property Tax Board to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

(d) [~~(e)~~] Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(e) [~~(d)~~] A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(f) [~~(e)~~] The commissioner of education shall hear appeals from local school districts which have experienced a rapid decline

in tax base used in calculating the local fund assignment, exceeding eight percent of prior year, that is beyond the control of the local board of trustees. The commissioner of education may adjust the local school district's taxable values for local fund assignment purposes for such losses in value exceeding eight percent and thereby adjust the local fund assignment to reflect the local current year taxable value. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

SECTION 1.10. Section 16.256, Education Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) The foundation school fund budget committee shall adopt rules for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each year thereafter. In the calculation of these funding elements, the committee shall consider the report of the Legislative Education Board prescribed under Section 16.008 of this code.

(e) The funding elements shall include: 9/10

(1) a basic allotment for the purposes of Section 16.101 of this code that represents the cost per student of a regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of

school districts for the purposes of Sections 16.102 and 16.103 of this code;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter D of this chapter;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter H of this chapter that represents the costs as determined and limited under Subchapter F of this chapter for exemplary programs including the cost of facilities and equipment until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter;

(5) the total tax rates for the local funding requirements of Section 16.252 of this code and Subchapter H of this chapter with the provision that the sum of these tax rates may not be less than the prior year average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student; and

(6) the formula elements for the funding formulas for capital outlay and debt service under the provision of Subchapter I of this chapter.

(f) Beginning in 1992, not later than November 1 preceding each regular session of the legislature, the foundation school fund budget committee shall adopt and report the equalized funding elements calculated under this section to the commissioner of education and the legislature. Before the committee adopts the elements, the committee or the committee's designees shall hold a

public hearing on the recommendations of the Legislative Education Board.

(g) Notwithstanding other provisions of this section, the funding elements adopted by the foundation school fund budget committee for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.11. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. (a) Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

GYA = (GL X WADA X DTR X 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $18.25 for the 1990-1991 school year and $31 for each school year thereafter, or a greater amount for any year provided by appropriation, or an amount adopted by the foundation school fund budget committee under Section 16.256(d) of this code for the 1993-1994 or 1994-1995 school year or thereafter;

"WADA" is the number of weighted students in average daily

attendance, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

(b) The rates of $31 and $0.41 for "GL" and for the limitation on "DTR" under Section 16.303 of this code, 12/13 respectively, are calculated using the preliminary 1990-1991 95th percentile of property wealth per weighted student and the 95th percentile of estimated state and local revenue per weighted student.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.37 in the 1990-1991 school year, $0.41 in each year thereafter, or an amount for 1993-1994 and 1994-1995 school years or thereafter as adopted by the foundation school fund budget committee under Section 16.256(d) of this code [~~$0.36 or a~~

~~greater--amount--for--any--of--these--school--years---provided---by appropriation~~].

(b) State assistance under this subchapter for districts operating on a federal military installation shall be calculated on the basis of average countywide tax rates and property values per student. The commissioner of education shall calculate appropriate values for each such school district [~~For-the-1989-1990-school year,-a-district-may-not-receive-less--per--student--in--guaranteed yield-state-funds-than-the-amount-of-state-funds-received-under-the enrichment-equalization-allotment-in-the-1988-1989-school-year~~].

SECTION 1.12. Section 16.155, Education Code, is amended by amending Subsections (a) and (e) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program in grades nine through 12 or in vocational education for the handicapped programs in grades seven through 12, a district is entitled to an annual allotment [~~for--the--1989-1990-and-1990-1991-school-years~~] equal to the adjusted basic allotment multiplied by a weight of 1.37 [~~1.45~~].

(e) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in providing vocational education programs in grades nine through 12 or vocational education for the handicapped programs in grades seven through 12 under the provisions of Sections 21.111, 21.1111, and 21.112 of this code.

(g) The commissioner shall conduct a cost-benefit comparison

between vocational education programs and mathematics and science programs.

SECTION 1.13. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. [~~PROGRAM~~] ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE. The accountable costs of education studies are designed to support the development of the equalized funding elements necessary to provide a state and local public school finance system which meets the state policy established in Section 16.001 of this code and provides the research basis for the equalized funding elements under the provisions of Section 16.008 of this code [~~REPORT.--The State Board of Education shall report what it determines to be:~~

[~~(1)--the minimum basic accountable costs--per--student to school districts of providing education programs, personnel, and other---operating--costs--that--meet--the--accreditation--standards prescribed by law and rule, for each year of the next biennium;~~

[~~(2)--the--estimated--costs--per--student---to---school districts of providing exemplary education programs, personnel, and other operating costs that exceed basic accreditation levels;~~

[~~(3)--the costs of implementing the long range plan for public--school--education--authorized--by--Section 11.26(b) of this code;~~

[~~(4)--facility and--debt--service--costs--necessary--to provide--for--both--current--and--projected--facilities--for public schools according to the standards adopted under--Subchapter--I--of this chapter;~~

[~~(5)--the--basic-accountable-costs-per-student-for-each programmatic-area-that--is--recognized--by--the--Foundation--School Program;-and~~

[~~(6)--the--basic--accountable-costs-of-transportation~~].

Sec. 16.202. STUDIES. (a) On a biennial basis, the Legislative Education Board and the Legislative Budget Board, with the assistance of the Educational Economic Policy Center and the Central Education Agency, shall complete each of the following studies and develop recommended amounts where appropriate for each year of the next biennium:

(1) a study of the fiscal neutrality of the system to determine the status of the state and local finance system with regard to the policies established under the provisions of Section 16.001 of this code, including recommendations for adjustments necessary to maintain fiscal neutrality;

(2) the accountable costs per student to school districts of providing educational programs, personnel, and other operating costs that meet accreditation criteria and the provisions of law and regulation;

(3) a cost of education index designed to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of school districts;

(4) program cost differentials designed by program to provide support for the added expense of high-cost courses or programs for students participating in such courses or programs;

(5) transportation and career ladder allotments;

(6) the accountable costs per student to districts

rated as exemplary under the provisions of Subchapter T of Chapter 21 of this code for the provision of personnel, programs, and other operating expenses, with the limitation that this level may not be less than 95 percent nor more than 105 percent of the 95th percentile of state and local revenue per pupil;

(7) the levels of tax effort necessary for each tier of the foundation school program necessary to fulfill the requirements of Sections 16.001 and 16.008 of this code; and

(8) capital outlay and debt service requirements and formula elements for the requirements of Subchapter I of this chapter or other provisions of this chapter.

(b) In the determination of costs and revenues under this chapter, the boards shall consider those costs and revenues necessary for operation, maintenance, and administration and those costs necessary for adequate facilities and equipment and shall exclude all other costs [~~ADVISORY-COMMITTEE.--(a)--The-State--Board of--Education--shall--appoint--an--advisory-committee-to-assist-the board-in-determining-the--minimum--basic--accountable--costs.---The committee--must--be--composed-of-15-members,-a-majority-of-whom-may not-be-employees-or-officials-of-a-local-school-district.~~

[~~(b)--In-making-appointments--to--the--committee,--the--board shall---give--representation--to--different--geographic--areas--and different-sizes-of-schools-and-districts.~~

[~~(c)--Members-of-the-committee-serve-without-compensation-but are-entitled-to-reimbursement-for--actual--and--necessary--expenses incurred--in--performing-their-duties.--Reimbursement-is-from-funds appropriated-to-the-Central-Education-Agency-and-available-for-that~~

1 **purpose**].

2 Sec. 16.203. PROCEDURES. (a) In the determination of the
3 statistical measures used for the calculation of fiscal neutrality,
4 the boards shall use only those measures recommended by an
5 impartial panel of persons expert in the use of statistics
6 appointed by the boards.

7 (b) The cost of education index shall be based on one or
8 more models that consider the effect of school district or other
9 characteristics on the cost of public education in the various
10 school districts of the state. The districts may be divided into a
11 variety of categories which may include region, size, area,
12 density, educational characteristics, and economic conditions. 17/18

13 (c) The commissioner of education shall provide appropriate
14 assistance to the boards for the calculation of the various funding
15 elements. Subject to review by the Legislative Education Board,
16 the commissioner of education shall retain from the allotments
17 under Sections 16.102 and 16.103 of this code and Subchapter D of
18 this chapter amounts appropriate to finance necessary additional
19 costs for the studies required under this subchapter.

20 (d) The boards may appoint advisory committees to assist in
21 the development of the various funding elements and studies
22 required under this subchapter. Advisory committee members serve
23 without compensation but are entitled to reimbursement for actual
24 and necessary expenses incurred in the performance of their duties.
25 Reimbursement shall be from funds available under Subsection (c) of
26 this section or from other funds available to the boards.

27 (e) In the studies relating to program cost differentials

the boards shall give special consideration to cost factors associated with class size, laboratory expenses, materials, equipment, teacher training, necessary salary supplementation, and special services related to individual courses or groups of courses [~~LEGISLATIVE--CONSIDERATION.--In--adopting--the--amount--of--basic, special,--and--transportation--allotments--under--this-chapter,-the legislature-shall-consider-the-recommendations-and--report--of--the State--Board-of-Education-as-to-the-minimum-basic-accountable-costs of-a-program-that-meets-accreditation-standards.--The--board--shall file--the--report--with-the-governor,-the-Legislative-Budget-Board, and-the-Legislative-Education-Board~~]. 18/19

Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. (a) The model on which a cost of education index is based must specifically consider the impact of a significant new naval military facility on each district in an impacted region.

(b) If the construction or operation of a significant new naval military facility begins during a school year, the Legislative Education Board and the Legislative Budget Board shall recommend the adjustment of the basic allotment during that school year to consider any impact of the facility on the cost of education index of the districts in the impacted region.

(c) In this section, "significant new naval military facility" and "impacted region" have the meanings assigned by Section 4, Article 1, National Defense Impacted Region Assistance Act of 1985 (Article 689a-4d, Vernon's Texas Civil Statutes).

SECTION 1.14. (a) In the development of the accountable cost of education studies during the 1989-1990 and 1990-1991 school

years, the Legislative Education Board and Legislative Budget Board shall give special consideration to the studies required for the development of program cost differentials, the cost of education index, and a comprehensive set of recommendations for the provision of state assistance to school districts for school facilities and debt service beginning in the 1991-1992 school year. These studies shall be completed not later than January 1, 1991.

(b) In addition, specific studies of the impact of year-round average daily attendance, appropriate mechanisms for the funding of vocational education, and the cost of serving at-risk students shall be included in the studies completed by the boards prior to January 1, 1991.

SECTION 1.15. Section 13.353, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for that purpose, the Central Education Agency shall allocate an amount each year for the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills, including skills necessary to implement Sections 21.7532 and 21.9306 of this code. The State Board of Education may designate special projects and development activities to be carried out with such funds. The manner in which such funds are utilized shall be reported annually to the commissioner of education. This subsection takes effect June 1, 1990.

SECTION 1.16. Section 29.05, Education Code, is amended to

read as follows:

Sec. 29.05. ALLOCATION OF COSTS. A formula for the allocation of professional units and other operating expenses shall be developed by the Central Education Agency and approved by the State Board of Education. For the fiscal year ending August 31, 1991, the amount approved by the State Board of Education may not exceed $28,203,328. Not later than February 1, 1991, the Central Education Agency and the Texas Department of Criminal Justice shall propose to the 72nd Legislature a formula for funding the schools authorized by Section 29.01 of this code, using the fund required by Section 29.04 of this code.

SECTION 1.17. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1991-1992 school year, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. A portion of these funds may be used to alleviate the debt service obligations of school districts incurring debt since September 1, 1984, and prior to the effective date of this Act.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and

awarding grants, the conditions listed in Subsection (a), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(e) This article expires August 31, 1992.

SECTION 1.18. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact

statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.19. (a) Notwithstanding any other provision of this Act, a district's increase or decrease in state aid per student due to changes made by this Act to the Education Code at the time of its enactment shall be limited to the following levels for the indicated school years:

(1) 25 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1991-1992 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(2) 50 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1992-1993 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(3) 75 percent or a different percentage as may be set by the foundation school fund budget committee of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1993-1994 school year and the state aid per student to which the

district is entitled under the provisions of this Act for the 1990-1991 school year.

(b) Unless determined to be different amounts for the 1993-1994 and 1994-1995 school years by the foundation school fund budget committee under the authority granted to it in Section 16.256(d), Education Code, as ~~amended~~ added by this Act, the following shall be used in determining eligibility for state aid and special program allotment amounts beginning in the 1991-1992 school year:

(1) the basic allotment only for purposes of determining the amounts of funds which school districts must allot for special programs under Subchapter D, Chapter 16, Education Code, under provisions of this Act shall be $1,965 for the 1991-1992 school year, $2,019 for the 1992-1993 school year, $2,074 for the 1993-1994 school year, and $2,128 for the 1994-1995 school year; and

(2) the minimum tax effort per hundred dollars of valuation required under Section 16.252, Education Code, shall be $0.54 for the 1991-1992 school year, $0.54 for the 1992-1993 school year, $0.62 for the 1993-1994 school year, and $0.70 for the 1994-1995 school year.

SECTION 1.20. No district shall receive less funds for the 1990-1991 school year than the district would have received under the prior provisions of the Education Code, with the exception that the financial impact of the provisions relating to average daily attendance under Section 16.006, Education Code, shall not be held harmless. The commissioner of education shall provide for appropriate calculations to implement this section.

SECTION 1.21. (a) Subsection (c) Sections 16.151(c); Subsection (e), Section 16.152(e), as added by Section 9, Chapter 816, Acts of the 71st Legislature, Regular Session, 1989; Section 16.176; Section 16.177; Subsections (a), (b), (c), and (e), Section ~~(a), (b), (c), and (e)~~; Section 16.179; and Section 16.180, Education Code, are repealed effective immediately.

(b) Effective September 1, 1991, Subsection (d), Section 16.178(d), Education Code, is repealed.

SECTION 1.22. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Section 1.13 of this article takes effect immediately.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Section 2.01, Education Code, is amended to read as follows:

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. The objective of state support and maintenance of a system of public education is education for citizenship and is grounded upon conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students shall have an opportunity to benefit from an appropriate education. The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL B: The state shall be within national norms for student

performance.

GOAL C: A well-balanced and appropriate curriculum will be provided to all students.

GOAL D: Qualified and effective personnel will be attracted and retained. Adequate and competitive compensation commensurate with responsibilities will be ensured. Qualified staff in critical shortage areas will be recruited, trained, and retained.

GOAL E: The organization and management of all levels of the educational system will be productive, efficient, and accountable.

GOAL F: Instruction and administration will be improved through research that identifies creative and effective methods. Demonstration programs will be developed and local initiatives encouraged for new instructional arrangements and management techniques. Technology will be used to increase the equity, efficiency, and effectiveness of classroom instruction, instructional management, and administration.

SECTION 2.02. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~,--including-fiscal-policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost-effectiveness. The board may require information and reports from state agencies as

necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The board may employ staff as necessary for the performance of its duties, as allowed by legislative appropriation, or may request and use staff provided by the Texas Legislative Council or the Legislative Budget Board. Such staff, if any, shall be available to all members of the legislature.

(f) [~~The--Texas--Legislative-Council-shall-provide-staff-for the-board-as-necessary-to-the-performance-of-its-duties.~~

[~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.03. Section 327.006, Government Code, is amended to read as follows:

Sec. 327.006. REVIEW OF EDUCATIONAL POLICY [~~CURRICULUM~~] IMPLEMENTATION. (a) The board shall periodically [~~biennially~~] review the actions or proposed actions of [~~curriculum rules adopted by~~] the State Board of Education [~~under Section 21.101, Education Code,~~] for the purpose of ensuring compliance with legislative intent.

(b) If the board determines that any action or proposed action of the State Board of Education conflicts with legislative educational policy, the board shall submit its comments on the conflict to the State Board of Education in writing.

(c) If the board determines that a final action of the board conflicts with the intent of legislative educational policy, the board may:

(1) request additional information from the State Board of Education relating to the intent of the board's action;

(2) request a joint meeting with the State Board of Education to discuss the conflict between the action and legislative educational policy;

(3) request that the State Board of Education reconsider its action; or

(4) notify the governor, lieutenant governor, speaker of the house, and the legislature of the conflict presented.

SECTION 2.04. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.2091 to read as follows:

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) The Texas

Higher Education Coordinating Board in cooperation with the commissioner of education shall establish a program to assist in the recruitment of minorities into the education profession. The program may include, but is not limited to, the following:

(1) tuition or grant assistance programs;

(2) incentive scholarship programs utilizing funds under Subchapter G, Chapter 56, of this code, to encourage minorities to enter the education profession;

(3) cooperation with institutions of higher education to conduct recruitment seminars, job fairs, and mentorship programs;

(4) cooperation with public school districts to conduct career exploration programs in the area of public education; and

(5) cooperation with education interest groups and organizations to conduct career exploration programs, recruitment seminars, job fairs, and mentorship programs.

(b) Funds appropriated for these programs shall be specifically allocated by the board in its annual budget process and shall be monitored by the board to determine that the program is meeting goals established by the board.

SECTION 2.05. Subsections (a) and (d), Section 11.23, Education Code, are amended to read as follows:

(a) The board shall hold four [~~regular~~] meetings a year in Austin, Texas, on dates determined by the chairman, and [~~the second Saturday in January, March, May, July, September, and November. It~~] may hold other meetings [~~as scheduled by its formal sessions~~

1 ~~er~~] as may be called by the chairman.

2 (d) The governor, with the advice and consent of the senate,
3 appoints the chairman of the State Board of Education from among
4 the membership of the State Board of Education. The chairman
5 serves a term of two years.

6 SECTION 2.06. Section 11.24, Education Code, is amended to
7 read as follows:

8 Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to
9 performing its duties under the constitution, the [~~The~~] State Board
10 of Education shall take actions necessary to implement legislative
11 policy [~~is--the--policy-forming--and-planning-body~~] for the public
12 school system of the state. The board shall include in the record
13 of its meetings the legislative authority for each action taken by
14 the board. The board shall consider any comments submitted by the
15 Legislative Education Board on a proposed rule before voting on
16 final adoption of the rule. If the board is unsure of the
17 legislative intent of any legislative enactment, the board may
18 request a joint meeting with the Legislative Education Board to
19 discuss the intent.

20 (b) The board is [~~It-shall~~] also [~~be~~] the State Board for
21 Vocational Education and as such, the board shall have all the
22 powers and duties conferred on it by the various statutes relating
23 to the State Board for Vocational Education. The State Board of
24 Education (State Board for Vocational Education) may contract with
25 the Texas Higher Education Coordinating Board[~~,-Texas--College--and~~
26 ~~University--System,~~] so that the coordinating board may assume the
27 leadership role and administrative responsibility of the State

Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

[~~(b)--As-one-part-of-the-Central-Education-Agency,-the--State Board--of-Education-shall-have-specific-responsibility-for-adopting policies,-enacting-regulations,-and-establishing-general-rules--for carrying--out--the--duties--placed--on--it-or-the-Central-Education Agency-by-the-legislature.~~]

SECTION 2.07. Subsection (c), Section 11.26, Education Code, is amended to read as follows:

(c) With the advice and assistance of the state commissioner of education, the State Board of Education shall:

(1) [~~formulate--and--present--to--the---governor---and Legislative--Budget--Board--the--proposed--budget--or--budgets--for operating-the-Foundation--School--Program,--the--Central--Education Agency,-and-the-other-programs-for-which-it-has-responsibility;~~

[~~(2)--adopt---operating---budgets---on---the--basis--of appropriation-by-the-legislature;~~

[~~(3)--establish--procedures--for---budgetary---control, expending,--auditing,--and--reporting--on--expenditures--within-the budgets-adopted;~~

[~~(4)~~] make to the legislature biennial reports covering all the activities and expenditures of the Central Education Agency;

(2) [~~(5)~~] adopt rules for the accreditation of schools;

(3) [~~(6)~~] execute contracts for the purchase of instructional aids, including textbooks, within the limits of authority granted by the legislature;

(4) [~~(7)~~] execute contracts for the investment of the permanent school fund, within the limits of authority granted by Chapter 15 of this code;

(5) [~~(8)~~] adopt rules consistent with Chapter 13 of this code for certification of teachers, administrators, and other professional personnel customarily employed in public schools;

(6) [~~(9)~~] adopt rules requiring school districts to notify parents of students of a teacher teaching a subject for which the teacher is not certified, unless the teacher is serving an internship under Section 13.035 of this code, or the teacher has at least 24 semester credit hours in the subject, or the teacher is teaching under an emergency permit and is making satisfactory progress toward completion of a deficiency plan;

(7) [~~(10)~~] consider the athletic necessities and activities of the public schools of Texas and in advance of each regular session of the legislature specifically report to the governor of Texas the proper and lawful division of time and money to be devoted to athletics, holidays, legal and otherwise, and to educational purposes; and 32/33

(8) [~~(11)~~] on or before May 15 of each year, formulate and transmit to the Texas Council on Vocational Education a list of evaluation topics that address developing and future concerns of the board in the field of technical-vocational education.

SECTION 2.08. Subsection (a), Section 11.29, Education Code,

is amended to read as follows:

(a) The commissioner of education [~~State Board of Education~~] shall adopt annually a budget for operating the Foundation School Program, [~~the operation of~~] the Central Education Agency, and other programs for which the State Board of Education has responsibility. The budget shall be in accordance with the amounts appropriated by the general appropriations act and shall provide funds for the administration and operation of the Central Education Agency and any other necessary expense. Before adopting the budget, the commissioner shall:

(1) submit the budget to the State Board of Education and the Legislative Education Board for review and comment; and

(2) after receiving the comments of those boards, present the budget to the governor and the Legislative Budget Board.

SECTION 2.09. Subsections (a) and (c), Section 11.25, Education Code, are amended to read as follows:

(a) The state commissioner of education shall be the executive officer through whom the State Board of Education shall [~~carry out its policies and~~] enforce its rules and regulations.

(c) The State Board of Education shall appoint the state commissioner of education, with the advice and consent of the senate, to serve at the will of the board.

SECTION 2.10. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Standards adopted under Section 13.032 or 13.035 of this code for teacher

training shall include training in the use of technology and effective teaching practices in the classroom.

(b) Regional education service centers, teacher centers, institutions of higher education with approved teacher education programs, and other appropriate educational entities shall offer in-service training for public school teachers and other educational personnel in the use of technology and effective teaching practices in the classroom.

SECTION 2.11. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district that has been rated as academically unaccredited for a period of two years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically unaccredited district vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district under Section 19.004 of this code.

(e) Before the commissioner orders an annexation under this section, the commissioner shall investigate the educational and

financial impact of the annexation on the receiving district. The commissioner may order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district prior to the annexation and to meet its financial obligations incurred prior to the annexation.

(f) For five years beginning with the school year in which the annexation occurs, the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment calculated under Section 16.252 of this code by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation. A district that receives an adjustment to its local fund assignment under this section is not eligible for incentive aid under Subchapter G of Chapter 23 of this code.

SECTION 2.12. Section 21.258, Education Code, is amended to read as follows:

Sec. 21.258. PERFORMANCE REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report describing the district's educational performance that includes campus performance objectives established under Section 21.7532 of this code and the progress of each campus toward those objectives, which shall be available to the public and filed with the State Board of Education. The board shall hold a hearing for public discussion of

the report. The board shall notify property owners and parents in the district of the hearing. The board may combine the notice with the notice of a public hearing on a proposed tax increase required under Section 26.06, Tax Code [describing--the--district's educational-performance-and-giving-financial-information-related-to the-costs-incurred-by-the-district].

(b) The [State-Board-of-Education-by--rule--shall--prescribe the--form--and--content--of-the-report.--In-adopting-the-rules,-the board-may-not-impose-requirements-that-contribute-unnecessarily--to the--length-or-complexity-of-the-report,-and-to-the-extent-possible shall-provide-for-each-report-topic-required-by-this-subsection--or by--board--rule--to--be--presented--in--a--manner--that--allows-the presentation-to-be-limited-to-not-more-than-one-page-in-length--per topic.---At-a-minimum,-the] report may [must] include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms; 3/4/59

(3) reports of performance trends improvement or lack of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program;

and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) The report must also include a comparison provided by the Central Education Agency of the performance of each campus to the performance of campuses with similar wealth and demographics and of the district to districts statewide for information required under Subsections (b)(4), (5), (7), and (8) of this section and all academic indicators under Section 21.7531 of this code. [A--report under--this--section-must-also-include-information-about-the-number of-students-in-each-classroom,-excluding--instrumental--and--choral music--classrooms,--per--class-period.--The-report-must-specify,-by grade,-the-number-of-classrooms,-excluding-instrumental-and--choral music--classrooms,--in--which--in--any--class--period-the-number-of students-exceeds:

[(1)--for-kindergarten-through-8th-grade,-20;

[(2)--for-high-school,-25,-and

[(3)--for-special-education,-10.]

(d) The State Board of Education by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [and] school district employees, and school campuses are required to prepare.

[(e)--Each--district--shall--also--annually--report--to---the commissioner--the--number--of--teachers--on--the-career-ladder,-the number-of-teachers-at-each-level,-and--the--sex--and--ethnicity--of these--teachers.--That-information-shall-be-collected-in-a-biennial

~~report-to-the-legislature,-with-the-information-reported-by--school district.~~

[~~(f)--Reports--to-the-legislature-under-this-section-shall-be filed--with--the--Legislative--Budget--Board--and--the--appropriate committees-of-each-house.~~]

SECTION 2.13. Section 21.551, Education Code, is amended by adding Subsections (f), (g), (h), and (i) to read as follows:

(f) The State Board of Education shall adopt one or more appropriate, nationally recognized, norm-referenced assessment instruments to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instruments adopted must be secured tests. The state shall pay the costs of purchasing and scoring the adopted assessment instruments and of distributing the results of the adopted instruments to the school districts.

(g) The norm-referenced assessment instruments adopted must meet all applicable federal rules and regulations. The normative data used by the instruments must fairly represent all minority and socio-economic groups.

(h) The norm-referenced assessment instrument bidders shall disclose all bias information and data regarding studies and procedures used for norming and item tryouts. The publisher of each assessment instrument shall provide documentation to ensure that student test scores will be as accurate as possible.

(i) For accountability purposes, the norm-referenced assessment instruments shall measure the content that is appropriate for the age and grade of the students through

consistent tests in the areas of reading, mathematics, language arts, science, and social studies across all targeted grade levels where beneficial for measuring academic progress. The instruments shall each measure the applications of higher order thinking skills across all content areas. The proportion of higher order thinking skills measured must be appropriate for the age and grade of the students. The norm-referenced assessment instrument bidders shall disclose the procedures used, including item classifications, to ensure adequate measurement of higher order thinking skills.

SECTION 2.14. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to rate each district for accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned, or~~

[~~(6) unaccredited~~].

(b) The board may not rate a number of school districts as exemplary that exceeds 40 percent of the number of districts rated as recognized. This subsection expires September 1, 1993.

(c) The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators adopted by the board under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives;

(5) the quality of learning on each of the district's campuses based on indicators including [~~such--as~~] scores on 40/41 achievement tests;

(6) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(7) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(8) the effectiveness of the district's campuses on the basis of the most current criteria identified by research on effective schools;

(9) [~~(6)~~] the fulfillment of curriculum requirements;

(10) [~~(7)~~] the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(11) [~~(8)--the--correlation--between-student-grades-and performance-on-standardized-tests;~~

[~~(9)~~] the effectiveness [~~quality~~] of teacher in-service training;

[~~(10)--paperwork-reduction-efforts;~~

[~~(11)--training-received-by-board-members;~~]

(12) the effective use of technology to enhance student achievement; [~~the-effectiveness-of-the--district's--efforts to-improve-attendance;~~]

(13) the effectiveness of the district's remedial and support programs under Section 21.557 of this code for students at risk of dropping out of school;

(14) the effectiveness of the district's dropout prevention and recovery programs; and 41/42

(15) [~~the-effectiveness-of-the-district's--drug--abuse prevention-programs;~~

[~~(16)--parental---and---community--involvement--in--the district;~~

[~~(17)~~] efficient allocation of available resources[~~; and~~

[~~(18)--adequate---performance---under---the--indicators adopted-under-Section-21.7531-of-this-code~~].

(d) The Central Education Agency shall rate each campus in a district on the basis of the campus's performance on the indicators adopted under Section 21.7531 of this code using the rating categories provided for districts under Subsection (a) of this section.

(e) The accreditation rating of a school district or campus under this section may not be lowered solely on the basis of size.

SECTION 2.15. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS. (a) The State Board of Education, on the advice of the academic excellence indicators advisory committee, the educational excellence committee, and the Legislative Education Board, shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The board biennially shall review the indicators for the consideration of appropriate revisions.

(b) Performance on the indicators required by this section shall be compared to a projection of expected performance for purposes of evaluation, accreditation, and determination of exemplary status. The indicators must include:

(1) the results of criterion-referenced assessment instruments required under Section 21.551 of this code; [~~a comparison of the district's performance to a projection of the district's expected performance, and~~]

(2) the results of tests with national norms, including the Scholastic Aptitude Test and the American College Test;

(3) high school graduation rates;

(4) student attendance; and

(5) student enrollment in advanced academic courses [~~the Central Education Agency's most recent compliance review of the district's special education program~~].

(c) The State Board of Education shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(d) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education Agency in the rating of a district under Section 21.753 of this code.

(e) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the State Board of Education and the Legislative Education Board. 43/44

SECTION 2.16. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the professional staff of the school as provided for through the procedure established in Section 21.930 of this code, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students. The objectives must be approved by the district's board of trustees.

SECTION 2.17. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted in Section 21.7531 of this code

and determine if specific action is warranted. The review may include limited [~~determine whether each school district satisfies the accreditation criteria from reports--furnished--by--the--school district or from an~~] on-site evaluation if necessary.

(b) The State Board of Education by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the board may extend that period for districts rated: 44/45

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review shall include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs; and

(4) [~~results of teacher and parent surveys, and~~

[~~(5)~~] other information required by the board.

(d) In compliance with Section 21.925 of this code, the board shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [~~as~~] result of the investigation. 45/46

(f) [~~The agency shall direct investigators to be alert to any fundamental deficiencies in a district's educational system, such as failure of the district to satisfy curriculum requirements, and to report deficiencies to agency staff responsible for research and planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled at [~~in~~] the campus [~~district~~]. The investigation may not be closed until information is obtained from each of those sources. The board shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the

superintendent and the board of trustees of any impending investigation of the district's accreditation.

(h) If an annual review from reports furnished by the school district indicates a need for an on-site evaluation of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 2.18. Section 21.757, Education Code, is amended to read as follows: 46/47

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [and]

(4) appointment of a master to oversee the operations of the district;

(5) appointment of a management team to oversee the operations of the district.

(b) If a campus is rated accredited advised or academically unaccredited, the commissioner shall take the following actions to the extent the commissioner determines necessary:

(1) appointment of a monitor, master, or management team to oversee the operations of the campus; or

(2) order the board of trustees or the superintendent to take certain actions relating to the operations of the campus.

(c) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's accreditation [~~and shall withhold state funds from the district~~].

(d) [~~(e)~~] The costs of providing a monitor, [~~or a~~] master, or management team shall be paid by the district.

(e) A master or management team appointed to oversee the operations of the district may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(f) A master or management team appointed to oversee the operations of a campus may approve or disapprove any action that relates to the campus and that is taken by the principal of the campus, the superintendent of the district, or the board of trustees of the district.

(g) [~~(d)~~] A district that is rated academically unaccredited [~~does not have a rating above accredited advised~~] for a period of two [~~three~~] years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code [~~is unaccredited at the conclusion of that period unless the district qualifies for a rating above accredited advised at that time~~].

(h) Notwithstanding any provision to the contrary, a district that is rated accredited advised or academically unaccredited for a period of two consecutive years may not enter into a contract with an administrator for a term greater than one year unless the administrator has not been previously employed by the district. This subsection does not apply if it is determined by the accreditation review that the reasons for the district being rated accredited advised or academically unaccredited are not related to substantial deficiencies in the administrator's performance.

SECTION 2.19. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of two years. The commissioner shall immediately inform the Legislative Education Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed two years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress. 49/50

(d) Based on the annual assessment of progress of the school district, but no later than two years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a rule adopted under this code, other than a prohibition of conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.20. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related

to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the commissioner's designee in a matter governed by this subsection may not be appealed except on the grounds that the decision is arbitrary or capricious. Evidence may not be introduced on appeal other than the record of the evidence before the commissioner.

SECTION 2.21. Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.930 to read as follows:

Sec. 21.930. DISTRICT LEVEL DECISION PROCESS. (a) The board of trustees of each school district shall adopt a policy to involve the professional staff of the district in establishing and reviewing the district's educational goals, objectives, and major district-wide classroom instructional programs.

(b) The board shall establish a procedure under which meetings are held regularly with representative professional staff and the board or board designee.

(c) The board shall adopt a procedure, consistent with Section 21.904(a), Education Code, for the professional staff within the district to nominate and elect the representatives who will meet with the board or the board designee as required under the provisions of this section. Two-thirds of the elected representatives must be classroom teachers. The remaining representatives shall be campus-based staff.

(d) This section does not prohibit the board from conducting meetings with teachers or groups of teachers other than the

meetings described by this section.

(e) Nothing in this section shall be construed to limit or affect the power of a local school board of trustees to manage and govern the public free schools of this state.

(f) Nothing in this section shall be construed as creating a new cause of action or as requiring collective bargaining.

SECTION 2.22. Subsection (c), Section 11.13, Education Code, is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact, except as provided by Section 21.920(e) of this code.

SECTION 2.23. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.020 to read as follows:

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. The comptroller may periodically review the effectiveness and efficiency of the budgets and operations of school districts.

SECTION 2.24. Subsection (a), Section 11.14, Education Code, is amended to read as follows:

(a) The provisions of this chapter shall not be construed to give the State Board of Education, the commissioner of education, the State Department of Education, or anyone whomsoever, the power

to close, to consolidate, or cause by regulation or rule to be closed or consolidated, any public school district in this state. S2/S5 This subsection does not affect the powers of the commissioner under Section 19.027 of this code.

SECTION 2.25. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan under Section 13.049, Education Code, as added by this Act.

SECTION 2.26. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the State Board of Education. The board shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.27. The following sections of the Education Code are repealed:

(1) Subsection (a), Section 11.26; and

(2) Section 21.752.

SECTION 2.28. Section 2.13 of this article applies beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

SECTION 2.29. Section 2.23 of this article takes effect September 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 11.208, Education Code, as added by Chapter 658, Acts of the 71st Legislature, Regular Session, 1989, is amended by amending Subsection (b) and adding Subsections (d) through (g) to read as follows:

(b) The agreement shall include provisions for:

(1) the commission to assist regional education service centers in providing inservice training in substance abuse prevention for school districts;

(2) the joint annual review by the agency and the commission of the regional education service centers' substance abuse prevention and early intervention programs;

(3) the exchange of information between the agency and the commission relating to students in need of substance abuse prevention services; and

(4) a system to provide school districts [**proven**] model peer assistance [**programs**] for substance abuse prevention.

(d) The commission shall provide a statewide peer assistance and leadership system to include the training of trainers, clearinghouse services, and technical assistance to school districts and to train and provide a full-time peer program coordinator for each regional education service center.

(e) The peer program coordinator shall:

(1) assist school districts and campuses to develop and implement peer assistance and leadership programs;

(2) train teachers and other personnel for those programs;

(3) establish regional peer assistance and leadership networks; and

(4) participate in the statewide peer assistance and leadership network.

(f) A peer program coordinator shall be provided for 20

percent of the regional education service centers in the state under this section not later than November 1, 1990. Coordinators shall be provided for an additional 20 percent of the regional education service centers each following year until a coordinator is assigned to each regional service center in the state.

(g) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse shall design a substance abuse assessment and intervention program for the public schools. Each school district shall implement the program, under guidelines adopted by the agency and the commission, if the necessary funds are made available by legislative appropriation.

SECTION 3.02. Section 11.27, Education Code, as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

Sec. 11.27. INNOVATIVE [~~DEMONSTRATION~~] PROGRAMS. (a) The State Board of Education shall establish a process under which [~~a limited---number---of~~] programs developed by school campuses [~~districts~~] may be approved [~~by-the-board~~], notwithstanding lack of compliance with other statutory requirements, to demonstrate innovative educational practices.

(b) Innovative programs that may be approved under this section include, but are not limited to, programs relating to:

(1) school year restructuring;

(2) alternative learning environments;

(3) parental literacy;

(4) decentralization of organizational decisions; SS/4

(5) instructional technology;

(6) student and parental choice among public schools;

(7) child care;

(8) early childhood education;

(9) an extended school day;

(10) teacher and administrator development;

(11) continuous progress education;

(12) student-teacher ratios below 22:1 in elementary grades;

(13) use of elementary school guidance counselors, social workers, and other personnel in successful dropout prevention programs;

(14) career development for students;

(15) bilingual training;

(16) the generation of more effective parental involvement with the schools;

(17) school-age latch-key children;

(18) volunteer efforts with the private sector;

(19) coordination of school activities with community health and human services programs and other community resources;

(20) magnet schools;

(21) interdisciplinary curriculum;

(22) peer tutoring;

(23) counseling of families of at-risk students; and

(24) comprehensive coordination with health and human service delivery systems.

(c) Innovative program applications shall initially be selected on a competitive, peer review basis by the program

advisory committee established under Section 11.271 of this code, with final approval by the State Board of Education and, if the program requires the expenditure of state funds, the Legislative Education Board [~~A demonstration program may not exceed two years in duration, and not more than 20 programs may be approved for operation at any one time.~~

[~~(c) To be approved under this section, a demonstration program must:~~

[~~(1) focus on improvements in educational productivity, efficiency, and accountability;~~

[~~(2) preserve to the satisfaction of the board the rights of students, parents, and teachers granted by law; and~~

[~~(3) provide specific procedures for the evaluation of the program~~].

(d) A school campus's [~~district's~~] application for approval of a program under this section must include substantial evidence that the campus [~~district~~] has adequately planned the program and that the application has been approved by the district's board of trustees.

(e) The approval by the State Board of Education of an application under this section that requires the expenditure of state funds is ineffective unless [~~A demonstration program approved under this section may not result in an increase in the amount of state funds allocated to the district or a decrease in the amount allocated to any other district.~~

[~~(f) State funds may not be expended on a demonstration program authorized by this section unless the program has been~~

development fund, the comptroller shall issue warrants to the Educational Economic Policy Center and to each eligible school campus's school district in the amount certified by the board to the comptroller.

(i) The Educational Economic Policy Committee shall appoint a program advisory committee, composed of experts in policy research and disciplines that represent the center's purposes, to make recommendations to the State Board of Education and the Legislative Education Board on the use of the public education development fund.

SECTION 3.04. Subsection (c), Section 12.01, Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~]. 60 61

SECTION 3.05. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate-in-the-selection-of--teachers~~] for that principal's

~~reviewed--and--approved--in--advance--by~~] the Legislative Education Board approves the expenditure of state funds for the program under the authority of Article XVI, Section 69, of the Texas Constitution.

(f) [~~(g)~~] If an innovative [~~a--demonstration~~] program proposes a deviation from a requirement or prohibition imposed by state law or rule, final approval of the program [~~by-the-State Board-of-Education~~] constitutes a waiver of the requirement or prohibition for the duration of the program. A prohibition on conduct that constitutes a criminal offense may not be waived.

(g) A school campus with an approved innovative program receiving funds under Section 11.271 of this code shall report on the progress of the program to the Central Education Agency not later than September 1 of each year after the school year that the funding is received and upon completion of the program.

(h) The Central Education Agency shall evaluate each program's effectiveness and shall report its findings to the Legislative Education Board and to the State Board of Education not later than December 1 preceding each regular session of the legislature.

SECTION 3.03. Subchapter B, Chapter 11, Education Code, is amended by adding Section 11.271 to read as follows:

Sec. 11.271. PUBLIC EDUCATION DEVELOPMENT FUND. (a) The public education development fund is an account in the General Revenue Fund. The comptroller of public accounts may receive gifts and grants for the public education development fund.

(b) Funds that may be credited to the public education

development fund include gifts, grants, and legislative appropriations.

(c) The State Board of Education shall administer the public education development fund.

(d) Each fiscal year, the board, after deducting the cost of administration not to exceed an amount set by appropriation, shall make disbursements from the public education development fund to the Educational Economic Policy Center in a total amount approved by the Legislative Education Board. The board shall disburse the remainder of the fund to eligible school campuses.

(e) To be eligible for a disbursement from the public education development fund under this section, a school campus must have an approved innovative program application under Section 11.27 of this code. A campus may use funds received under this section for the approved innovative program only.

(f) A gift or grant to the public education development fund that provides the terms of its disbursement may be distributed only as specifically provided by the terms of the gift or grant.

(g) Seventy percent of the funds disbursed under this section must be for projects designed to improve the academic achievement of low-performing students. Priority shall be given to projects submitted by campuses that have 60 percent or fewer students who perform satisfactorily on the criterion-referenced assessment instruments required under Section 21.551 of this code or that are otherwise low-performing campuses as defined by rule of the State Board of Education.

(h) From funds appropriated for the public education

campus from a pool of applicants selected by the district or of applicants who meet the hiring requirements established by the district, based on criteria developed by the principal after informal consultation with the faculty;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.06. Section 13.354, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall include the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.07. Chapter 14, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this subchapter is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the general revenue fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater amount provided by appropriation; 6 2/3

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16 of this code. The state's share is paid from the technology fund.

(d) If approved by the legislature, the unobligated and unencumbered balances of appropriations distributed under this section are forfeited by the recipients at the end of the fiscal biennium, and the recipients shall return the appropriated money to the technology fund. All money returned to the technology fund under this subsection is subject to distribution in the next fiscal year for special projects as defined by rule of the State Board of Education on application by a school district.

(e) The State Board of Education shall establish rules for the administration of this section.

(f) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this code.

Sec. 14.064. USE OF ALLOTMENT. (a) A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging

instructional technology.

(b) The Central Education Agency shall monitor the use of each district's allotment to ensure that at least 75 percent of the allotment is used to provide classroom instructional services and programs.

SECTION 3.08. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) The commissioner of education, in consultation with the commissioner of human services, shall monitor and evaluate prekindergarten programs in the State of Texas as to their developmental appropriateness. Furthermore, the commissioner of education, in consultation with the commissioner of human services, shall evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs such as child care administered under Chapter 44 of the Human Resources Code and federal Head Start programs. This evaluation shall utilize recommendations contained in the report to the 71st Legislature required by Chapter 717, Acts of the 70th Legislature, Regular Session, 1987. For the purpose of

providing cost-effective care for children during the full work day with developmentally appropriate curriculum, the commissioners shall investigate the use of existing child care program sites as prekindergarten sites.

(d) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.09. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

SECTION 3.10. Subsection (a), Section 21.031, Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over the age of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.11. Subsection (b), Section 21.136, Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the State Board of Education, is at or below subsistence level.

SECTION 3.12. Subsection (b), Section 21.205(b), Education Code, is amended to read as follows:

(b) The hearing shall be conducted in accordance with rules promulgated by the district. The board of trustees may designate a person to serve as an impartial hearing officer to develop a record for consideration by the board. The board shall make its decision based on a review of the record developed by the impartial hearing officer and on oral argument before the board of the teacher or the teacher's representative and the district's representative.

SECTION 3.13. (a) Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.9012 to read as follows:

Sec. 21.9012. ENERGY CONSERVATION MEASURES. (a) The board of trustees of a school district may enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) A contract to which this section applies includes a contract for the installation of:

(1) insulation of the building structure and systems within the building;

(2) storm windows or doors, caulking or weatherstripping, multiglazed windows or doors, heat absorbing or heat reflective glazed and coated window or door systems, or other window or door system modifications that reduce energy consumption;

(3) automatic energy control systems, including computer software and technical data licenses;

(4) heating, ventilating, or air-conditioning system modifications or replacements;

(5) lighting fixtures that increase energy efficiency; or

(6) energy recovery systems.

(c) The person with whom the board contracts must be experienced in the design, implementation, and installation of energy conservation measures.

(d) Before entering into a contract for energy conservation measures, the board shall require the provider of the energy conservation measures to file with the board a performance bond that is in an amount the board finds reasonable and necessary to protect the interests of the school district and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

(e) The board may enter into a contract for a period of more than one year for energy conservation measures with a person if the board finds that the amount the school district would spend on the energy conservation measures will not exceed the amount to be saved

in energy and operating costs over 10 years from the date of installation. If the term of a contract for energy conservation measures exceeds one year, the district's contractual obligation in any year during the term of the contract may not exceed the total energy and operating cost savings, including but not limited to electrical, gas, or other utility cost savings and operating cost savings resulting from automatic monitoring and control, as determined by the board in this subsection, divided by the number of years in the contract term. The board shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, repairs, and debt service.

(f) A contract for energy conservation measures, with respect to existing buildings or facilities, may be a lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing. 68/69

(g) A contract under this section may be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(h) In accordance with the terms of a request for proposals under Subsection (g) of this section and with regulations adopted by the board of trustees, the school district may conduct discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the school district may allow proposal revisions after submissions and before the award of the contract.

(i) If provided in a request for proposals under Subsection (g) of this section, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations. 69/70

(j) Upon completion of all negotiations, the board shall give notice of intent to award a contract to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals are open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals are not open for public inspection.

(b) Section 21.9012, Education Code, as added by this section, takes effect September 1, 1990, and applies to a contract for energy conservation measures entered on or after that date.

SECTION 3.14. Section 23.023, Education Code, is amended by amending Subsections (a), (b), (c), (e), (h), (i), and (k) and by adding Subsection (m) to read as follows:

(a) Any independent school district, whether created by special or general law, with 64,000 [~~66,000~~] or more students in average daily attendance [~~for--the--1975-1976--school--year--or thereafter~~] shall be under the management and control of a board of nine trustees elected in accordance with the provisions of this section.

(b) Seven [~~At--all--elections-held-after-December-31,-1977, seven~~] members of the board of trustees shall be elected by the qualified voters of single-member districts and two members, who shall be the president and vice-president of the board, shall be elected at large. 1°/71

(c) At least 120 days before the first school board election at which a district elects trustees under this section [~~to-be-held in-April,-1978~~], the board shall divide the school district into seven trustee districts which are compact, contiguous, and contain as nearly as practicable an equal population according to the last preceding federal decennial census.

(e) The candidate receiving a majority of the votes cast in each position is elected. If no candidate receives a majority of the votes cast for that position, the board shall order a runoff to be held on a date authorized by Section 2.025, Election Code [~~the third-Saturday-in-April-immediately-following-the-first--election~~], and only the names of the two candidates receiving the highest number of votes in the first election shall be listed on the ballot. The candidate receiving the majority of the votes cast in the runoff election is elected.

(h) In districts with seven board members on the date the

district becomes subject to this section [~~January-1,-1978~~], members of the board serving on that date shall serve for the remainder of their terms, except those choosing to resign. At the first election at which a district first elects trustees under this section [~~held--in--April,--1978~~], six [~~four~~] members shall be elected--the president, vice-president, and four [~~two~~] regular members. The president and vice-president then elected shall serve for a term of two years. The other [~~two~~] members then elected shall [~~draw--lots--so-that-one-will-serve-for-a-term-of-two-years, and-one-will~~] serve for a term of four years. The [~~five~~] members of the board holding the offices for which there was no election shall draw lots to determine which trustee district they will represent during the remainder of their terms. Thereafter, all members shall be elected to staggered terms of four years.

(i) A school district having 64,000 [~~66,000~~] or more students in average daily attendance [~~for-the-1975-1976-school-year or--thereafter~~] which has previously adopted single-member district representation may continue to operate under that plan.

(k) A school district with less than 64,000 [~~66,000~~] students in average daily attendance for the 1975-1976 school year that later becomes subject to this section shall begin electing trustees from single-member districts in accordance with this section no later than the first regular election held in [~~following~~] the next calendar year or subsequent year [~~in-which-the federal--census--is--taken~~]. A school district subject to this section whose average daily attendance drops below 64,000 [~~66,000~~] students shall continue to be governed by this section. This

section does not apply to a district which has adopted a plan of electing a board of trustees in whole or in part from single-member districts prior to August 31, 1991.

(m) For the purposes of this section, average daily attendance is defined as the number of students enrolled and in attendance on average during the last 10 school days of September in each school year.

SECTION 3.15. Section 23.30, Education Code, is amended by adding Subsection (e) to read as follows: 1 2/13

(e) A school district may employ, retain, contract with, or compensate a licensed real estate broker or salesman for assistance in the acquisition or sale of real property.

SECTION 3.16. Subchapter Z, Chapter 212, Local Government Code, is amended by adding Section 212.902 to read as follows:

Sec. 212.902. SCHOOL DISTRICT LAND DEVELOPMENT STANDARDS. (a) This section applies to agreements between school districts and any municipality which has annexed territory for limited purposes.

(b) On request by a school district, a municipality shall enter an agreement with the board of trustees of the school district 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. The agreement shall include a provision exempting the district from all land development ordinances in cases where the district is adding temporary classroom buildings on an existing school campus.

(c) If the municipality and the school district do not reach an agreement on or before the 120th day after the date on which the municipality receives the district's request for an agreement, proposed agreements by the school district and the municipality shall be submitted to an independent arbitrator appointed by the presiding district judge whose jurisdiction includes the school district. The arbitrator shall, after a hearing at which both the school district and 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 and the municipality. The cost of the arbitration proceeding shall be borne equally by the school district and the municipality.

(d) A school district that requests an agreement under this section, at the time 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 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 shall send to the commissioner a copy of each agreement between the district and a municipality under this section.

(e) In this section, "land development standards" includes impervious cover limitations, building setbacks, floor to area ratios, building coverage, water quality controls, landscaping, development setbacks, compatability standards, traffic analyses, 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. 74/75

SECTION 3.17. (a) Each fiscal year before the end of the Center for Educational Technology's first three years of operation, the State Board of Education shall make disbursements from the public education development fund under Section 11.271, Education Code, as added by this Act, to the Center for Educational Technology in an amount approved by the Legislative Education Board before making disbursements to eligible school campuses.

(b) From funds appropriated for the fund, the comptroller of public accounts shall issue warrants to the center in the amount certified by the commissioner.

SECTION 3.18. The legislature recommends that the governor, lieutenant governor, and speaker of the house of representatives appoint a special study committee to develop a plan for the coordination of youth services into a community effort and to remove nonacademic related problems of youth from school responsibility and that the committee be required to make preliminary recommendations to the legislature before January 1, 1991.

SECTION 3.19. The commissioner of education, in consultation with the commissioner of human services, shall submit a report to

the 72nd Legislature, with specific legislative recommendations on the developmental appropriateness of prekindergarten programs, the potential for using existing child care program sites as prekindergarten sites, and the coordination of those programs under Section 16.003~~(c)~~ Subsection (c), Education Code, as ~~amended~~ added by this Act.

SECTION 3.20. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop a recommendation for a state health insurance plan for public school employees. The retirement system, commissioner, and board shall report the recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 3.21. Notwithstanding any provision to the contrary:

(1) the pilot program established under Section 2.14, Chapter 813, and Section 2, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, shall continue through the 1990-1991 school year only; and

(2) the Central Education Agency shall report the findings of the study under Subsection (e) of those sections to the 73rd Legislature not later than February 1, 1993.

SECTION 3.22. The following ~~sections~~ provisions of the Education Code are repealed effective September 1, 1991:

(1) Section 21.136~~(e)~~ Subsection (e), Education Code; and

(2) Section~~s~~ 21.136~~(b) and (g)~~ Subsections (b) and (g), Education Code, as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.23. (a) Sections 3.08, 3.10, 3.11, and 3.22 of

this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.07 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school campus or district that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the State Board of Education with the advice of the Legislative Education Board. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school campus or district is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus or district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) elementary school class size limits;

(7) removal of a disruptive student from the classroom;

(8) suspension or explusion of a student;

(9) at risk programs;

(10) prekindergarten programs;

(11) minimum graduation requirements; or

(12) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(c) The Central Education Agency shall monitor and evaluate deregulation of a school campus or district under this section and Section 11.273 of this code and report annually on the effect of deregulation on student achievement to the State Board of Education, the Legislative Education Board, the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature. The report must include a list of the exemptions utilized and a review of the effectiveness of the waivers and exemptions programs.

(d) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus or

1 district may apply to the State Board of Education for a waiver of 78/79
2 a requirement or prohibition imposed by law or rule that the campus
3 or district determines inhibits student achievement.
4 (b) An application under this section must include a written
5 plan developed by the campus principal or district superintendent,
6 as appropriate, and faculty of the campus or district that states
7 the achievement objectives of the campus or district and the
8 inhibition imposed on those objectives by the requirement or
9 prohibition and shall be approved by the district's board of
10 trustees.
11 (c) The board may grant a waiver under this section for a
12 period not to exceed three years. A prohibition on conduct that
13 constitutes a criminal offense may not be waived.
14 (d) A school campus or district for which a requirement or
15 prohibition is waived under this section for a period of three
16 years may receive an exemption from that requirement or prohibition
17 at the end of that period if the campus or district has fulfilled
18 the achievement objectives submitted to the board under Subsection
19 (b) of this section. The exemption remains in effect until the
20 board determines that achievement levels of the campus or district
21 have declined.
22 (e) A school campus or district may not receive an exemption
23 or waiver under this section from requirements imposed by federal
24 law or rule, including requirements for special education or
25 bilingual education programs. A school campus or district may not
26 receive an exemption or waiver under this section from a
27 requirement or prohibition imposed by state law or rule relating 79/80

to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) elementary school class size limits;

(6) minimum graduation requirements;

(7) removal of a disruptive student from the classroom;

(8) suspension or expulsion of a student;

(9) at risk programs;

(10) prekindergarten programs; or

(11) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(f) A school district or campus that receives a waiver under this section for textbook selection may select for purchase a textbook not on a state-adopted multiple list. The textbook shall be purchased by the district and shall be used for the same number of years for which the textbooks for the subject or course are adopted by the State Board of Education. The unit cost of the textbooks selected shall not exceed the unit cost of the costliest textbook on the multiple list for the subject or course. The commissioner of education shall calculate the allowable cost and

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transmit from the state textbook fund that amount to the district for purchase of the textbooks. The State Board of Education shall adopt rules necessary for the implementation of this subsection.

(g) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall adopt rules for the implementation of this section, except that the board may not designate the methodology used by a teacher nor the time spent by the teacher or a student on a particular task or subject.

SECTION 4.03. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991. 81/82

SECTION 4.04. Subsection (b), Section 34.004, Education Code, is amended to read as follows:

(b) The State Board of Education with the advice and approval of the educational excellence committee shall establish the criteria and standards for the awards. The awards for school campuses shall be based primarily on the indicators established under Section 21.7531 of this code and the campus objectives established under Section 21.7532 of this code. The board shall incorporate criteria for the performance of students in special education programs. The criteria for schools and school districts must be measurable criteria and may include criteria related to:

(1) student achievement;

(2) operational efficiency;

(3) central administrative support;

(4) student and teacher attendance;

(5) graduates who enter college, receive advanced training, or are employed;

(6) principals participating in instructional leadership training; and

(7) other matters selected by the committee that are related to scholastic gains.

SECTION 4.05. Chapter 56, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.101. PROGRAM NAME. The student financial assistance program authorized by this subchapter is known as the Texas tuition assistance grant program, and an individual grant awarded under this subchapter is known as a Texas tuition assistance grant.

Sec. 56.102. PURPOSE. The purpose of this subchapter is to

provide an eligible person a grant of money for tuition to enable that person to attend an institution of higher education.

Sec. 56.103. ELIGIBLE PERSON. (a) To be eligible for a Texas tuition assistance grant, a person must:

(1) be a Texas resident as defined by coordinating board rules;

(2) enroll for a full course load in an institution of higher education as defined by Section 61.003 or 61.222 of this code;

(3) be from a low-income or middle-income family and establish financial need as defined by coordinating board rules;

(4) within the two years preceding the person's grant application, have graduated from a secondary school with a cumulative grade average that is equal to or greater than the equivalent of 80 on a scale of 100;

(5) have applied for any available financial assistance; and

(6) have complied with any other requirements adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a Texas tuition assistance grant if the person:

(1) has been granted a baccalaureate degree; or

(2) has been convicted of a felony or a crime involving moral turpitude, unless the person has met the eligibility requirements ~~as defined in Section 56.103~~ under Subsection (a) of this ~~code~~ Section and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or

completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.104. ADMINISTRATIVE AUTHORITY. The coordinating board shall provide a Texas tuition assistance grant to an eligible person enrolled in an institution of higher education based on the financial need of that person. The total amount of Texas tuition assistance grants distributed by the coordinating board may not exceed the amount appropriated for the Texas tuition assistance grant program.

Sec. 56.105. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a person's Texas tuition assistance grant application, an enrollment report from the institution of higher education enrolling the person, and a certification of the amount of financial need from the institution of higher education, the coordinating board shall distribute the amount of the grant for the person to the institution of higher education.

(b) The amount of a Texas tuition assistance grant may not exceed the amount of tuition the student would be charged at a public senior institution of higher education and, when added to other gift aid, may not exceed the financial need of the student.

Sec. 56.106. LIMITATIONS ON GRANT. A person entitled to a Texas tuition assistance grant loses that person's right to future payments of money from the grant program if the person:

(1) does not make steady academic progress toward a baccalaureate degree as determined under coordinating board rules;

(2) does not maintain full-time enrollment standing for at least two semesters in any academic year;

(3) has a grade average that is in the lower 50 percent of the total grade averages of all full-time students enrolled in the same college or other department in the institution of higher education; or

(4) is convicted of a felony or a crime involving moral turpitude, unless the person has met eligibility requirements as defined in Section 56.103(a) of this code and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or has completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.107. ADOPTION AND DISTRIBUTION OF RULES. (a) The coordinating board shall adopt rules to administer this subchapter. 85/86

(b) The coordinating board shall distribute to each institution of higher education and to each school district copies of all rules adopted under this subchapter.

Sec. 56.108. FUNDING. (a) The coordinating board may accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Texas tuition assistance grants are payable from gifts, grants, and funds appropriated by the legislature.

SECTION 4.06. The Texas Higher Education Coordinating Board shall adopt and distribute initial rules required by Subchapter G, Chapter 56, Education Code, as added by this Act, not later than January 1, 1991. The coordinating board shall make grants to eligible persons under this Act beginning with the fall semester 1991.

SECTION 4.07. The following provisions of the Education Code are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989;

(2) Subsection (b), Section 21.001; and

(3) Subchapter B, Chapter 56.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01. Subsection (a), Section 21.008, Education Code, is amended to read as follows:

(a) Each school district shall operate for either two or three semesters during each school year, at the option of the district, except as provided under Section 21.010 of this code or under rules adopted under Section 21.009 of this code. The semesters must provide the required number of days of instruction for students and inservice education and preparation for teachers[~~, except as provided under Section 16.052(b) of this code~~]. 86/87

SECTION 5.02. Subsection (a), Section 21.009, Education Code, is amended to read as follows:

(a) The State Board of Education shall [~~may~~] adopt rules

under which a school district may operate its schools year-round, including rules necessary for the operation of a multitrack school year under Section 21.010 of this code.

SECTION 5.03. Subchapter A, Education Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:

(1) "Track" means a group of students and teachers scheduled to attend school and take vacation periods on the same schedule.

(2) "Multitrack" means multiple tracks, with staggered instructional blocks and vacation periods.

(b) The board of trustees of a school district may operate a school on a multitrack school year.

SECTION 5.04. (a) The State Board of Education shall adopt rules under Subsection (a), Section 21.009, Education Code, as amended by this Act, not later than January 1, 1991.

(b) Subsection (d), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes), as added by this Act, applies beginning with applications for aid for the 1991-1992 school year.

ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the General Revenue Fund, including any transfers to the Foundation School

Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,289,011,867
b. Special Education Allotment, estimated	182,188,810
c. Compensatory Education Allotment, estimated	127,394,825
d. Bilingual Education Allotment, estimated	10,120,471
e. Vocational Education Allotment, estimated	51,435,248
f. Gifted and Talented Allotment, estimated	7,665,160
i. Less: Net Local Share, estimated	-1,111,883,076
Total, Section 16.254(d), sum certain	483,629,020

(b) The total appropriation made by Subsection (a) of this section is reduced by the amounts appropriated by H.B. 91 and H.B. 131, Acts of the 71st Legislature, 4th Called Session, 1990.

(c) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item 1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(d) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the career ladder under the Foundation School Program (line item 1.h.(1)) is reduced by the amount of $2,984,220.

(e) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the guaranteed yield under the

Foundation School Program for the fiscal year ending August 31, 1991, is reduced by the amount of $68,773,410.

(f) For the fiscal year ending August 31, 1991, the amount of $5,000,000 is transferred from the General Revenue Fund to the public education development fund created under Section 11.271, Education Code, as added by this Act, and all balances accruing to that fund are appropriated to the Central Education Agency for the purposes of that fund.

(g) For the fiscal year ending August 31, 1990, the amount of $5,000,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of the facilities inventory under Section 16.401, Education Code, and the unexpended balance is appropriated for the fiscal year ending August 31, 1991, for the same purpose.

(h) For the fiscal year ending August 31, 1991, the amount of $80,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of funding programs referred to in Subsection (e), Section 13.353(e), Education Code. 89/90

(i) For the fiscal year ending August 31, 1991, the amount of $61,290,980 is appropriated from the General Revenue Fund to the Central Education Agency for the purposes of Section 1.20 of this Act. If that amount is insufficient for the purposes of that section, the commissioner of education shall reduce the amount to which each district is entitled under that section proportionately.

SECTION 6.02. (a) This Act takes effect September 1, 1990, except as otherwise provided by this Act.

(b) Subsection (g) of Section 6.01(g) of this article takes effect

immediately.

SECTION 6.03. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

FINAL REPORT - APRIL 24, 1990

SIDE BY SIDE ANALYSIS
CONFERENCE COMMITTEE
S.B. 1

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE I. FINANCE		
1. AVAILABLE SCHOOL FUND Amends Sec. 15.01 T.E.C. to provide for the distribution of the Available School Fund through the Foundation School Program. Makes technical change to delete unnecessary language relating to tax revenues. (Section 1.01, page 1)	No similar provision.	House
2. STATE POLICY Amends Sec. 16.001 to estab. equitable funding system principles: -95% of students in revenue nuetral system. -State share not less than 50% of state/local funds. -No major local property tax increase is required. -State guaranteed equalized funding for local tax effort that equals the statewide average local tax effort. -All new state expenditures are equitably distributed.	Foundation School Program (FSP) guarantees that 95% of all students are in districts that have fully equalized access to same level of state and local revenue, adjusted for uncontrollable student and district cost dif, maintenance and operation, efficient administration and fully equalized access to sufficient funding for facilities and equipment. Guarantees substantially equal access to revenues at similar levels of tax effort with 95% of students in districts that have fully equalized state/local revenue per penny of tax effort.	Modified House and Senate.
3. SCOPE OF PROGRAM. Amends Sec. 16.004, to include programs, services, facilities, and equipment in use of state aid. (Section 1.03, page 3)	No similar provision.	Senate
4. Amends Section 16.006, to establish average daily attendance determined by the average each month during the fall and spring semesters of each school year.	Maintains current law (best four of eight weeks.)	Senate with 2% cap on loss in ADA. Provisions for military bases.

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New Subsection (b) allows a school district that experiences a decline of two percent or more in average daily attendance as a result of the reduction in personnel or closing at a military base to be funded on the basis of the average daily attendance in the preceding year. (Section 1.04, pages 3-4)	No similar provision.	Senate
5. EQUALIZED FUNDING ELEMENTS , New Sec. 16.008, Education Code, to require the Legislative Ed. Board to calculate the components of school funding including the basic allotment, local share, guaranteed yield, and district enrichment tax effort biennially to maintain an equitable finance system. Requires the LEB to report the funding elements to the commissioner of education, and the legislature before each session. (Section 1.05, page 4)	Adds Sec. 16.008 same provisions except new definition of local share (2) and maximum tax rate. (Sec. 1.02 page 2) Senate version -effective 73rd leg.(1993) House effective 74th leg.(1995)	New amendment with Senate and House.
6. BASIC ALLOTMENT Amends Sec. 16.101, Education Code, to increase the basic allotment from $1,500 to $1,910 for the 1990-1991 school year, $2,000 for 1991-1992 school year, $2,100 for 1992-1993, and an amount adopted by the foundation school budget committee for 1993-1994 and thereafter. (Section 1.06, page 5)	BASIC ALLOTMENT- Maintains current law $1,500/ADA for 1990-91 increasing to $2,128 in 1991-92 and thereafter until 1995 when the FSFBC is authorized to establish it. (Sec. 1.04 page 4)	Increases basic allotment from $1,500 to $1,910 for 1990-91 and $2,128 for 91-92 or until changed by FSFBC.
7. New Sec. 16.160, Education Code, entitling each school district to a $5 per student allotment for alcohol and drug abuse intervention teams. (Section 1.07, pages 5-6) (Sec. 3.15, page 58 program provisions)	Provision allowing SBOE and Texas Commission on Alcohol and Drug Abuse to design alcohol and drug intervention programs for schools. (Sec. 3.12 page 59)	New amendment Sec. 11.208

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
8. LOCAL SHARE (Currently 33 1/3% or $ 0.34) Amends Sec. 16.252 (a), to increase the local share to 41% (54¢) in 1990-1991, 42% (60¢) in 1991 1992, 43% (65¢) in 1992-1993, and an amount calculated by the foundation school fund budget committee each year thereafter. (Sec. 1.08, page 6)	Maintains 33 1/3% ($ 0.34) for 1990-1991 and thereafter based on total tax rate that produces a state share of FSP costs for all districts up to but not including the 97th percentile of wealth per weighted pupil. (est. to cost 71¢) Sec. 1.06, page 5)	Senate -increase to 41% or $.54 for 1990-91 with phased in full tax rate approx. $.70. Modified House.
9. Amends Sec. 16.254(a) and (b), to delete references to the Available School Fund. (Section 1.09, page 7)	No Similar Provision.	House
10. Amends Sec. 16.256(d), to authorize the foundation school fund budget committee to adopt the basic allotment, the local share percentage, and the guaranteed yield level and enrichment tax rate. Effective 73rd Legislature - 1993 (Section 1.10, pages 7-8)	Effective 74th Legislature-1995 (Sec. 1.07, page 5) S- Report due by Nov. 1 before each regular session. H- Report due before session.	Modified House. FSFBC shall calculate new FSP items not later than 1994-95.
11. GUARANTEED YIELD (Currently is $18.25/ weighted) Amends Sec. 16.302, Increases guaranteed yield amount to $22 for the 1990-1991 school year, $24 for 1991-1992, $26 for 1992-1993, and an amount adopted by the foundation school fund budget committee each year thereafter. (Section 1.11, pages 8-9)	$18.84 in 1991; in 1992 and thereafter based on the per pupil yield per penny of local tax effort for the district at the 95th percentile of wealth per weighted pupil. (Section 1.08, page 6-7)	Maintains current law $18.25 for 90-91 and $31. each year thereafter or until changed by FSFBC
12. LIMITATIONS OF GUARANTEED YIELD (Currently DTR= $ 0.36) Amends Sec. 16.303, Guaranteed tax rate to increase to $ .47 through 1992-1993 with the FSFBC adopting rate each year thereafter.	$ .46 in 1991, in 1992 and thereafter converted to a limit on state and local revenue per weighted pupil available to the district at the 95th percentile of revenue per weighted pupil. (Section 1.08, pages 7-8)	Increases to $.37 for 1990-91 and $.41 each year thereafter or until changed by FSFBC.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Allows 50 percent of federal impact aid to be considered the local revenue of a district for the purposes of calculating guaranteed yield allotments. Provides that a school district is not eligible for guaranteed yield allotments until federal impact aid is considered as local revenue for the purposes of calculating guaranteed yield allotments. (Section 1.11, pages 9-10)	No similar provision	New language allows for state aid calculation on average countywide tax rates.
13. Amends Sec. 16.155, to limit the use of weighted allotments for vocational education programs for grades nine through 12. Decreases the vocational education allotment to 1.35 in 1990-91, 1.30 in 1991-92, and 1.25 each year thereafter. Authorizes the SBOE to set indirect cost allotments related to vocational education programs. Requires the commissioner to conduct a cost-benefit comparison related to vocational education programs. (Section 1.12, pages 10-12)	Maintains current law weight of 1.45, and requires the commissioner to conduct a cost-benefit evaluation of the benefit of vocational education as opposed to public education in mathematics and science. (Section 1.09, page 8)	Reduces weight to 1.37 for 1990-91. Authorizes study. Vocational educ for handicapped CVAE at grades 7-12 excepted from limitation
14. Creates Emergency Facility Program, and appropriates $45 million for 1990-91 to authorize the board to make public school facilities development grants to school districts for emergency facilities needs and debt service incurred since 1984.	Beginning 1991-92 for one year. Doesn't designate that portion of funds may be used for debt service. (Section 1.11, page 9-10)	Senate with 1991-92 effective date. No appropriation for 1990-91. Facilities inventory authorized in Article 6- $5,000,000.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
15. Adds Sec. 314.004, Government Code, to require that the LBB prepare for each bill or resolution that affects public education a statement regarding its effect on equalized education funding. (Section 1.14, page 13)	Same as Senate	Same provision.
16. Adds Sec. 13.353(e), Education Code, to require the TEA to allocate funds appropriated for federal Leadership in Education Administration Development (LEAD) programs in the amount of $250,000 or greater. Authorizes the State Board of Education to designate projects and activities to be carried out with the funds. (Section 1.15, page 14) Eff. 6/1/90	No similar provision	New language specifying use of funds and not designating program.
17. Requires that 58 percent of any additional funds received by a school district through this Act be used for teacher salaries. (Section 1.16, page 14)	No similar provision	House.
18. Repeals Education Code Secs. 15.01(c) (relating to the definition of scholastic population) and 15.10(d) and 15.12(a) (relating to the Available School Fund). (Section 1.17, page 14)	No similar provision	House.
19. Provides that the effective date of	No similar provision	House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
the sections relating to the Available School Fund be contingent on the passage of constitutional amendment. (Sec. 1.18, page 15)		
20. No similar provision	20. New Section 16.009 (Sec. 1.03 page 3) Defines weighted students (WADA) as the sum of district allotments(less career ladder and transportation) divided by the basic allotment for that year.(Includes 100% PDI and Small/Sparse Adj)	Senate
21. No similar provision.	21. New Section 16.010 PERCENTILE OF WEALTH PER STUDENT Defines process for determining the total level of revenue per student for each school year. Districts are ranked according to taxable value per weighted student. The district at which the sum of weighted students equals or exceeds the 95th percentile.determines the revenue target. (Sec. 1.03 page 3)	Senate
22. No similar provision	22. Amends Section 16.152 COMPENSATORY EDUCATION to expand the program to include: (1) 0.2 weight for educationally disadvantaged student or non-handicapped student residing in residential placement facility (2) 2.41 weight for pregnant students (3) 0.1 for students who are parents or at risk	House with new pregnant weight effective 1991-92 and without "at risk" weight New requirement that funds be supplemental.
23. No similar provision.	23. TRANSITION FUNDING (Sec. 1.13 pg 11) Current funding formula for 1990-91. For 1991-92 and each year thereafter, the commissioner is authorized to calculate district state aid. District state aid is held harmless with maximum loss or gain limited to 25% of difference in 1991-92, 50% in 1992-93, and 75% in 1993-94.	Modified House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
24. No similar provision.	24 1990-91 Tax Rate LFA Tax rate used in the computation of LFA for 1990-91 will be based on the 33.3% total local share of FSP.	Senate
25. No similar provision.	25. WINDHAM SCHOOLS (Sec. 1.10, Page9) Amends to set appropriations for School at Department of Corrections by appropriation rather than formula.	New language to require study by CEA and TDCJ for 72nd Legislature
26. Appropriations -ARTICLE VI	26. Appropriates $450 million from general revenue for the Foundation School Program and increases the guaranteed yield amount from current $18.25 to $18.8 for the 1990-91 school year.	Senate.
27. No similar provision.	27. Effective date for Sec. 16.152 (a) relating to compensatory education -new weights - Sept. 1, 1991	House.
28. No similar provision.	28. Repeals Sec. 16.155 (b) and (c) relating to the State Board of Education's authority to study and recommend new funding weights for vocational education.	House-new language to combine studieson weights under acc. cost study.

New sections:
Sec. 1.20 Hold Harmless for 1990-91.
Sec. 1.21 (a) and (b) repeals studies authorized under each special program and Cost of Education Index.
Sec. 1.22 Transfer of pregnant student under special education weight to compensatory education effective Sept. 1, 1991
Sec. 1.13 Accountable Costs study effective immediately.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE II. ACCOUNTABILITY		
1. Amends Sec. 2.01, Education Code, to add Goals for Public Education. The goals address: student achievement; Texas student performance in relation to other states' student performance; curriculum, teacher and other school personnel recruitment, training, and retention; educational system organization and management; and improvement of teaching methods. (Section 2.01, pages 15-16)	No similar provision.	Senate Version as amended. Amendment substitutes "All students shall have an opportunity to benefit from an appropriate education." for the first sentence in GOAL A. No change in intent.
2. Amends Sec. 327.005, Government Code, to add oversight responsibilities to the LEB that include fiscal matters, academic expectations, and evaluation of program cost effectiveness. Allows the LEB to appoint advisory committees, whose members serve without compensation, to advise the LEB in the discharge of its duties. Allows the LEB to hire staff or as allowed by legislative appropriation to use staff from the Legislative Council or the Legislative Budget Board. (Section 2.02, pages 16-17)	Same as Senate version with the exception that only Legislative Council and Legislative Budget Board staff may be used by the LEB, rather than allowing the LEB the choice of hiring staff or using loaned staff from these agencies. (Section 2.16, pages 42-43)	Senate Version as amended. Amendment provides that any staff hired by or loaned to the LEB are available to all members of the legislature.
3. Amends Sec. 327.006, Government Code, to change the LEB's role to set	No similar provision.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
policy and periodically review actions or proposed actions of the State of Board of Education. Requires the LEB to submit in writing to the State Board of Education any identified conflicts with legislative educational policy of proposed or implemented SBOE action. Authorizes the LEB to request a joint meeting for additional information, or a change in position with the SBOE should a conflict in legislative educational policy be identified. Requires notification of conflict to the governor, lieutenant governor, speaker of the house, and members of the legislature. (Section 2.03, pages 17-18)		
4. Adds Sec. 11.2091, Education Code, to establish Minority Recruitment Programs. Requires the Coordinating Board in cooperation with the commissioner of education to establish programs that may include: tuition or grant assistance; incentive scholarships; recruitment seminars, job fairs, and mentorship programs; and career exploration programs. Places programs and program appropriations under the Coordinating Board. (Section 2.04, pages 18-19)	No similar provision.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Stipulates that the governor appoints the SBOE chairman with the advice and consent of the Senate. (Section 2.05, pages 19-20)		
6. Amends Sec. 11.24, Education Code, to add to the constitutional duties of the State Board of Education responsibility for implementing legislative policy. Requires the SBOE to cite legislative authority for each Board action, to consider LEB comments prior to SBOE rule adoption, and to request a joint meeting with the LEB to resolve any questions of legislative intent. Eliminates the general policy-making, regulation-making, and rule-making responsibility of SBOE with regard to legislative educational policy. (Section 2.06, pages 20-21)	(a) Adds to the Constitutional duties of the SBOE adoption and purchase of textbooks. Authorizes the SBOE to make recommendations to the commissioner and legislature regarding the public school system. Includes Senate language regarding the SBOE being the State Board for Vocational Education. (b) Authorizes members of the SBOE to hold public hearings in their respective districts for the purpose of receiving public comment on public schools. (Section 2.02, pages 13-14)	Senate Version
7. Amends Sec. 11.26(c), Education Code, to eliminate from State Board of Education responsibilities the preparation and presentation of legislative appropriation requests and operating budgets. Also eliminates from the SBOE responsibilities establishing budget control and reporting procedures. (Section 2.07, pages 21-23)	No similar provision.	Senate Version
8. Amends Sec. 11.29, Education Code, to require the commissioner of education, rather than the State Board of Education, to adopt an annual FSP operating budget. Requires the commissioner to seek comment about the budget to the SBOE and the LEB	No similar provision.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
prior to its presentation to the governor and the LBB. (Section 2.08, page 23)		
9. Amends Secs. 11.25(a) and (b), Education Code, to remove from the commissioner of education the responsibility for implementing State Board of Education policies; (general policy-making responsibility is removed from the SBOE in Section 2.06 of the bill). Includes Senate confirmation of SBOE appointee for commissioner of education. (Section 2.09, pages 23-24)	Repealed. Eliminates provisions regarding the powers and duties of the commissioner of education. (Section 2.21 page 44)	Senate Version
10. Adds Sec. 13.049, Education Code, to require teacher training to include the use of technology and effective teaching practices in the classroom. Specifies that regional educational service centers, teaching centers, certain institutions of higher education, and others are required to offer such training. (Section 2.10, page 24)	Requires only institutions that offer a teacher education program, rather than all entities specified in the Senate version, to develop a plan to train teacher education students, public school administrators, and teachers in using technology and modern teaching practices in the classroom. (Section 2.05, page 19)	Senate Version
11. Academically Unaccredited School Districts (Sec. 2.11, page 25)		
Subsec. (a) authorizes the commissioner of education to order a district that has been academically unaccredited for three years to be annexed by an adjoining district.	No similar provision.	Senate Version as amended. Amendment lowers the number of years from 3 to 2 before comm. can order district annexation.
Subsec. (b) specifies that the receiving district's board be the governing board for the expanded district.	No similar provision.	Senate Version
Subsec. (c) requires the commissioner to	No similar provision.	Senate Version

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define the legal boundary of the expanded district.		
Subsec. (d) transfers title on property and liability of debt of the academically unaccredited district vests to the newly created expanded district.	No similar provision.	Senate Version
Subsec. (e) requires the commissioner of education to investigate the educational and financial impact of the annexation on the receiving district prior to issuing an annexation order. Prohibits the annexation if it impairs the ability of the receiving district to educate its students and meet its financial obligations. Requires the approval of the board of trustees of the receiving district prior to annexation.	No similar provision.	Senate Version as amended. Amendment deletes requirement for local board approval prior to annexation.
Subsec. (f) requires the commissioner to annually adjust the local fund assignment of the expanded district for five years by an amount calculated for the receiving district's LPA by multiplying it by a fraction whose numerator is the number of resident students prior to annexation and whose denominator is the number of resident students after annexation. Prohibits an enlarged district from eligibility for specified incentive funds. (Section 2.11, pages 24-25)	No similar provision.	Senate Version
12. Adds Sec. 21.041(f), Education Code, prohibiting State Board of Education rules or district or campus attendance policies from discouraging or restricting	No similar provision.	House Version

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reasonable medical and dental appointments for students. (Section 2.12, page 26)		
13. PERFORMANCE REPORT (Section 2.13, page 26)		
Requires board of trustees to publish an annual report describing the district's educational performance including campus performance objectives and progress.	Requires annual campus performance, rather than district, objectives report to be filed with the commissioner, rather than the SBOE. (Section 2.06, page 18)	Senate Version as amended. Amendment requires board notification of parents in addition to property owners and allows the notice to be combined with that proposing a tax increase, as required by Section 26.06, Tax Code.
Requires the board to hold a public hearing on the report with notification of the meeting to property owners in the district.		
Subsec. (b) eliminates State Board of Education rule-making authority regarding report form and content.	Allows, rather than requires, same items be included in the report.	House Version
Subsec. (c) requires the report to include a comparison between the district's performance and that of districts with similar wealth and demographics, and to districts statewide with regard to: instructional and administrative costs; personnel; pupil-teacher ratios by grade groupings and program; and all academic indicators under Section 21.7531, Education Code. Eliminates conflicting language regarding the inclusion of certain required information in this report.	Authorizes the commissioner, rather than the SBOE, to compile these reports. (Section 2.06, pages 19-21)	Senate Version as amended. Amendment requires comparison of each campus in addition to comparisons of districts.
Subsec. (d) adds "school campuses" to those entities that receive respite through paperwork reduction,	No similar provision.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
14. Sec 21.551(f), Education Code, requiring the State Board of Education to adopt an appropriate, nationally recognized, secured, norm-referenced assessment instrument to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels (Section 2.14, pages 28-29)	Allows the Central Education Agency, rather than the SBOE, to adopt norm-referenced assessment instrument. Requires the state to pay the full cost of administering the test and distributing its results. (Section 3.17, page 61)	Senate Version as amended. Amendment requires:TEA to adopt 1 or more tests; the state to pay for full cost for administering it and distributing its results; the test to meet Federal guidelines;normed data fairly represent all minority & SES groups; bidders to disclose all test bias; measure age & grade levels appropriately for specified subject areas and higher order thinking.
15. ACCREDITATION (Sec. 2.16, page 31)		
Subsec. (a) amended by reducing the the of accreditation rating levels from six to five and substituting "academically unaccredited" for "unaccredited" as the lowest rating level.	Same as Senate version except authorizes the commissioner, rather than the SBOE, to adopt rules for the accreditation of school districts. (Section 2.07, page 21)	Senate Version
Subsec. (b) eliminates the limitation on the number of districts that the State Board of Education may rate as "exemplary";	Retains the limitation on the number of districts that the SBOE may rate as "exemplary". (page 22)	House Version as amended. Amendment sunsets this provision in 1993.
Adds the following criteria to be considered for accreditation: adequate	Same as Senate version with the following additions:	Senate Version except: retains "the quality of learning on each of the district's campuses based on indicators, including scores on achievement tests";

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
performance under the academic excellence indicators; the relation between State Board-approved academic excellence indicators and campus performance objectives; and campus effectiveness.	the commissioner, rather than the SBOE, determines the accreditation rules;	
	references academic excellence indicators set by the commissioner, rather than the SBOE;	
Clarifies that the criterion regarding the effectiveness of the district's programs in special education be based on the Central Education Agency's most recent compliance review of the district and programs for special populations.	retains as a criterion the quality of learning on district campuses;	
	retains as a criterion the effectiveness; rather than the quality, of teacher in-service training;	retains "the effectiveness of teacher in-service training";
Eliminates the following criteria from consideration for accreditation: the quality of learning on district campuses; the correlation between student grades and performance on standardized tests; paperwork reduction efforts; training received by board members; effectiveness of the district's efforts to improve attendance; effectiveness of the district's drug prevention programs; and parental and community involvement in the district.	adds as a criterion the effective use of technology to enhance student achievement;	adds "the effective use of technology to enhance student achievement".
	deletes as criteria the effectiveness of the district's remedial and support programs for students at risk of dropping out, the effectiveness of the district's dropout prevention and recovery program, and the efficient allocation of resources. (Section 2.07, pages 21-24)	
Subsec. (c) requires the Central Education Agency to rate each campus using the five-level rating scale on the State Board-adopted campus performance indicators.	No similar provision.	Senate Version
Subsec. (d) prohibits lowering a district or campus accreditation rating solely on the basis of its size. (Section 2.15, pages 29-31)	No similar provision.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
16. ACADEMIC EXCELLENCE INDICATORS (Section 2.16, page 31)		
Subsec. (a) amended by changing the section name from "performance indicators" to "academic excellence indicators." Requires the academic excellence advisory committee, the educational excellence committee, and the Legislative Education Board to advise the State Board of Education prior to its required adoption of quality of learning indicators. Adds "other performance standards" to those adopted by the SBOE.	Similar except requires the commissioner, rather than the SBOE, to adopt a set of academic indicators. (Section 2.08, page 24)	S nate Version
Subsec. (b) adds to required indicators: the results of criterion-referenced assessment instruments; the results of tests with national norms (e.g., SAT and ACT); high school graduation rates; student attendance; and student enrollment in advanced academic courses. Eliminates from required indicators: comparison of actual district performance to its performance goals and the results of the district's most recent compliance review for its special education programs.	Does not specify same indicators and camparison by campus. Requires the commissioner, rather than the SBOE, to report the results of performance indicator reviews to the legislature.	Senate Version as amended. Amendment limits comparison of performance to projection for purposes of evaluation, accreditation, and determination of exemplary status only. Changes subsec (c) to (b) and combines subsec (b) at the end of (c). Reletters accordingly.
Subsec. (f) requires the Educational Economic Policy Center to biennially review the academic excellence indicators and recommends changes to the SBOE. (Section 2.16, pages 22-23)	Requires the Educational Economic Policy Center to report to the commissioner, rather than to the SBOE, regarding recommended changes in the indicators (Section 2.08, pages 24-25)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
17. CAMPUS PERFORMANCE OBJECTIVES		
Requires each school principal, with the assistance of the school's site-based decision-making committee, to establish academic and other performance objectives for the campus with approval of board of trustees. Specifies composition of site-based decision-making committee to include principal and teachers, elected by a plurality vote of campus teachers. (Section 2.17, pages 33-34)	Similar to Senate version. Requires each school principal, with the assistance of the school's faculty, rather than the site-based decision-making committee, to establish academic and other performance objectives for the campus. (Section 2.09, page 25)	Senate Version as amended. Amendment provides for assistance to principal from school's professional staff, selected in accordance with DISTRICT LEVEL DECISION PROCESS (Sec. 21.930, TEC)
18. INVESTIGATIONS (Sec. 2.18, page 34)		
Requires TEA to annually review the performance of each district and its campuses, and determine whether any action is necessary. Eliminates conflicting language regarding accreditation criteria. Allows limited on-site evaluation.	(a) Same as Senate version except does not require a review of performance of each district and campus on indicators to determine if specific action is warranted. (Section 2.10, page 25)	Senate Version
Substitutes "academically unaccredited" for "warned" and requires the State Board to establish an annual visitation schedule for those districts rated academically unaccredited.	Same as Senate version except authorizes TEA to conduct on-site evaluation for one or more campuses in a district, if the results of an annual review indicate its necessity.	House Version
(c) Requires annual review to include student performance and attendance. Eliminates results of teacher and parent surveys from required annual performance reviews.	(c) Allows, rather than requires, inclusion of specified items in an evaluation. Retains results of teacher and parent surveys as an item.	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
deficiencies in the district.		
19. SANCTIONS (Sec. 2.19, page 36) Amends Sec. 21.757, Education Code		
Subsec. (a)(5) authorizes the commissioner of education to appoint a management team to oversee the operations of the district that does not satisfy accreditation criteria.	Same except requires the appt. of management team to oversee operations of campus rather than district. (Sec. 2.11 page 27)	Senate Version
Subsec. (b) adds options for the commissioner of education regarding accredited advised or academically unaccredited campus: appoint a monitor, master, or management team to oversee campus operations; and order the local board or superintendent to take specified steps.	No similar provision.	Senate Version
Subsec. (f) allows the designated district or campus oversight body to approve or disapprove any action of the campus principal or district superintendent or board of trustees.	No similar provision.	Senate Version
Subsec. (g) requires that districts that are rated academically unaccredited for three years be annexed to another district or be oredered a state-operated school district. (Section 2.19, pages 36-38)	Authorizes the commissioner to order the creation of state operated school district for those rated as academically unaccredited for two years.	House Version
No similar provision.	f) Prohibits districts rated as accredited advised for a period of two years from entering into contracts for administrators for more than one year.	House Version as amended. Amendment allows contracting fo more than 1 year if administrator was not previously employed by the district or if the accreditation review determines deficiencies are not related to the administrator's performance

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
20. Adds Sec. 21.758, Education Code. (Page 38) Subsec. (a) authorizes the commissioner of education to order the suspension of powers of a local board of a school district that has been academically unaccredited for three years. Requires the commissioner to inform the LEB of such an occurrence.	Same as Senate version except authorizes the commissioner of education to order suspension of powers of local school districts that have been academically unaccredited for two, rather than three, years. (Section 2.12, pages 29-30)	Senate Version as amended. Amendment reduces time period from 3 to 2 years.
21. Adds Sec. 21.920(e), Education Code. Stipulates that appeals regarding student eligibility to participate in extracurricular activities are not contested cases under the Administrative Procedures and Texas Register Act. Allows the commissioner to delegate appeals matters. Prohibits the commissioner's or designee's decision from further appeal. Stipulates rules of evidence for appeal. (Section 2.21, pages 39-40)	Same as Senate version with additional language authorizing appeal of suspension to the commissioner and clarification that the decision made by the commissioner or the commissioner's designee is final and not subject to judicial review. (Section 2.13, page 30-31)	Senate Version as amended. Amendment permits appeals only if the decision is arbitrary or capricious. (deletes "or not supported by substancial evidence".)
22. Adds Sec. 21.930, Education Code, requiring each board of trustees to involve district teachers in educational decision making regarding educational policies. Requires board consultation with district teachers and administrators. Requires the board to	No similar provision.	Senate Version as amended. Amendment clarifies that this section does not limit the local board's power to manage and govern, nor does it create a new cause of action or require collective bargaining.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
establish procedures for regular meetings with teacher. Stipulates how teachers select their representation to meet with the board. Clarifies that the board may meet with other teachers or teacher groups in addition to the teacher representative required by this section. (Section 2.22, page 40)		
23. Amends Sec. 11.13(c), Education Code, to exclude from issues of law and fact, regarding appeals to district court in Travis County, those issues described in Section 21.920(e), T.E.C.	Similar to Senate version except excludes from appeals to district court in Travis County those matters described in Section 21.920(e), T.E.C.	Senate Version
24. Adds Sec. 403.020, Government Code, to allow the comptroller to periodically review the effectiveness and efficiency of district budgets and operations. (Section 2.24, page 41)	No similar provision.	Senate Version
25. Amends Sec. 11.14(a), Education Code, to except the powers of the commissioner under Section 19.027, Education Code, to close or consolidate school districts from provisions that prohibit authority for closing or consolidating district. (Section 2.25, page 41)	Repealed. (Section 2.21, page 44)	Senate Version
26 Stipulates that the advisory	Same as Senate version with the exception that the recommendations are submitted to the commissioner, rather than the SBOE. (Section 2.19, page 44)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
committee appointed to recommend performance indicators and develop criteria for evaluating district performance submit recommendations for academic excellence indicators to the State Board of Education no later than January 1, 1991. (Section 2.27, page 42)		
27. Stipulates effective date for Section 2.14 of this bill as beginning with the 1991-1992 school year. (Section 2.29, page 42)	No similar provision.	Senate Version
28. Stipulates effective date for Section 2.24 of this bill is September 1, 1991. (Section 2.30, page 42)	No similar provision.	Senate Version
No similar provision.	Stipulates effective date for sections on Campus performance Objectives, Accreditation Standards, Academic Excellence Indicators, Campus Performance Objectives, Investigations, Sanctions, and State-Operated School Districts as September 1, 1991. (Section 2.22, pages 44-45)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provision.	Amends Sec. 11.51, Education Code, to require the commissioner of education be appointed by the governor with the advice and consent of the senate, from a list of 3 LEB-nominated names. Requires the LEB to submit nominees to the governor within 60 days of the expiration of the commissioner's term of office or of a vacancy in the office. Stipulates the procedures for providing additional nominees to the governor. Eliminates language that describes the Office of the Commissioner of Education.	Senate Version
No similar provision.	Specifies the commissioner's term of office as 4 years, terminating on February 1 of the appropriate odd-numbered year. Authorizes removal of the commissioner for good causes. Allows the commissioner to serve consecutive terms.	Senate Version
No similar provision.	Eliminates gender-specific language. (Section 2.03, pages 14-15)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provision.	Amends 11.52, Education Code to eliminate the commissioner's role as executive secretary of the SBOE and SBVocEd. Eliminates from the commissioner's responsibilities those determined by the SBOE.	Senate Version
No similar provision.	Authorizes the commissioner to adopt rules necessary to implement legislative education policy, and to submit them and receive approval of them from the LEB 30 days prior to their implementation. Eliminates the requirement that the commissioner recommend these policies to the SBOE for action.	Senate Version
No similar provision.	Transfers responsibility from the SBOE to the commissioner for distribution of an education code text. Transfers all powers and duties delegted by law to the SBOE, except those Constitutionally delegated, to the commissioner. (Section 2.04, pages 15-19)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provisions.	Adds Chapter 35, Sections 35.01 - 35.10, Education Code, to establish local school councils for each school in a district that has more than 170,000 enrolled students. Sets out provisions for composition of councils, voter eligibility, election of council members, meeting and organization procedures, powers and duties of the council, responsibilities of the principal, requirement for developing a 3-year school improvement plan, and resulting action from non-performance by a school council. (Section 2.15, pages 31-42)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
No similar provision.	Requires the LEB to submit to the Governor 3 nominees for the position of commissioner, no later than July 1, 1992. Requires the Governor to nominate a person from that list, with the advice and consent of the Senate, no later than September 1, 1992. Stipulates term of commissioner under this provision.	Senate Version
No similar provision.	Retains SBOE rules until they are superseded by the rules of the commissioner. (Section 2.17, pages 43-44)	Senate Version

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE III. EFFICIENCY		
1. Amends Sec. 11.27, Education Code, to allow innovative programs on the campus, rather than district, level. Substitutes innovative programs in place of demonstration programs. (pg. 42)	No similar provision	Senate
Adds, but is not limited to, the following innovative programs: school year restructuring; alternative learning environments; parental literacy; decentralization of organizational decisions; instructional technology; student and parental choice among public schools; child care; early childhood education; an extended school day; teacher and administrator development; continuous progress education; ratios below 22:1 in elementary grades; use of elementary school counselors, social workers, and personnel in successful dropout prevention programs; career development for students; bilingual training; parental involvement; school-age latch-key children; volunteer efforts with private sector; coordination of school activities with community programs and resources; and magnet schools.		Senate with amendment adding the following to the innovative programs list: - interdisciplinary curriculum - peer tutoring - counseling of families of at-risk students - comprehensive coordination with health and human service delivery systems

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Requires that innovative program applications be selected on a competitive basis by the program advisory committee established under Section 11.271, with final approval by the SBOE, and when expenditures of state funds are required, the LEB. Requires campus applications to be approved by the district's local school board. Removes the SBOE from the approval process regarding waivers.		Senate
Requires campuses with approved programs receiving funds under Section 11.271 to report program progress to the TEA; specifies report date. Requires the TEA to evaluate the programs' effectiveness and report its findings to the SBOE and LEB; specifies report date. (Section 3.01, pages 42-45)		Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
2. Adds Sec. 11.271, Education Code, to establish the public education development fund as an account in the general revenue fund, and allows gifts, grants, and legislative appropriations to be credited to the fund. (pg. 46) Requires the SBOE to disburse the fund each fiscal year, after deducting the cost of administration not to exceed an amount set by appropriation, to the Educational Economic Policy Center with approval by the LEB. Requires the SBOE to disburse the remainder of the fund to eligible school districts. Requires campuses to have an approved innovative program application under Section 11.27 to be eligible for the funds. Provides that the use of gifts or grants may be designated by the donor and must be used for the designated purpose. Requires 70% of the program funds be targeted for improvement of academic achievement of low-performing students. Gives priority to campuses that have 60% or fewer who performed satisfactorily on the criterion-referenced assessment instruments required under Section 21.551, or are otherwise low-performing campuses as defined by the SBOE.	No similar provision	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Requires the comptroller to issue warrants from the fund, in an amount certified by the SBOE, to the Educational Economic Policy Center and eligible school districts. Requires the Educational Economic Policy Committee to appoint a program advisory committee of specified membership to make recommendations to the SBOE and LEB on the use of the fund. (Section 3.02, pages 45-47)		
3. Adds Sec. 11.33(e), Education Code, to require each Regional Educational Center to provide training to each district coordinator and school coordinator in the region for the alcohol and drug abuse intervention program adopted by the SBOE. (Section 3.03, page 47)	No similar provision	New language amending Sec. 11.208 establishing statewide peer assistance and leadership programs in substance abuse prevention. The programs will be designed by the Central Education Agency and the Texas Commission on Alcohol and Drug Abuse.
4. Amends Sec. 13.352, Education Code. Requires principals to approve all teacher and staff appointments for their campuses from a pool of applicants selected by the district or those applicants who meet the district's hiring requirements (Section 3.05, page 48)	Amends Sec. 13,352. Requires principal to approve all teacher and staff appointments after informal consultation with the faculty. (Section 3.02, Page 45)	Senate, amended to add the requirement that approval is "based on criteria developed by the principal after informal consultation with the faculty."

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
5. Adds Subchapter D, Chapter 14, establishing the Technology Fund. (Section 3.07, page 49-51)	Technology Fund (Section 3.04, pages 46-48	
Sec. 14.063 requires the Central Education Agency to administer and make annual disbursements from the technology fund. Entitles each school district to an annual allotment for the purposes provided under Section 14.064 of the TEC equal to its unadjusted ADA multiplied by: $30 for the 1992-1993 school year, or a greater amount provided by appropriation; $35 for the 1993-1994 school year, or a greater amount provided by appropriation; $40 for the 1994-1995 school year, or a greater amount provided by appropriation; $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.	Same as senate version except that each school district is entitled to an annual allotment equal to its unadjusted ADA multiplied by a fraction, the numerator of which is the state's share of the district's Foundation School program and the denominator is the total cost of the district's Foundation School program multiped by allotments that are the same as the senate version.	Senate
Provides that the cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16, Education Code, and that the state's share is paid from the technology fund.	No similar provision.	Senate
If approved by the legislature, requires the unobligated funds and unexpended balances of appropriations distributed under this section to be forfeited by the recipients at the end of the fiscal biennium, and returned to the	No similar provision.	Senate, amended to change "unexpended balances" to "unencumbered balances."

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
technology fund. Requires all returned money to be subject to distribution in the next fiscal year for special projects as defined by rule of the SBOE on application by a school district.		
Requires the SBOE to establish rules for the administration of this section.	Requires the commissioner of education to establish rules for the administration of this section.	Senate
Requires the Central Education Agency to monitor the use of each district's allotment to ensure that at least 75% of the allotment is used to provide classroom instructional services and programs. (Section 3.07, pages 49-51)	No similar provision.	Senate
6. Amends Sec. 16.003, Education Code, to add children enrolled in a prekindergarten class to the list of eligible students entitled to the benefits of the Foundation School Program. (Section 3.08, pages 51-52)	Same as senate version and includes requirement that the commissioner of education and commissioner of human services evaluate prekindergarten programs. (Section 3.05, pages 48-49)	House

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
7. No similar provision.	Amends Subchapter A, Chapter 16, Education Code, by adding Sec. 16.011 relating to Unfunded State Educational Mandates. Requires that a school district be reimbursed the costs incurred when complying with any state educational mandate unless the mandate passed by four-fifths vote of each house providing that the mandate not be subject to reimbursement or payment is otherwise provided by the state. Authorizes a school district to petition the comptroller for funds not received and to take action in district court regarding a petition not acted on. (Section 3.06, pages 49-52)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
8 . No similar provision.	Amends Subchapter E, Chapter 16, relating to the Cost of Education Index. Transfers authority relating to the development and recommendation of the cost of education index to the Educational Economic Policy Center, the Legislative Education Board, and the Legislative Budget Board from the commissioner of education and the State Board of Education.	House language incorporated in Subchapter F.
No similar provision.	Transfers authority from the State Board of Education to the Legislative Education Board and the Legislative Budget Board to recommend a basic allotment adjustment related to Naval Military Facility Impact. (Section 3.08, pages 52-55)	House
9 Amends Subchapter F, Chapter 16, relating to Program Accountable Costs. Sec. 16.201 requires the SBOE to determine the accountable costs per student of providing an efficient educational program. Deletes language relating to minimum basic programs. Prohibits the SBOE from including cocurricular and extracurricular programs in the accountable cost. Sec. 16.202 deletes language relating to minimum basic programs. Retains current language regarding advisory committee on accountable costs.	Amends Subchapter F, Chapter 16, relating to Program Accountable Costs. Sec. 16.201 requires the LEB and the LBB to determine the accountable costs per student. Deletes language relating to minimum basic programs. Prohibits the LEB and LBB from including cocurricular and extracurricular programs in accountable cost. Sec. 16.202 deletes language relating to minimum basic programs. Eliminates the advisory committee on accountable costs. Requires the Education Economic Policy Center to develop a methodology to be used by the LEB and LBB in determining accountable costs.	Modified House language to create single comprehensive study on Cost of Education, Program Accountable Costs and other costs factors. New language in Sec. 16.201 - Purpose and Sec. 16.202- Studies. Article I, Section 1.13

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Sec. 16.203 deletes reference to basic allotment in legislative consideration. Retains requirement that the State Board of Education report to the governor, the LEB, and the LBB.	Same as senate version except to require the LEB and the LBB to report to the governor and the legislature.	New language for additional studies with procedures established to be utilized in studies.
Sec. 16.204 added to require the Educational Economic Policy Center to recommend a methodology for the SBOE to use in making a determinations of accountable costs. (Section 3.10, pages 52-54)	Similar provision in Sec. 16.202 requires the Policy Center to develop methodology for the LEB and the LBB. (Section 3.09, pages 55-57)	
10 No similar provision.	Amends Subchapter C, Chapter 20, by adding Sec. 20.57 relating to Legal Services for School Bond Issuers. Requires the attorney general to provide legal services to school districts that are issuing bonds. (Section 3.10, pages 57-59)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
11 Adds Sec. 21.101(h), Education Code, requiring the SBOE to design an alcohol and drug abuse intervention program for the public schools, and requires each school district to implement the program under the board's adopted guidelines. (Section 3.12, pages 54-55)	Adds Sec. 21.101(h) to allow the SBOE and the Texas Commission on Alcohol and Drug Abuse to design alchohol and drug intervention programs for public schools. Districts may implement the programs. (Section 3.12, page 59)	Referenced in new language in Sec. 11.208 on substance abuse prevention
12. Amends Sec. 21.136, Education Code, changing the age eligibility for enrollment in a prekindergarten class from four to three years of age. (Section 3.13, page 55)	Same as senate version except transfers authority to set eligiblity standards from the SBOE to the commissioner of education. Adds subsection (h) to require the state to pay for costs associated with offering a 3-year-old prekindergarten program. Exempts districts from offering program if the state fails to pay. (Section 3.14, page 60)	Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
13. Adds Sec. 21.9012 relating to energy conservation measures. Allows the board of trustees of a school district to enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities. Establishes requirements for contractors . Permits multi-year contracts if the amount of savings estimated for a 10-year period does not exceed the cost of the contract. Allows multi-year contracts to be lease-purchase contracts that conform to federal tax requirements for tax-free financing. Allows for competitive bidding and stipulates procedures for bidding and contract award. (Section 3.14, pages 55-58)	No similar provision.	Senate, amended to delete language related to the installation of cogeneration systems and to stipulate that lease/purchase agreements may be approved for existing buildings or facilities only.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
14 Amends Subchapter Z, Chapter 21, by adding Sections 21.930 through 21.932. Sec. 21.930 requires the designation of district school coordinators for drug free schools. Requires the district coordinator to instruct the intervention teams in the state alcohol and drug abuse intervention program and review each school's alcohol and drug abuse intervention program. Sec. 21.931 requires the establishment of alcohol and drug abuse intervention teams by each public school. Provides composition and duties of teams. Sec. 21.932 requires the establishment of a school and community drug free school advisory team.	No similar provision.	House. Substance abuse prevention programs are referenced in Sec. 11.208.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
15 Amends Sec. 23.023, Education Code, by reducing the student population from 66,000 to 60,000 for those school districts whose boards must include nine members. Requires that for districts whose student population is 60,000 or greater, seven of the board members be elected from single member districts, and the president and vice president be elected at large. Requires the school board to create seven trustee districts at a specified period prior to a school district election, and to specify that runoff elections be on a date authorized by the Election Code. Specifies staggered elections for those districts that must comply with this section. Allows districts whose student population is 60,000 or greater and have already implemented single-member districts, to continue to operate under their current plans.	No similar provision.	Senate, amended to reduce the student population from 66,000 to 64,000. Amended to define average daily attendance for this section as the last 10 school days in September.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Requires school districts whose student populations are currently below 60,000 but that later exceed 60,000 to comply with this section no later than the first regular election year held within the next two years. Requires school districts whose student populations currently exceed 60,000 but later fall below 60,000 to continue to comply with this section. Exempts districts that adopt a single-member district plan prior to January 1, 1991, from complying with this section. (Section 3.16, pages 61-63)		Amended to exempt districts that adopt a single-member plan prior to Aug 31, 1991.
16 Adds Sec. 23.30(e), Education Code, permitting a school district to engage a licensed real estate broker or salesman to acquire or sell real property. (Section 3.17, page 63)	No similar provision.	Senate
17 Requires that the center for educational technology be funded by the public education development fund for the first three years of operation in an amount approved by the LEB. Requires the comptroller to distribute the money as certified by the commissioner. (Section 3.19, pages 63-64)	No similar provision.	Senate

	SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
18	No similar provision.	Amends Sec. 21.209 by adding subsection (c) to allow a school board to return a teacher to probationary status upon recommendation of the principal. Provides following the probationary year, the board shall restore nonprobationary status or shall nonrenew the teacher contract. (Section 3.15, pages 60-61)	Senate
19	No similar provision.	Amends Sec. 21.205 to allow a school board to designate an impartial hearing officer to participate in a hearing requested by a teacher who has received notice of nonrenewal. (Section 3.16, page 61)	House
20	No similar provision.	Requires the commissioner of education and the commissioner of human services to report to the 72nd Legislature the potential of using existing child care program sites as prekindergarten sites. (Section 3.18, pages 61-62)	House

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
21 No similar provision.	Amends Subchapter X, Chapter 212, Local Government Code, by adding Sec. 212.902 relating to School District Land Development Standards. Authorizes school districts to request an agreement regarding land development standards from its municipality when constructing educational facilities. If an agreement cannot be reached in 180 days, the municipality no longer has land development regulatory authority over the school district with specified exceptions. Prior to any construction, the school district must have the Texas Water Commission approve its water quality program. (Section 3.19, pages 62-63)	House, amended to review fees and review periods, require an agreement within 120 days, and require an arbitrator to review proposed agreements if an agreement cannot be reached by the entities.
22 Effective Date. Sections 3.08, 3.11, 3.13, and 3.22 of this article apply beginning with the 1991-1992 school year. Section 3.07 of this article takes effect September 1, 1992. (Section 3.23, page 65)	Effective date. Sections 3.05, 3.11, 3.14, and 3.24 of this article beginning with the 1991-1992 school year. Section 3.04 takes effect September 1, 1992. (Section 3.25, page 64)	Same in both bills.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
ARTICLE IV. PERFORMANCE INCENTIVES		
1. Adds Sec. 11.272, to authorize a school campus rated exemplary through the accreditation process to be exempt from statutes and regulations designated by the SBOE with the advice of the LEB, except for:	Same except authorizes school districts, and statutes and regulations are designated by Commissioner	Senate, but applies to districts or campuses
Curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject; restrictions on extracurricular activities; health and safety; competitive bidding; textbook selection; minimum graduation requirements; or educational employee and educational non-teacher, non-contract employee rights and benefits.	Exceptions: Same except does not allow for any exclusions within the curriculum essential elements category; deletes textbook selection and minimum graduation requirements; adds elementary school class size limit; and changes the employee rights and benefits category to apply only to contractual rights.	Senate plus the following exceptions: elementary school class size limits; removal of a disruptive student from the classroom; suspension or expulsion of a student; at-risk programs; and prekindergarten programs.
Requires TEA to evaluate campuses operating under exemptions and report on the effects of deregulation on student achievement.	Requires TEA to monitor, not evaluate, school districts	Senate, but applies to districts or campuses
Beginning 1990-91, requires SBOE to provide as much regulatory relief as possible to high performing campuses.	No similar provision	Senate, but applies to districts or campuses
No similar provision	Allows a school district exempt under this section to select for purchase a textbook not on a state-adopt multiple list.	Senate
(Section 4.01, pages 65-66)	(Section 4.01, pages 65-66)	

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
2. Adds Sec. 11.273, to authorize school campuses to apply to the SBOE for waivers from laws or rules with approval from the local board of trustees.	Same except districts apply to Commissioner and approval by board of trustees is not required	Senate, but applies to districts or campuses
Stipulates that a school campus may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to: curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject; restrictions on extracurricular activities; health and safety; competitive bidding; textbook selection; minimum graduation requirements; or educational employee and eduational non-teacher, non-contract employee rights and benefits.	Same except applies to school districts, does not allow for any exclusions within the curriculum essential elements category, deletes textbook selection and minimum graduation requirements, adds elementary school class size limits, and changes the employee rights and benefits category to apply only to contractual rights. (Section 4.01, pages 66-67)	Senate, but deletes textbook selection and outlines conditions for which districts and campuses may receive a waiver under this category. Adds elementary school class size limits; removal of a disruptive student from the classroom; suspension or expulsion of a student; at-risk programs; and prekindergarten programs.
Beginning 1990-91, requires the SBOE to provide as much regulatory relief as possible to high performing campuses. (Section 4.01, pages 66-68)	No similar provision	Senate, but applies to districts or campuses

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
3. Adds Sec. 21.101(h), Education Code, to prohibit the SBOE from designating the methodology used by a teacher or the time spent by the student on a task or subject. (Section 4.02, page 68)	Sec. 21.101 (i) prohibits the commissioner of education from designating teaching methodology or time spent by a teacher or student on a task. (Section 3.13, page 59)	Senate
4 Amends Sec. 34.004(b), Education Code, to require that academic excellence awards for school campuses be based on specified criteria. (Section 4.04, page 69)	No similar provision	Senate
5 Adds Subchapter G, Chapter 56, Education Code, to create the Texas Tuition Assistance Grant Program to provide college assistance grants to students from low- and middle-income families who graduated from high school with a grade average of 80 or better and will attend public or private universities in the state. Authorizes the coordinating board to administer the grant program and to provide the grants through gifts, grants, and appropriated funds. (Section 4.05, pages 69-72)	No similar provision	Senate with amendment allowing persons convicted of a felony to qualify for grants.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
6 Requires the coordinating board to adopt rules for the grant program by Jan. 1, 1991, and make grants beginning with the fall semester 1991. (Section 4.06, page 72)	No similar provision	Senate
7 Repeals Sec. 11.27, Education Code (relating to innovative educational programs established during the 71st Legislative Session); Sec. 21.001(b), Education Code (relating to the state of the school year); Subchapter B, Chapter 56, Education Code (relating to the Texas Assistance Grants currently in statute but unfunded). (Section 4.06, pages 72-73)	Does not repeal Section 21.000(b) or Subchapter B, Chapter 56 (Section 4.03, page 68)	Senate
ARTICLE V. YEAR-ROUND SCHOOLS		
Amends Sec. 21.008(a), Education Code, to conform statute relating to the school year to provide for year-round schools. (Section 5.01, page 73)	No similar provision.	Senate
Amends Sec. 21.009(a), Education Code, to require the SBOE to adopt rules relating to year-round schools including rules necessary for the operation of multitrack school years. (Section 5.02, page 73)		Senate
Adds Sec. 21.010, Education Code, to define the terms "track" and "multitrack" and to authorize local school boards to		Senate

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
operate schools on a multitrack year. (Section 5.03, pages 73-74)		
Requires the SBOE to adopt rules relating to year-round schools by Jan. 1, 1991. (Sec. 5.04(a), page 74)		Senate
Provides that Subsection (d), Article 717t, as added by this Act, relating to the facilities grant program becomes effective for the 1991-1992 school year. (Section 5.04, page 74)		Senate
ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY		
1. Makes additional appropriations for the Foundation School Program for the fiscal year ending Aug. 31, 1991.	Makes an additional appropriation of $450 million for the Foundation School Program for 1990-91 school year. (Section 1.15, page 12)	Makes additional appropriations $483,629,000 .
Reduces the amount appropriated for the transportation allotment for the 1991 fiscal year by $546,655.	No similar provision	Senate.
Appropriates $20 million for the Long Range Plan for Technology with priority given to providing access to academic courses for high school students through technology-based systems, training and support services for educational personnel in the efficient and effective use of technology, and technological equipment for instruction.	No similar provision	House.

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
Appropriates $2 million for the Texas Tuition Assistance Grant program.	No similar provision	House.
Appropriates $20 million for the Public Education Development Fund.	No similar provision	Senate- $5 million.
Appropriates $45 million for facilities development grants.	No similar provision	House.
Appropriates $5 million for facilities inventory.	No similar provision	Senate.-$5 million.
Appropriates $250,000 for the Leadership in Educational Administration Programs.	No similar provision	Senate- $80,000
Appropriates $9.1 million for the alcohol and drug abuse intervention program. (Section 6.01, pages 74-77)	No similar provision	House.
2. Appropriates $45 million to the Foundation School Program to cover the shortfall created during the 1989-1990 school year. (Section 6.02, page 77)	No similar provision	House.
3. Provides effective date of Sept. 1, 1990. (Section 6.03, page 77)	Same as Senate	Modified to reflect the effective dates of studies.
	New Section:	Authorizes $61,290,980 Hold Harmless funding for 1990-91 school year. Districts shall not lose state aid under the provisions of this bill other than ADA count.

90M41

Enrolled June 26, 1990
Patsy Spaw
Enrolling Clerk

S.B. No. 1

AN ACT

relating to public education; making appropriations.

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

ARTICLE I. FINANCE

SECTION 1.01. Section 16.001, Education Code, is amended to read as follows:

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of fiscal neutrality which provides for substantially equal access to similar revenue per student at similar tax effort.

(c) The program of state financial support designed and implemented to achieve these policies shall include strict adherence to the following principles:

(1) the yield of state and local educational program revenue per pupil per cent of effective tax effort shall not be statistically significantly related to local taxable wealth per

student for at least those districts in which 95 percent of students attend school;

(2) the level of state and local revenues for which equalization is established shall include funds necessary for the efficient operation and administration of appropriate educational programs and the provision of financing for adequate facilities and equipment; and

(3) the level of local tax effort for which equalization is established shall be not less than the weighted average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student.

SECTION 1.02. Section 16.004, Education Code, is amended to read as follows:

Sec. 16.004. SCOPE OF PROGRAM. Under the Foundation School Program, a school district may receive state financial aid for programs, services, facilities, and equipment, including personnel salaries, current operating expenses, categorical programs, and transportation services. The amount of state aid to each school district shall be based on the district's ability to support its public schools.

SECTION 1.03. Section 16.006, Education Code, is amended to read as follows:

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this chapter, average daily attendance is determined by the daily attendance as averaged each month of the minimum school year as

described under Section 16.052(a) of this code [~~best four weeks of eight weeks of attendance. The State Board of Education by rule shall prescribe the eight weeks for which attendance records must be maintained by all districts for this purpose, except that the records must be kept for four weeks of each regular semester~~].

(b) For the school year 1990-1991 only, the number of students in average daily attendance under the definition described in Subsection (a) of this section shall not be less than 98 percent of the number of students that would be obtained under the definition used for the 1989-1990 school year.

(c) A school district that experiences a decline of two percent or more in average daily attendance as a result of the closing or reduction in personnel of a military base shall be funded on the basis of the actual average daily attendance of the immediately preceding school year.

SECTION 1.04. Subchapter A, Chapter 16, Education Code, is amended by adding Section 16.008 to read as follows:

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The Legislative Education Board shall adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each school year thereafter.

(b) The funding elements shall include:

(1) a basic allotment for the purposes of Section

16.101 of this code that represents the cost per student of a regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of school districts for the purposes of Sections 16.102 and 16.103 of this code;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter D of this chapter;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter H of this chapter that represents the costs as determined and limited under Subchapter F of this chapter for exemplary programs including the cost of facilities and equipment until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter;

(5) the total tax rates for the local funding requirements of Section 16.252 of this code and Subchapter H of this chapter with the provision that the sum of these tax rates may not be less than the prior year average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student; and

(6) the formula elements for the funding formulas for capital outlay and debt service under the provisions of Subchapter

I of this chapter.

(c) Beginning in 1992, not later than October 1 preceding each regular session of the legislature, the board by rule shall report the equalized funding elements calculated under Subsection (b) of this section to the foundation school fund budget committee, the commissioner of education, and the legislature.

(d) Notwithstanding other provisions of this section, the report and recommendations of the Legislative Education Board for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.05. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of $1,910 [~~$1,477~~] for the 1990-1991 [~~1989-1990~~] school year and $2,128 or an amount adopted by the foundation school fund budget committee under Section 16.256 of this code for the 1993-1994 school year [~~$1,500~~] for each school year thereafter, or a greater amount for any school year provided by appropriation.

SECTION 1.06. Subsection (a), Section 16.151, Education Code, is amended to read as follows:

(a) For each full-time equivalent student in average daily

attendance in a special education program under Subchapter N, Chapter 21, of this code, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement, which for the 1989-1990 and 1990-1991 school years is as follows:

Homebound	5.0
Hospital class	5.0
Speech therapy	7.11
Resource room	2.7
Self-contained, mild and moderate, regular campus	2.3
Self-contained, severe, regular campus	3.5
Self-contained, separate campus	2.7
Multidistrict class	3.5
Nonpublic day school	3.5
Vocational adjustment class	2.3
Community class	3.5
[~~Self-contained, pregnant~~	~~2.0~~]
Mainstream	0.25

SECTION 1.07. Subsection (a), Section 16.152, Education Code, is amended to read as follows:

(a) For each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual

allotment equal to the adjusted basic allotment multiplied by 0.2 and 2.41 for each student who is in a remedial and support program under Section 21.557 of this code because the student is pregnant[~~, subject to Subsection (e) of this section~~].

SECTION 1.08. Subsection (c), Section 16.152, Education Code, is amended to read as follows:

(c) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, which shall not exceed 15 percent, must be used in providing remedial and compensatory education programs under Section 21.557 of this code, and the district must account for the expenditure of state funds by program and by campus. Funds allocated under this section, other than the indirect cost allotment, shall only be expended for supplemental purposes in addition to those programs and services funded under the regular education program of the district from all funding sources.

SECTION 1.09. Section 16.252, Education Code, is amended to read as follows:

Sec. 16.252. LOCAL SHARE OF PROGRAM COST. (a) Each school district's share of its Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the district's local share;

"TR" is a tax rate which for the 1990-1991 school year shall be computed by the commissioner of education before the 1990-1991

[each] school year as the rate that will raise a total local share, prior to adjustments, equal to 41 [33.3] percent of the current year Foundation School Program estimated costs under Subchapters C and D of this chapter other than the adjustments made under Sections 16.102(d) and 16.103(d) of this code, and which shall be $0.70 per hundred dollars of valuation for each year thereafter, or a rate as adopted by the foundation school fund budget committee for the 1993-1994 and 1994-1995 school years under authority granted in Section 16.256(d) of this code; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

(b) A tax rate of $0.70 per $100 of valuation used as "TR" is based upon an estimated calculation that yields an amount equal to the current year Foundation School Program estimated costs under Subchapters C and D of this chapter divided by the total number of weighted students in the state, when that tax rate is applied to the 97th percentile of wealth per weighted student when preliminary values for the 1990-1991 school year are used.

(c) The commissioner of education shall adjust the values reported in the official report of the State Property Tax Board to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

(d) [(e)] Appeals of district values shall be held pursuant

to Subsection (e) of Section 11.86 of this code.

(e) [~~(d)~~] A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(f) [~~(e)~~] The commissioner of education shall hear appeals from local school districts which have experienced a rapid decline in tax base used in calculating the local fund assignment, exceeding eight percent of prior year, that is beyond the control of the local board of trustees. The commissioner of education may adjust the local school district's taxable values for local fund assignment purposes for such losses in value exceeding eight percent and thereby adjust the local fund assignment to reflect the local current year taxable value. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other district.

SECTION 1.10. Section 16.256, Education Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d) The foundation school fund budget committee shall adopt rules for the calculation for each year of a biennium of the qualified funding elements necessary to achieve the state funding policy under Section 16.001 of this code not later than the 1994-1995 school year and for each year thereafter. In the calculation of these funding elements, the committee shall consider the report of the Legislative Education Board prescribed under Section 16.008 of this code.

(e) The funding elements shall include:

(1) a basic allotment for the purposes of Section 16.101 of this code that represents the cost per student of a regular education program that meets the basic criteria for an accredited program including all mandates of law and regulation;

(2) the formula or other provision for the cost of education index designed to reflect the geographic variation in known resource costs and costs of education beyond the control of school districts for the purposes of Sections 16.102 and 16.103 of this code;

(3) appropriate program cost differentials and other funding elements for the programs authorized under Subchapter D of this chapter;

(4) the maximum guaranteed level of qualified state and local funds per student for the purposes of Subchapter H of this chapter that represents the costs as determined and limited under Subchapter F of this chapter for exemplary programs including the cost of facilities and equipment until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter;

(5) the total tax rates for the local funding requirements of Section 16.252 of this code and Subchapter H of this chapter with the provision that the sum of these tax rates may not be less than the prior year average tax rate for all districts other than the districts with five percent of the total number of students with the highest wealth per student; and

(6) the formula elements for the funding formulas for

capital outlay and debt service under the provision of Subchapter I of this chapter.

(f) Beginning in 1992, not later than November 1 preceding each regular session of the legislature, the foundation school fund budget committee shall adopt and report the equalized funding elements calculated under this section to the commissioner of education and the legislature. Before the committee adopts the elements, the committee or the committee's designees shall hold a public hearing on the recommendations of the Legislative Education Board.

(g) Notwithstanding other provisions of this section, the funding elements adopted by the foundation school fund budget committee for the 1993-1994 school year and the 1994-1995 school year shall provide for appropriate transition from the program in effect for the 1992-1993 school year.

SECTION 1.11. Sections 16.302 and 16.303, Education Code, are amended to read as follows:

Sec. 16.302. ALLOTMENT. (a) Each district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be

allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is $18.25 for the 1990-1991 school year and $31 for each school year thereafter, or a greater amount for any year provided by appropriation, or an amount adopted by the foundation school fund budget committee under Section 16.256(d) of this code for the 1993-1994 or 1994-1995 school year or thereafter;

"WADA" is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustments under Sections 16.102 and 16.103 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the district, which is determined by subtracting the local fund assignment of the district from the amount of taxes collected by the district for the applicable school year and dividing the result by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property (DPV) under Section 16.252 of this code divided by 100.

(b) The rates of $31 and $0.41 for "GL" and for the limitation on "DTR" under Section 16.303 of this code,

respectively, are calculated using the preliminary 1990-1991 95th percentile of property wealth per weighted student and the 95th percentile of estimated state and local revenue per weighted student.

Sec. 16.303. LIMITATION ON ENRICHMENT TAX RATE. (a) The district enrichment tax rate ("DTR") under Section 16.302 of this code may not exceed $0.37 in the 1990-1991 school year, $0.41 in each year thereafter, or an amount for 1993-1994 and 1994-1995 school years or thereafter as adopted by the foundation school fund budget committee under Section 16.256(d) of this code [~~$0.36--or--a greater---amount---for--any--of--these--school--years--provided--by appropriation~~].

(b) State assistance under this subchapter for districts operating on a federal military installation shall be calculated on the basis of average countywide tax rates and property values per student. The commissioner of education shall calculate appropriate values for each such school district [~~For--the--1989-1990--school year,--a--district--may--not-receive-less-per-student-in-guaranteed yield-state-funds-than-the-amount-of-state-funds-received-under-the enrichment-equalization-allotment-in-the-1988-1989-school-year~~].

SECTION 1.12. Section 16.155, Education Code, is amended by amending Subsections (a) and (e) and adding Subsection (g) to read as follows:

(a) For each full-time equivalent student in average daily attendance in an approved vocational education program in grades nine through 12 or in vocational education for the handicapped

programs in grades seven through 12, a district is entitled to an annual allotment [~~for the 1989-1990 and 1990-1991 school years~~] equal to the adjusted basic allotment multiplied by a weight of 1.37 [~~1.45~~].

(e) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in providing vocational education programs in grades nine through 12 or vocational education for the handicapped programs in grades seven through 12 under the provisions of Sections 21.111, 21.1111, and 21.112 of this code.

(g) The commissioner shall conduct a cost-benefit comparison between vocational education programs and mathematics and science programs.

SECTION 1.13. Subchapter F, Chapter 16, Education Code, is amended to read as follows:

SUBCHAPTER F. [~~PROGRAM~~] ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE. The accountable costs of education studies are designed to support the development of the equalized funding elements necessary to provide a state and local public school finance system which meets the state policy established in Section 16.001 of this code and provides the research basis for the equalized funding elements under the provisions of Section 16.008 of this code [~~REPORT. The State Board of Education shall report what it determines to be:~~

[~~(1) the minimum basic accountable costs per student to school districts of providing education programs, personnel, and~~

~~other--operating--costs--that--meet--the--accreditation---standards prescribed-by-law-and-rule,-for-each-year-of-the-next-biennium;~~

[~~(2)--the---estimated---costs--per--student--to--school districts-of-providing-exemplary-education-programs,-personnel,-and other-operating-costs-that-exceed-basic-accreditation-levels;~~

[~~(3)--the-costs-of-implementing-the-long-range-plan-for public-school-education-authorized--by--Section--11.26(b)--of--this code;~~

[~~(4)--facility--and--debt--service--costs--necessary-to provide-for--both--current--and--projected--facilities--for--public schools--according--to--the-standards-adopted-under-Subchapter-I-of this-chapter;~~

[~~(5)--the-basic-accountable-costs-per-student-for--each programmatic--area--that--is--recognized--by--the-Foundation-School Program,-and~~

[~~(6)--the-basic-accountable-costs--of--transportation~~].

Sec. 16.202. STUDIES. (a) On a biennial basis, the Legislative Education Board and the Legislative Budget Board, with the assistance of the Educational Economic Policy Center and the Central Education Agency, shall complete each of the following studies and develop recommended amounts where appropriate for each year of the next biennium:

(1) a study of the fiscal neutrality of the system to determine the status of the state and local finance system with regard to the policies established under the provisions of Section 16.001 of this code, including recommendations for adjustments

necessary to maintain fiscal neutrality;

(2) the accountable costs per student to school districts of providing educational programs, personnel, and other operating costs that meet accreditation criteria and the provisions of law and regulation;

(3) a cost of education index designed to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of school districts;

(4) program cost differentials designed by program to provide support for the added expense of high-cost courses or programs for students participating in such courses or programs;

(5) transportation and career ladder allotments;

(6) the accountable costs per student to districts rated as exemplary under the provisions of Subchapter T of Chapter 21 of this code for the provision of personnel, programs, and other operating expenses, with the limitation that this level may not be less than 95 percent nor more than 105 percent of the 95th percentile of state and local revenue per pupil;

(7) the levels of tax effort necessary for each tier of the Foundation School Program necessary to fulfill the requirements of Sections 16.001 and 16.008 of this code; and

(8) capital outlay and debt service requirements and formula elements for the requirements of Subchapter I of this chapter or other provisions of this chapter.

(b) In the determination of costs and revenues under this chapter, the boards shall consider those costs and revenues

necessary for operation, maintenance, and administration and those costs necessary for adequate facilities and equipment and shall exclude all other costs [~~ADVISORY-COMMITTEE.--(a)--The-State-Board of-Education-shall-appoint-an--advisory--committee--to--assist--the board--in--determining--the--minimum--basic-accountable-costs.--The committee-must-be-composed-of-15-members,-a-majority--of--whom--may not-be-employees-or-officials-of-a-local-school-district.~~

[~~(b)--In--making--appointments--to--the--committee,-the-board shall--give--representation--to--different--geographic--areas---and different-sizes-of-schools-and-districts.~~

[~~(c)--Members-of-the-committee-serve-without-compensation-but are--entitled--to--reimbursement--for-actual-and-necessary-expenses incurred-in-performing-their-duties.--Reimbursement-is--from--funds appropriated-to-the-Central-Education-Agency-and-available-for-that purpose~~].

Sec. 16.203. PROCEDURES. (a) In the determination of the statistical measures used for the calculation of fiscal neutrality, the boards shall use only those measures recommended by an impartial panel of persons expert in the use of statistics appointed by the boards.

(b) The cost of education index shall be based on one or more models that consider the effect of school district or other characteristics on the cost of public education in the various school districts of the state. The districts may be divided into a variety of categories which may include region, size, area, density, educational characteristics, and economic conditions.

(c) The commissioner of education shall provide appropriate assistance to the boards for the calculation of the various funding elements. Subject to review by the Legislative Education Board, the commissioner of education shall retain from the allotments under Sections 16.102 and 16.103 of this code and Subchapter D of this chapter amounts appropriate to finance necessary additional costs for the studies required under this subchapter.

(d) The boards may appoint advisory committees to assist in the development of the various funding elements and studies required under this subchapter. Advisory committee members serve without compensation but are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties. Reimbursement shall be from funds available under Subsection (c) of this section or from other funds available to the boards.

(e) In the studies relating to program cost differentials the boards shall give special consideration to cost factors associated with class size, laboratory expenses, materials, equipment, teacher training, necessary salary supplementation, and special services related to individual courses or groups of courses

[~~LEGISLATIVE--CONSIDERATION.--In--adopting--the--amount--of--basic, special,-and-transportation--allotments--under--this--chapter,--the legislature--shall--consider--the-recommendations-and-report-of-the State-Board-of-Education-as-to-the-minimum-basic-accountable--costs of--a--program-that-meets-accreditation-standards.--The-board-shall file-the-report-with-the-governor,-the--Legislative--Budget--Board, and-the-Legislative-Education-Board~~].

Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. (a) The model on which a cost of education index is based must specifically consider the impact of a significant new naval military facility on each district in an impacted region.

(b) If the construction or operation of a significant new naval military facility begins during a school year, the Legislative Education Board and the Legislative Budget Board shall recommend the adjustment of the basic allotment during that school year to consider any impact of the facility on the cost of education index of the districts in the impacted region.

(c) In this section, "significant new naval military facility" and "impacted region" have the meanings assigned by Section 4, Article 1, National Defense Impacted Region Assistance Act of 1985 (Article 689a-4d, Vernon's Texas Civil Statutes).

SECTION 1.14. (a) In the development of the accountable cost of education studies during the 1989-1990 and 1990-1991 school years, the Legislative Education Board and Legislative Budget Board shall give special consideration to the studies required for the development of program cost differentials, the cost of education index, and a comprehensive set of recommendations for the provision of state assistance to school districts for school facilities and debt service beginning in the 1991-1992 school year. These studies shall be completed not later than January 1, 1991.

(b) In addition, specific studies of the impact of year-round average daily attendance, appropriate mechanisms for the funding of vocational education, and the cost of serving at-risk

students shall be included in the studies completed by the boards prior to January 1, 1991.

SECTION 1.15. Section 13.353, Education Code, is amended by adding Subsection (e) to read as follows:

(e) From funds appropriated for that purpose, the Central Education Agency shall allocate an amount each year for the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills, including skills necessary to implement Sections 21.7532 and 21.930 of this code. The State Board of Education may designate special projects and development activities to be carried out with such funds. The manner in which such funds are utilized shall be reported annually to the commissioner of education. This subsection takes effect June 1, 1990.

SECTION 1.16. Section 29.05, Education Code, is amended to read as follows:

Sec. 29.05. ALLOCATION OF COSTS. A formula for the allocation of professional units and other operating expenses shall be developed by the Central Education Agency and approved by the State Board of Education. For the fiscal year ending August 31, 1991, the amount approved by the State Board of Education may not exceed $28,203,328. Not later than February 1, 1991, the Central Education Agency and the Texas Department of Criminal Justice shall propose to the 72nd Legislature a formula for funding the schools

authorized by Section 29.01 of this code, using the fund required by Section 29.04 of this code.

SECTION 1.17. Chapter 1, Title 22, Revised Statutes, is amended by adding Article 717t-1 to read as follows:

Art. 717t-1. PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) From funds appropriated for the purpose, in the 1991-1992 school year, the board shall make grants to school districts to alleviate emergency needs for acquiring, constructing, renovating, or improving capital assets and instructional facilities. A portion of these funds may be used to alleviate the debt service obligations of school districts incurring debt since September 1, 1984, and prior to the effective date of this Act.

(b) The board by rule shall establish procedures and qualifications for obtaining a grant under this article. Under the rules, a priority shall be given to school districts with a property-wealth per student ratio inadequate to meet the demands for adequate funds for its education program and for its debt service obligations. The board may consider, in adopting rules and awarding grants, the conditions listed in Subsection (a), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(c) Except to the extent directly related to the acquisition, construction, renovation, or improvement of capital assets and instructional facilities, a grant may not be used to pay the general administrative expenses of any school district or to pay any part of the salary or benefits of an official or employee

of any school district receiving a grant under this article.

(d) In this article:

(1) "Board" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(2) "Capital assets" means permanent fixtures, mechanical or electrical equipment, or other tangible property that becomes a permanent improvement to an instructional facility or furnishings, other than computers, for an instructional facility that have a life of not less than 10 years.

(3) "Instructional facility" has the meaning assigned by Section 2, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes).

(e) This article expires August 31, 1992.

SECTION 1.18. Chapter 314, Government Code, is amended by adding Section 314.004 to read as follows:

Sec. 314.004. EQUALIZED EDUCATION FUNDING IMPACT STATEMENT. (a) The board shall prepare for each bill or resolution that affects public education an equalized education funding impact statement.

(b) The impact statement must evaluate the effect of the bill or resolution on all state equalized funding requirements and policies.

(c) The impact statement must be attached to the bill or resolution immediately following the fiscal note attached under Section 314.003.

SECTION 1.19. (a) Notwithstanding any other provision of this Act, a district's increase or decrease in state aid per student due to changes made by this Act to the Education Code at the time of its enactment shall be limited to the following levels for the indicated school years:

(1) 25 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1991-1992 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(2) 50 percent of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1992-1993 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year;

(3) 75 percent or a different percentage as may be set by the foundation school fund budget committee of the difference between the state aid per student to which the district is otherwise entitled under the provisions of this Act for the 1993-1994 school year and the state aid per student to which the district is entitled under the provisions of this Act for the 1990-1991 school year.

(b) Unless determined to be different amounts for the 1993-1994 and 1994-1995 school years by the foundation school fund budget committee under the authority granted to it in Subsection (d), Section 16.256, Education Code, as added by this Act, the

following shall be used in determining eligibility for state aid and special program allotment amounts beginning in the 1991-1992 school year:

(1) the basic allotment only for purposes of determining the amounts of funds which school districts must allot for special programs under Subchapter D, Chapter 16, Education Code, under provisions of this Act shall be $1,965 for the 1991-1992 school year, $2,019 for the 1992-1993 school year, $2,074 for the 1993-1994 school year, and $2,128 for the 1994-1995 school year; and

(2) the minimum tax effort per hundred dollars of valuation required under Section 16.252, Education Code, shall be $0.54 for the 1991-1992 school year, $0.54 for the 1992-1993 school year, $0.62 for the 1993-1994 school year, and $0.70 for the 1994-1995 school year.

SECTION 1.20. No district shall receive less funds for the 1990-1991 school year than the district would have received under the prior provisions of the Education Code, with the exception that the financial impact of the provisions relating to average daily attendance under Section 16.006, Education Code, shall not be held harmless. The commissioner of education shall provide for appropriate calculations to implement this section.

SECTION 1.21. (a) Subsection (c), Section 16.151; Subsection (e), Section 16.152, as added by Section 9, Chapter 816, Acts of the 71st Legislature, Regular Session, 1989; Section 16.176; Section 16.177; Subsections (a), (b), (c), and (e), Section

16.178; Section 16.179; and Section 16.180, Education Code, are repealed effective immediately.

(b) Effective September 1, 1991, Subsection (d), Section 16.178, Education Code, is repealed.

SECTION 1.22. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Section 1.13 of this article takes effect immediately.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Section 2.01, Education Code, is amended to read as follows:

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. The objective of state support and maintenance of a system of public education is education for citizenship and is grounded upon conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students shall have an opportunity to benefit from an appropriate education. The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL B: The state shall be within national norms for student performance.

GOAL C: A well-balanced and appropriate curriculum will be

provided to all students.

GOAL D: Qualified and effective personnel will be attracted and retained. Adequate and competitive compensation commensurate with responsibilities will be ensured. Qualified staff in critical shortage areas will be recruited, trained, and retained.

GOAL E: The organization and management of all levels of the educational system will be productive, efficient, and accountable.

GOAL F: Instruction and administration will be improved through research that identifies creative and effective methods. Demonstration programs will be developed and local initiatives encouraged for new instructional arrangements and management techniques. Technology will be used to increase the equity, efficiency, and effectiveness of classroom instruction, instructional management, and administration.

SECTION 2.02. Section 327.005, Government Code, is amended to read as follows:

Sec. 327.005. POWERS AND DUTIES. (a) The board shall oversee and review the implementation of legislative education policy[~~,--including-fiscal-policy,~~] by state agencies that have the statutory duty to implement that policy, including policy relating to:

(1) fiscal matters;

(2) academic expectations; and

(3) evaluation of program cost-effectiveness. The board may require information and reports from state agencies as necessary to carry out its duties.

(b) For purposes of carrying out its duties, the board may administer oaths and issue subpoenas, signed by the chairman or vice-chairman, to compel the attendance of witnesses and the production of books, records, and documents. A subpoena of the board shall be served by a peace officer in the manner in which district court subpoenas are served. On application of the board, a district court of Travis County shall compel compliance with a subpoena issued by the board in the same manner as for district court subpoenas.

(c) The board shall make recommendations to the legislature concerning needed changes in legislative education policy.

(d) The board may appoint advisory committees composed of citizens of the state to advise the board in the discharge of the board's duties. A member of an advisory committee appointed under this section serves without compensation but is entitled to reimbursement for actual expenses incurred in the performance of the member's duties.

(e) The board may employ staff as necessary for the performance of its duties, as allowed by legislative appropriation, or may request and use staff provided by the Texas Legislative Council or the Legislative Budget Board. Such staff, if any, shall be available to all members of the legislature.

(f) [~~The--Texas--Legislative-Council-shall-provide-staff-for the-board-as-necessary-to-the-performance-of-its-duties.~~

[~~(e)~~] State agencies shall cooperate with and assist the board at the board's request.

SECTION 2.03. Section 327.006, Government Code, is amended to read as follows:

Sec. 327.006. REVIEW OF EDUCATIONAL POLICY [~~CURRICULUM~~] IMPLEMENTATION. (a) The board shall periodically [~~biennially~~] review the actions or proposed actions of [~~curriculum rules adopted by~~] the State Board of Education [~~under Section 21.101, Education Code,~~] for the purpose of ensuring compliance with legislative intent.

(b) If the board determines that any action or proposed action of the State Board of Education conflicts with legislative educational policy, the board shall submit its comments on the conflict to the State Board of Education in writing.

(c) If the board determines that a final action of the board conflicts with the intent of legislative educational policy, the board may:

(1) request additional information from the State Board of Education relating to the intent of the board's action;

(2) request a joint meeting with the State Board of Education to discuss the conflict between the action and legislative educational policy;

(3) request that the State Board of Education reconsider its action; or

(4) notify the governor, lieutenant governor, speaker of the house, and the legislature of the conflict presented.

SECTION 2.04. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.2091 to read as follows:

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) The Texas Higher Education Coordinating Board in cooperation with the commissioner of education shall establish a program to assist in the recruitment of minorities into the education profession. The program may include, but is not limited to, the following:

(1) tuition or grant assistance programs;

(2) incentive scholarship programs utilizing funds under Subchapter G, Chapter 56, of this code, to encourage minorities to enter the education profession;

(3) cooperation with institutions of higher education to conduct recruitment seminars, job fairs, and mentorship programs;

(4) cooperation with public school districts to conduct career exploration programs in the area of public education; and

(5) cooperation with education interest groups and organizations to conduct career exploration programs, recruitment seminars, job fairs, and mentorship programs.

(b) Funds appropriated for these programs shall be specifically allocated by the board in its annual budget process and shall be monitored by the board to determine that the program is meeting goals established by the board.

SECTION 2.05. Subsections (a) and (d), Section 11.23, Education Code, are amended to read as follows:

(a) The board shall hold four [~~regular~~] meetings a year in Austin, Texas, on dates determined by the chairman and [~~the--second~~

~~Saturday--in--January,--March,--May,-July,-September,-and-November.~~ ~~It~~] may hold other meetings [~~as-scheduled-by--its--formal--sessions or~~] as may be called by the chairman.

(d) The governor, with the advice and consent of the senate, appoints the chairman of the State Board of Education from among the membership of the State Board of Education. The chairman serves a term of two years.

SECTION 2.06. Section 11.24, Education Code, is amended to read as follows:

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) In addition to performing its duties under the constitution, the [~~The~~] State Board of Education shall take actions necessary to implement legislative policy [~~is-the-policy-forming-and-planning--body~~] for the public school system of the state. The board shall include in the record of its meetings the legislative authority for each action taken by the board. The board shall consider any comments submitted by the Legislative Education Board on a proposed rule before voting on final adoption of the rule. If the board is unsure of the legislative intent of any legislative enactment, the board may request a joint meeting with the Legislative Education Board to discuss the intent.

(b) The board is [~~It-shall~~] also [~~be~~] the State Board for Vocational Education and as such, the board shall have all the powers and duties conferred on it by the various statutes relating to the State Board for Vocational Education. The State Board of Education (State Board for Vocational Education) may contract with

the Texas Higher Education Coordinating Board[~~,-Texas-College-and University-System,~~] so that the coordinating board may assume the leadership role and administrative responsibility of the State Board for Vocational Education for state level administration of technical-vocational education programs in Texas public community colleges, public technical institutes, and other eligible public postsecondary institutions.

[~~(b)--As--one-part-of-the-Central-Education-Agency,-the-State Board-of-Education-shall-have-specific-responsibility-for--adopting policies,--enacting-regulations,-and-establishing-general-rules-for carrying-out-the-duties-placed--on--it--or--the--Central--Education Agency-by-the-legislature.~~]

SECTION 2.07. Subsection (c), Section 11.26, Education Code, is amended to read as follows:

(c) With the advice and assistance of the state commissioner of education, the State Board of Education shall:

(1) [~~formulate---and---present--to--the--governor--and Legislative--Budget--Board--the--proposed--budget--or--budgets--for operating--the--Foundation--School--Program,--the-Central-Education Agency,-and-the-other-programs-for-which-it-has-responsibility,~~

[~~(2)--adopt--operating--budgets---on---the---basis---of appropriation-by-the-legislature,~~

[~~(3)--establish---procedures---for--budgetary--control, expending,-auditing,--and--reporting--on--expenditures--within--the budgets-adopted,~~

[~~(4)~~] make to the legislature biennial reports

covering all the activities and expenditures of the Central Education Agency;

(2) [~~(5)~~] adopt rules for the accreditation of schools;

(3) [~~(6)~~] execute contracts for the purchase of instructional aids, including textbooks, within the limits of authority granted by the legislature;

(4) [~~(7)~~] execute contracts for the investment of the permanent school fund, within the limits of authority granted by Chapter 15 of this code;

(5) [~~(8)~~] adopt rules consistent with Chapter 13 of this code for certification of teachers, administrators, and other professional personnel customarily employed in public schools;

(6) [~~(9)~~] adopt rules requiring school districts to notify parents of students of a teacher teaching a subject for which the teacher is not certified, unless the teacher is serving an internship under Section 13.035 of this code, or the teacher has at least 24 semester credit hours in the subject, or the teacher is teaching under an emergency permit and is making satisfactory progress toward completion of a deficiency plan;

(7) [~~(10)~~] consider the athletic necessities and activities of the public schools of Texas and in advance of each regular session of the legislature specifically report to the governor of Texas the proper and lawful division of time and money to be devoted to athletics, holidays, legal and otherwise, and to educational purposes; and

(8) [~~(11)~~] on or before May 15 of each year, formulate and transmit to the Texas Council on Vocational Education a list of evaluation topics that address developing and future concerns of the board in the field of technical-vocational education.

SECTION 2.08. Subsection (a), Section 11.29, Education Code, is amended to read as follows:

(a) The commissioner of education [~~State Board of Education~~] shall adopt annually a budget for operating the Foundation School Program, [~~the operation of~~] the Central Education Agency, and other programs for which the State Board of Education has responsibility. The budget shall be in accordance with the amounts appropriated by the general appropriations act and shall provide funds for the administration and operation of the Central Education Agency and any other necessary expense. Before adopting the budget, the commissioner shall:

(1) submit the budget to the State Board of Education and the Legislative Education Board for review and comment; and

(2) after receiving the comments of those boards, present the budget to the governor and the Legislative Budget Board.

SECTION 2.09. Subsections (a) and (c), Section 11.25, Education Code, are amended to read as follows:

(a) The state commissioner of education shall be the executive officer through whom the State Board of Education shall [~~carry out its policies and~~] enforce its rules and regulations.

(c) The State Board of Education shall appoint the state

commissioner of education, with the advice and consent of the senate, to serve at the will of the board.

SECTION 2.10. Subchapter B, Chapter 13, Education Code, is amended by adding Section 13.049 to read as follows:

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Standards adopted under Section 13.032 or 13.035 of this code for teacher training shall include training in the use of technology and effective teaching practices in the classroom.

(b) Regional education service centers, teacher centers, institutions of higher education with approved teacher education programs, and other appropriate educational entities shall offer in-service training for public school teachers and other educational personnel in the use of technology and effective teaching practices in the classroom.

SECTION 2.11. Subchapter B, Chapter 19, Education Code, is amended by adding Section 19.027 to read as follows:

Sec. 19.027. ACADEMICALLY UNACCREDITED SCHOOL DISTRICTS. (a) The commissioner of education may by order annex to one or more adjoining districts a school district that has been rated as academically unaccredited for a period of two years.

(b) The governing board of a district to which territory of an academically unaccredited district is annexed is the governing board for the new district.

(c) The order of the commissioner shall define by legal boundary description the territory of the new district as enlarged.

(d) Title to the real property of the academically

unaccredited district vests in the district to which the property is annexed. Each district to which territory is annexed assumes and is liable for any portion of the academically unaccredited district's indebtedness that is allocated to the receiving district under Section 19.004 of this code.

(e) Before the commissioner orders an annexation under this section, the commissioner shall investigate the educational and financial impact of the annexation on the receiving district. The commissioner may order the annexation only if the commissioner finds that the annexation will not substantially impair the ability of the receiving district to educate the students located in the district prior to the annexation and to meet its financial obligations incurred prior to the annexation.

(f) For five years beginning with the school year in which the annexation occurs, the commissioner shall annually adjust the local fund assignment of a district to which territory is annexed under this section by multiplying the enlarged district's local fund assignment calculated under Section 16.252 of this code by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation. A district that receives an adjustment to its local fund assignment under this section is not eligible for incentive aid under Subchapter G of Chapter 23 of this code.

SECTION 2.12. Section 21.258, Education Code, is amended to

read as follows:

Sec. 21.258. PERFORMANCE REPORT. (a) Each board of trustees shall publish an annual [~~performance~~] report describing the district's educational performance that includes campus performance objectives established under Section 21.7532 of this code and the progress of each campus toward those objectives, which shall be available to the public and filed with the State Board of Education. The board shall hold a hearing for public discussion of the report. The board shall notify property owners and parents in the district of the hearing. The board may combine the notice with the notice of a public hearing on a proposed tax increase required under Section 26.06, Tax Code [~~describing---the---district's educational-performance-and-giving-financial-information-related-to the-costs-incurred-by-the-district~~].

(b) The [~~State--Board--of-Education-by-rule-shall-prescribe the-form-and-content-of-the-report.--In--adopting--the--rules,--the board--may-not-impose-requirements-that-contribute-unnecessarily-to the-length-or-complexity-of-the-report,-and-to-the-extent--possible shall--provide-for-each-report-topic-required-by-this-subsection-or by-board--rule--to--be--presented--in--a--manner--that--allows--the presentation--to-be-limited-to-not-more-than-one-page-in-length-per topic.--At-a-minimum,-the~~] report may [~~must~~] include the following information by campus:

(1) evaluations of the quality of education based on the information contained in the report;

(2) scores on tests with national norms;

(3) reports of performance trends improvement or lack of improvement;

(4) statements of costs for instruction, instructional administration, and central administration;

(5) attendance data and dropout rates;

(6) reports on discipline;

(7) data on employees, trends in employment, and turnover;

(8) teacher ratios by grade groupings and by program; and

(9) statement of efforts to reduce the amount of paperwork required of teachers and administrators.

(c) The report must also include a comparison provided by the Central Education Agency of the performance of each campus to the performance of campuses with similar wealth and demographics and of the district to districts statewide for information required under Subsections (b)(4), (5), (7), and (8) of this section and all academic indicators under Section 21.7531 of this code. [~~A report under this section must also include information about the number of students in each classroom, excluding instrumental and choral music classrooms, per class period. The report must specify, by grade, the number of classrooms, excluding instrumental and choral music classrooms, in which in any class period the number of students exceeds:~~

[~~(1) for kindergarten through 8th grade, 20;~~

[~~(2) for high school, 25; and~~

[~~(3)--for-special-education,-10.~~]

(d) The State Board of Education by rule shall authorize the combination of this report with other reports and financial statements and shall restrict the number and length of reports that school districts, [~~and~~] school district employees, and school campuses are required to prepare.

[~~(e)--Each---district--shall--also--annually--report--to--the commissioner-the-number-of--teachers--on--the--career--ladder,--the number--of--teachers--at--each--level,-and-the-sex-and-ethnicity-of these-teachers.--That-information-shall-be-collected-in-a--biennial report--to-the-legislature,-with-the-information-reported-by-school district.~~

[~~(f)--Reports-to-the-legislature-under-this-section-shall--be filed--with--the--Legislative--Budget--Board--and--the--appropriate committees-of-each-house.~~]

SECTION 2.13. Section 21.551, Education Code, is amended by adding Subsections (f), (g), (h), and (i) to read as follows:

(f) The State Board of Education shall adopt one or more appropriate, nationally recognized, norm-referenced assessment instruments to be administered to all pupils at the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instruments adopted must be secured tests. The state shall pay the costs of purchasing and scoring the adopted assessment instruments and of distributing the results of the adopted instruments to the school districts.

(g) The norm-referenced assessment instruments adopted must

meet all applicable federal rules and regulations. The normative data used by the instruments must fairly represent all minority and socio-economic groups.

(h) The norm-referenced assessment instrument bidders shall disclose all bias information and data regarding studies and procedures used for norming and item tryouts. The publisher of each assessment instrument shall provide documentation to ensure that student test scores will be as accurate as possible.

(i) For accountability purposes, the norm-referenced assessment instruments shall measure the content that is appropriate for the age and grade of the students through consistent tests in the areas of reading, mathematics, language arts, science, and social studies across all targeted grade levels where beneficial for measuring academic progress. The instruments shall each measure the applications of higher order thinking skills across all content areas. The proportion of higher order thinking skills measured must be appropriate for the age and grade of the students. The norm-referenced assessment instrument bidders shall disclose the procedures used, including item classifications, to ensure adequate measurement of higher order thinking skills.

SECTION 2.14. Section 21.753, Education Code, is amended to read as follows:

Sec. 21.753. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to rate each district for

accreditation purposes as:

(1) exemplary;

(2) recognized;

(3) accredited;

(4) accredited advised; or

(5) academically unaccredited [~~warned,--or~~

[~~(6)--unaccredited~~].

(b) The board may not rate a number of school districts as exemplary that exceeds 40 percent of the number of districts rated as recognized. This subsection expires September 1, 1993.

(c) The criteria in the accreditation rules must include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

(3) adequate performance under the indicators adopted under Section 21.7531 of this code;

(4) the relation between the academic excellence indicators adopted by the board under Section 21.7531 of this code and the campus performance objectives established under Section 21.7532 of this code, including the manner in which the campus performance objectives were established and the progress of the campus in meeting the objectives;

(5) the quality of learning on each of the district's campuses based on indicators including [~~such--as~~] scores on

achievement tests;

(6) [~~(4)~~] the quality of the district's appraisal of teacher performance and of administrator performance;

(7) [~~(5)~~] the effectiveness of district principals as instructional leaders;

(8) the effectiveness of the district's campuses on the basis of the most current criteria identified by research on effective schools;

(9) [~~(6)~~] the fulfillment of curriculum requirements;

(10) [~~(7)~~] the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(11) [~~(8)--the correlation between student--grades--and performance on standardized tests;~~

[~~(9)~~] the effectiveness [~~quality~~] of teacher in-service training;

[~~(10)--paperwork reduction efforts;~~

[~~(11)--training received by board members;~~]

(12) the effective use of technology to enhance student achievement; [~~the effectiveness of the district's efforts to improve attendance;~~]

(13) the effectiveness of the district's remedial and support programs under Section 21.557 of this code for students at risk of dropping out of school;

(14) the effectiveness of the district's dropout

prevention and recovery programs; and

(15) [~~the--effectiveness--of-the-district's-drug-abuse prevention-programs;~~

[~~(16)--parental--and--community--involvement---in---the district;~~

[~~(17)~~] efficient allocation of available resources[~~; and~~

[~~(18)--adequate--performance---under---the---indicators adopted-under-Section-21.7531-of-this-code~~].

(d) The Central Education Agency shall rate each campus in a district on the basis of the campus's performance on the indicators adopted under Section 21.7531 of this code using the rating categories provided for districts under Subsection (a) of this section.

(e) The accreditation rating of a school district or campus under this section may not be lowered solely on the basis of size.

SECTION 2.15. Section 21.7531, Education Code, is amended to read as follows:

Sec. 21.7531. ACADEMIC EXCELLENCE [~~PERFORMANCE~~] INDICATORS. (a) The State Board of Education, on the advice of the academic excellence indicators advisory committee, the educational excellence committee, and the Legislative Education Board, shall adopt a set of indicators of the quality of learning on a campus and other performance standards. The board biennially shall review the indicators for the consideration of appropriate revisions.

(b) Performance on the indicators required by this section

shall be compared to a projection of expected performance for purposes of evaluation, accreditation, and determination of exemplary status. The indicators must include:

(1) the results of criterion-referenced assessment instruments required under Section 21.551 of this code; [~~a comparison--of--the--district's--performance-to-a-projection-of-the district's-expected-performance,-and~~]

(2) the results of tests with national norms, including the Scholastic Aptitude Test and the American College Test;

(3) high school graduation rates;

(4) student attendance; and

(5) student enrollment in advanced academic courses [~~the--Central--Education--Agency's-most-recent-compliance-review-of the-district's-special-education-program~~].

(c) The State Board of Education shall report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(d) The academic excellence indicators adopted under this section shall be the main consideration of the Central Education Agency in the rating of a district under Section 21.753 of this code.

(e) The Educational Economic Policy Center shall biennially review the indicators adopted under this section and recommend changes in those indicators to the State Board of Education and the Legislative Education Board.

SECTION 2.16. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.7532 to read as follows:

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. For each school year, the principal of each school campus, with the assistance of the professional staff of the school as provided for through the procedure established in Section 21.930 of this code, shall establish academic and other performance objectives of the campus for each academic excellence indicator adopted under Section 21.7531 of this code. The objectives shall also address the performance of special needs students. The objectives must be approved by the district's board of trustees.

SECTION 2.17. Section 21.754, Education Code, is amended to read as follows:

Sec. 21.754. INVESTIGATIONS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted in Section 21.7531 of this code and determine if specific action is warranted. The review may include limited [~~determine whether each school district satisfies the accreditation criteria from reports furnished by the school district or from an~~] on-site evaluation if necessary.

(b) The State Board of Education by rule shall establish a schedule for on-site evaluations by the Central Education Agency. The rules must require that:

(1) each district is visited and all accreditation criteria investigated not less than once every six years, except that the board may extend that period for districts rated:

(A) as exemplary for an additional period not to exceed two years; and

(B) as recognized for an additional period not to exceed one year;

(2) each district rated as accredited advised is visited and assisted not less than once every two years;

(3) each district rated as academically unaccredited [~~warned~~] is visited and assisted not less than once each year; and

(4) each district that has a poor performance under the indicators adopted under Section 21.7531 of this code is investigated more frequently than otherwise required under this section.

(c) Each annual review shall include an analysis of:

(1) student performance;

(2) attendance, promotion, and dropout rates;

(3) program costs; and

(4) [~~results of teacher and parent surveys; and~~

[~~(5)~~] other information required by the board.

(d) In compliance with Section 21.925 of this code, the board shall make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) To determine if a district qualifies for a higher rating or on identification of potential problems, the commissioner may direct the agency to conduct on-site investigations at any time and may raise or lower the accreditation rating as a [as] result of the

investigation.

(f) [~~The--agency--shall--direct-investigators-to-be-alert-to any-fundamental-deficiencies-in-a--district's--educational--system, such-as-failure-of-the-district-to-satisfy-curriculum-requirements, and-to-report-deficiencies-to-agency-staff-responsible-for-research and-planning.~~

[~~(g)~~] In making an accreditation investigation, the investigators shall obtain information from campus administrators, teachers, and parents of students enrolled at [~~in~~] the campus [~~district~~]. The investigation may not be closed until information is obtained from each of those sources. The board shall adopt rules for:

(1) obtaining information from parents and using that information in the investigator's report; and

(2) obtaining information from teachers in a manner that prevents the campus or district from screening the information.

(g) [~~(h)~~] The agency shall give written notice to the superintendent and the board of trustees of any impending investigation of the district's accreditation.

(h) If an annual review from reports furnished by the school district indicates a need for an on-site evaluation of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 2.18. Section 21.757, Education Code, is amended to read as follows:

Sec. 21.757. SANCTIONS. (a) If a district does not satisfy the accreditation criteria, the commissioner of education shall take the following actions to the extent the commissioner determines necessary:

(1) confidential notice of the deficiency to any accreditation committee of the board of trustees and to the district superintendent;

(2) public notice of the deficiency to the board of trustees;

(3) appointment of an agency monitor to participate in and report to the agency on the activities of the board of trustees; [~~and~~]

(4) appointment of a master to oversee the operations of the district;

(5) appointment of a management team to oversee the operations of the district.

(b) If a campus is rated accredited advised or academically unaccredited, the commissioner shall take the following actions to the extent the commissioner determines necessary:

(1) appointment of a monitor, master, or management team to oversee the operations of the campus; or

(2) order the board of trustees or the superintendent to take certain actions relating to the operations of the campus.

(c) If a district fails to satisfy accreditation criteria despite the actions of the commissioner under this section, the commissioner [~~State Board of Education~~] shall revoke the district's

accreditation [~~and--shall-withhold-state-funds-from-the-district~~].

(d) [~~(e)~~] The costs of providing a monitor, [~~or--a~~] master, or management team shall be paid by the district.

(e) A master or management team appointed to oversee the operations of the district may approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

(f) A master or management team appointed to oversee the operations of a campus may approve or disapprove any action that relates to the campus and that is taken by the principal of the campus, the superintendent of the district, or the board of trustees of the district.

(g) [~~(d)~~] A district that is rated academically unaccredited [~~does-not-have-a-rating-above-accredited-advised~~] for a period of two [~~three~~] years shall be annexed to another district under Section 19.027 of this code or the commissioner shall order the creation of a state-operated school district under Section 21.758 of this code [~~is-unaccredited-at--the--conclusion--of--that--period unless-the-district-qualifies-for-a-rating-above-accredited-advised at-that-time~~].

(h) Notwithstanding any provision to the contrary, a district that is rated accredited advised or academically unaccredited for a period of two consecutive years may not enter into a contract with an administrator for a term greater than one year unless the administrator has not been previously employed by the district. This subsection does not apply if it is determined

by the accreditation review that the reasons for the district being rated accredited advised or academically unaccredited are not related to substantial deficiencies in the administrator's performance.

SECTION 2.19. Subchapter T, Chapter 21, Education Code, is amended by adding Section 21.758 to read as follows:

Sec. 21.758. STATE-OPERATED SCHOOL DISTRICT. (a) The commissioner of education may order the suspension of the powers of the board of trustees of a school district if the school district has been rated academically unaccredited for a period of two years. The commissioner shall immediately inform the Legislative Education Board of the commissioner's decision to order the suspension.

(b) At the time the commissioner enters the order, the commissioner shall appoint a board of managers to execute the powers of the board of trustees during the period of suspension and shall appoint a district superintendent. The appointed superintendent shall perform all acts and duties necessary for the proper conduct, maintenance, and supervision of the schools in the district. The board of managers and the superintendent shall be appointed for terms not to exceed two years from the date that the order of suspension is entered.

(c) The appointed superintendent shall report annually to the commissioner on the progress of the school district toward meeting the requirements necessary for accreditation. The commissioner shall report to the Legislative Education Board annually on the district's progress.

(d) Based on the annual assessment of progress of the school district, but no later than two years after the date that the order of suspension is entered, the commissioner shall order that the suspension be terminated or that the district be annexed under Section 19.027 of this code.

(e) If the commissioner determines that the suspension should be terminated, the appointed superintendent and the members of the superintendent's staff shall continue to serve for a one-year transition period.

(f) An appointed superintendent may apply to the commissioner for an exemption for the school district from a requirement or prohibition imposed under this code, including a rule adopted under this code, other than a prohibition of conduct that constitutes a criminal offense or a requirement or prohibition included under Section 11.272(b) of this code.

SECTION 2.20. Section 21.920, Education Code, is amended by adding Subsection (e) to read as follows:

(e) An appeal to the commissioner of education is not a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) if the issues presented relate to a student's eligibility to participate in extracurricular activities, including issues related to the student's grades or the school district's grading policy as applied to the student's eligibility. The commissioner may delegate the matter for decision to a person or entity the commissioner designates. The decision of the commissioner or the

commissioner's designee in a matter governed by this subsection may not be appealed except on the grounds that the decision is arbitrary or capricious. Evidence may not be introduced on appeal other than the record of the evidence before the commissioner.

SECTION 2.21. Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.930 to read as follows:

Sec. 21.930. DISTRICT LEVEL DECISION PROCESS. (a) The board of trustees of each school district shall adopt a policy to involve the professional staff of the district in establishing and reviewing the district's educational goals, objectives, and major district-wide classroom instructional programs.

(b) The board shall establish a procedure under which meetings are held regularly with representative professional staff and the board or board designee.

(c) The board shall adopt a procedure, consistent with Section 21.904(a), Education Code, for the professional staff within the district to nominate and elect the representatives who will meet with the board or the board designee as required under the provisions of this section. Two-thirds of the elected representatives must be classroom teachers. The remaining representatives shall be campus-based staff.

(d) This section does not prohibit the board from conducting meetings with teachers or groups of teachers other than the meetings described by this section.

(e) Nothing in this section shall be construed to limit or affect the power of a local school board of trustees to manage and

govern the public free schools of this state.

(f) Nothing in this section shall be construed as creating a new cause of action or as requiring collective bargaining.

SECTION 2.22. Subsection (c), Section 11.13, Education Code, is amended to read as follows:

(c) Any person, county, or school district aggrieved by any action of the Central Education Agency or decision of the commissioner of education may appeal to a district court in Travis County, Texas. Appeals shall be made by serving the commissioner of education with citation issued and served in the manner provided by law for civil suits. The petition shall state the action or decision from which the appeal is taken. Upon trial the court shall determine all issues of law and fact, except as provided by Section 21.920(e) of this code.

SECTION 2.23. Subchapter B, Chapter 403, Government Code, is amended by adding Section 403.020 to read as follows:

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. The comptroller may periodically review the effectiveness and efficiency of the budgets and operations of school districts.

SECTION 2.24. Subsection (a), Section 11.14, Education Code, is amended to read as follows:

(a) The provisions of this chapter shall not be construed to give the State Board of Education, the commissioner of education, the State Department of Education, or anyone whomsoever, the power to close, to consolidate, or cause by regulation or rule to be closed or consolidated, any public school district in this state.

This subsection does not affect the powers of the commissioner under Section 19.027 of this code.

SECTION 2.25. Not later than January 1, 1991, institutions that offer teacher education programs shall develop an initial plan under Section 13.049, Education Code, as added by this Act.

SECTION 2.26. The advisory committee appointed under Section 2.30, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, shall submit recommendations for the academic excellence indicators to the State Board of Education. The board shall adopt academic excellence indicators under Section 21.7531, Education Code, not later than January 1, 1991.

SECTION 2.27. The following sections of the Education Code are repealed:

(1) Subsection (a), Section 11.26; and

(2) Section 21.752.

SECTION 2.28. Section 2.13 of this article applies beginning with the 1991-1992 school year. The former law applies for the 1990-1991 school year and is continued in effect for that purpose.

SECTION 2.29. Section 2.23 of this article takes effect September 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Section 11.208, Education Code, as added by Chapter 658, Acts of the 71st Legislature, Regular Session, 1989, is amended by amending Subsection (b) and adding Subsections (d) through (g) to read as follows:

(b) The agreement shall include provisions for:

(1) the commission to assist regional education service centers in providing inservice training in substance abuse prevention for school districts;

(2) the joint annual review by the agency and the commission of the regional education service centers' substance abuse prevention and early intervention programs;

(3) the exchange of information between the agency and the commission relating to students in need of substance abuse prevention services; and

(4) a system to provide school districts [~~proven~~] model peer assistance [~~programs~~] for substance abuse prevention.

(d) The commission shall provide a statewide peer assistance and leadership system to include the training of trainers, clearinghouse services, and technical assistance to school districts and to train and provide a full-time peer program coordinator for each regional education service center.

(e) The peer program coordinator shall:

(1) assist school districts and campuses to develop and implement peer assistance and leadership programs;

(2) train teachers and other personnel for those programs;

(3) establish regional peer assistance and leadership networks; and

(4) participate in the statewide peer assistance and leadership network.

(f) A peer program coordinator shall be provided for 20

percent of the regional education service centers in the state under this section not later than November 1, 1990. Coordinators shall be provided for an additional 20 percent of the regional education service centers each following year until a coordinator is assigned to each regional service center in the state.

(g) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse shall design a substance abuse assessment and intervention program for the public schools. Each school district shall implement the program, under guidelines adopted by the agency and the commission, if the necessary funds are made available by legislative appropriation.

SECTION 3.02. Section 11.27, Education Code, as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989, is amended to read as follows:

Sec. 11.27. INNOVATIVE [~~DEMONSTRATION~~] PROGRAMS. (a) The State Board of Education shall establish a process under which [~~a limited---number---of~~] programs developed by school campuses [~~districts~~] may be approved [~~by-the-board~~], notwithstanding lack of compliance with other statutory requirements, to demonstrate innovative educational practices.

(b) Innovative programs that may be approved under this section include, but are not limited to, programs relating to:

(1) school year restructuring;

(2) alternative learning environments;

(3) parental literacy;

(4) decentralization of organizational decisions;

(5) instructional technology;

(6) student and parental choice among public schools;

(7) child care;

(8) early childhood education;

(9) an extended school day;

(10) teacher and administrator development;

(11) continuous progress education;

(12) student-teacher ratios below 22:1 in elementary grades;

(13) use of elementary school guidance counselors, social workers, and other personnel in successful dropout prevention programs;

(14) career development for students;

(15) bilingual training;

(16) the generation of more effective parental involvement with the schools;

(17) school-age latch-key children;

(18) volunteer efforts with the private sector;

(19) coordination of school activities with community health and human services programs and other community resources;

(20) magnet schools;

(21) interdisciplinary curriculum;

(22) peer tutoring;

(23) counseling of families of at-risk students; and

(24) comprehensive coordination with health and human service delivery systems.

(c) Innovative program applications shall initially be selected on a competitive, peer review basis by the program advisory committee established under Section 11.271 of this code, with final approval by the State Board of Education and, if the program requires the expenditure of state funds, the Legislative Education Board [~~A demonstration program may not exceed two years in duration, and not more than 20 programs may be approved for operation at any one time.~~

[~~(e) To be approved under this section, a demonstration program must:~~

[~~(1) focus on improvements in educational productivity, efficiency, and accountability;~~

[~~(2) preserve to the satisfaction of the board the rights of students, parents, and teachers granted by law, and~~

[~~(3) provide specific procedures for the evaluation of the program~~].

(d) A school campus's [~~district's~~] application for approval of a program under this section must include substantial evidence that the campus [~~district~~] has adequately planned the program and that the application has been approved by the district's board of trustees.

(e) The approval by the State Board of Education of an application under this section that requires the expenditure of state funds is ineffective unless [~~A demonstration program approved under this section may not result in an increase in the amount of state funds allocated to the district or a decrease in the amount~~

~~allocated-to-any-other-district.~~

[~~(f)--State--funds--may--not--be--expended-on-a-demonstration program-authorized-by-this-section--unless--the--program--has--been reviewed--and--approved--in--advance--by~~] the Legislative Education Board approves the expenditure of state funds for the program under the authority of Article XVI, Section 69, of the Texas Constitution.

(f) [~~(g)~~] If an innovative [~~a--demonstration~~] program proposes a deviation from a requirement or prohibition imposed by state law or rule, final approval of the program [~~by-the-State Board-of-Education~~] constitutes a waiver of the requirement or prohibition for the duration of the program. A prohibition on conduct that constitutes a criminal offense may not be waived.

(g) A school campus with an approved innovative program receiving funds under Section 11.271 of this code shall report on the progress of the program to the Central Education Agency not later than September 1 of each year after the school year that the funding is received and upon completion of the program.

(h) The Central Education Agency shall evaluate each program's effectiveness and shall report its findings to the Legislative Education Board and to the State Board of Education not later than December 1 preceding each regular session of the legislature.

SECTION 3.03. Subchapter B, Chapter 11, Education Code, is amended by adding Section 11.271 to read as follows:

Sec. 11.271. PUBLIC EDUCATION DEVELOPMENT FUND. (a) The

public education development fund is an account in the General Revenue Fund. The comptroller of public accounts may receive gifts and grants for the public education development fund.

(b) Funds that may be credited to the public education development fund include gifts, grants, and legislative appropriations.

(c) The State Board of Education shall administer the public education development fund.

(d) Each fiscal year, the board, after deducting the cost of administration not to exceed an amount set by appropriation, shall make disbursements from the public education development fund to the Educational Economic Policy Center in a total amount approved by the Legislative Education Board. The board shall disburse the remainder of the fund to eligible school campuses.

(e) To be eligible for a disbursement from the public education development fund under this section, a school campus must have an approved innovative program application under Section 11.27 of this code. A campus may use funds received under this section for the approved innovative program only.

(f) A gift or grant to the public education development fund that provides the terms of its disbursement may be distributed only as specifically provided by the terms of the gift or grant.

(g) Seventy percent of the funds disbursed under this section must be for projects designed to improve the academic achievement of low-performing students. Priority shall be given to projects submitted by campuses that have 60 percent or fewer

students who perform satisfactorily on the criterion-referenced assessment instruments required under Section 21.551 of this code or that are otherwise low-performing campuses as defined by rule of the State Board of Education.

(h) From funds appropriated for the public education development fund, the comptroller shall issue warrants to the Educational Economic Policy Center and to each eligible school campus's school district in the amount certified by the board to the comptroller.

(i) The Educational Economic Policy Committee shall appoint a program advisory committee, composed of experts in policy research and disciplines that represent the center's purposes, to make recommendations to the State Board of Education and the Legislative Education Board on the use of the public education development fund.

SECTION 3.04. Subsection (c), Section 12.01, Education Code, is amended to read as follows:

(c) Except as otherwise specifically defined in this chapter, "textbooks" or "books" as used herein shall mean books, systems of instructional materials, or combinations of books and supplementary instructional materials which convey information to the pupil or otherwise contribute to the learning process, computer software, including but not limited to applications using computer assisted instruction, interactive videodisc, other computer courseware, and magnetic media [~~provided--that--these--can---be delivered-in-lieu-of-textbooks-with-similar-costs-to-the-state~~].

SECTION 3.05. Section 13.352, Education Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

(d) Each principal shall:

(1) approve all teacher and staff appointments [~~participate in the selection of teachers~~] for that principal's campus from a pool of applicants selected by the district or of applicants who meet the hiring requirements established by the district, based on criteria developed by the principal after informal consultation with the faculty;

(2) set specific education objectives for his campus, involving staff in the planning process;

(3) develop budgets for his campus; and

(4) work with school professionals to prepare individual development plans.

(f) The board of trustees of a school district shall adopt a policy for the selection of a campus principal that includes qualifications required for that position.

SECTION 3.06. Section 13.354, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The appraisal of a principal shall include the performance of the principal's campus on the indicators established in Section 21.7531 of this code and the campus's objectives set under Section 21.7532 of this code, including performance gains of the campus and the maintenance of those gains.

SECTION 3.07. Chapter 14, Education Code, is amended by

adding Subchapter D to read as follows:

SUBCHAPTER D. TECHNOLOGY FUND

Sec. 14.061. PURPOSE. The purpose of this subchapter is to establish a technology fund to:

(1) provide substantially equal access for students throughout the state to instruction of high quality, to all required courses of study, and to information resources;

(2) provide substantially equal access for teachers and administrators throughout the state to teaching tools of high quality, to efficient management systems, and to instruction in using technology in the classroom; and

(3) measure student productivity throughout the state.

Sec. 14.062. ESTABLISHMENT. (a) The technology fund is an account in the General Revenue Fund. The Central Education Agency may receive gifts and grants for the technology fund.

(b) Funds that may be credited to the account include gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) The Central Education Agency shall administer the technology fund and shall make annual disbursements from the technology fund.

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by:

(1) $30 for the 1992-1993 school year, or a greater amount provided by appropriation;

(2) $35 for the 1993-1994 school year, or a greater

amount provided by appropriation;

(3) $40 for the 1994-1995 school year, or a greater amount provided by appropriation;

(4) $45 for the 1995-1996 school year, or a greater amount provided by appropriation; and

(5) $50 for the 1996-1997 school year and for each school year thereafter, or a greater amount provided by appropriation.

(c) The cost of the technology allotment is shared by the state and district in the same percentages as the district's Foundation School Program under Chapter 16 of this code. The state's share is paid from the technology fund.

(d) If approved by the legislature, the unobligated and unencumbered balances of appropriations distributed under this section are forfeited by the recipients at the end of the fiscal biennium, and the recipients shall return the appropriated money to the technology fund. All money returned to the technology fund under this subsection is subject to distribution in the next fiscal year for special projects as defined by rule of the State Board of Education on application by a school district.

(e) The State Board of Education shall establish rules for the administration of this section.

(f) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254(d) of this

code.

Sec. 14.064. USE OF ALLOTMENT. (a) A district's allotment under Section 14.063 of this code may be used only for:

(1) the acquisition of technological equipment and related services, including hardware, software, courseware, training, subscription fees for telecommunications and data base services, and other related services for the purposes of this subchapter; and

(2) the research and development of emerging instructional technology.

(b) The Central Education Agency shall monitor the use of each district's allotment to ensure that at least 75 percent of the allotment is used to provide classroom instructional services and programs.

SECTION 3.08. Section 16.003, Education Code, is amended to read as follows:

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) The commissioner of education, in consultation with the commissioner of human services, shall monitor and evaluate

prekindergarten programs in the State of Texas as to their developmental appropriateness. Furthermore, the commissioner of education, in consultation with the commissioner of human services, shall evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs such as child care administered under Chapter 44 of the Human Resources Code and federal Head Start programs. This evaluation shall utilize recommendations contained in the report to the 71st Legislature required by Chapter 717, Acts of the 70th Legislature, Regular Session, 1987. For the purpose of providing cost-effective care for children during the full work day with developmentally appropriate curriculum, the commissioners shall investigate the use of existing child care program sites as prekindergarten sites.

(d) A child may be enrolled in the first grade if he is at least six years of age at the beginning of the scholastic year or has been enrolled in the first grade or has completed kindergarten in the public schools in another state prior to transferring to a Texas public school.

SECTION 3.09. Section 16.056, Education Code, is amended by adding Subsection (h) to read as follows:

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a

step above the step where the teacher would have been placed had that teacher remained in continuous service.

SECTION 3.10. Subsection (a), Section 21.031, Education Code, is amended to read as follows:

(a) All children who are citizens of the United States or legally admitted aliens and who are [~~over the age of~~] five years of age or older and under the age of 21 years on the first day of September of any scholastic year shall be entitled to the benefits of the Available School Fund for that year. All other children enrolled in a prekindergarten class under Section 21.136 of this code are entitled to the benefits of the Available School Fund.

SECTION 3.11. Subsection (b), Section 21.136, Education Code, is amended to read as follows:

(b) To be eligible for enrollment in a prekindergarten class a child must be at least three [~~four~~] years of age and must be:

(1) unable to speak and comprehend the English language; or

(2) from a family whose income, according to standards set by the State Board of Education, is at or below subsistence level.

SECTION 3.12. Subsection (b), Section 21.205, Education Code, is amended to read as follows:

(b) The hearing shall be conducted in accordance with rules promulgated by the district. The board of trustees may designate a person to serve as an impartial hearing officer to develop a record for consideration by the board. The board shall make its decision

based on a review of the record developed by the impartial hearing officer and on oral argument before the board of the teacher or the teacher's representative and the district's representative.

SECTION 3.13. (a) Subchapter Z, Chapter 21, Education Code, is amended by adding Section 21.9012 to read as follows:

Sec. 21.9012. ENERGY CONSERVATION MEASURES. (a) The board of trustees of a school district may enter into a contract for energy conservation measures to reduce energy consumption or operating costs of school facilities in accordance with this section.

(b) A contract to which this section applies includes a contract for the installation of:

(1) insulation of the building structure and systems within the building;

(2) storm windows or doors, caulking or weatherstripping, multiglazed windows or doors, heat absorbing or heat reflective glazed and coated window or door systems, or other window or door system modifications that reduce energy consumption;

(3) automatic energy control systems, including computer software and technical data licenses;

(4) heating, ventilating, or air-conditioning system modifications or replacements;

(5) lighting fixtures that increase energy efficiency; or

(6) energy recovery systems.

(c) The person with whom the board contracts must be

experienced in the design, implementation, and installation of energy conservation measures.

(d) Before entering into a contract for energy conservation measures, the board shall require the provider of the energy conservation measures to file with the board a performance bond that is in an amount the board finds reasonable and necessary to protect the interests of the school district and that covers the value of the guaranteed savings on the contract and is conditioned on the faithful execution of the terms of the contract.

(e) The board may enter into a contract for a period of more than one year for energy conservation measures with a person if the board finds that the amount the school district would spend on the energy conservation measures will not exceed the amount to be saved in energy and operating costs over 10 years from the date of installation. If the term of a contract for energy conservation measures exceeds one year, the district's contractual obligation in any year during the term of the contract may not exceed the total energy and operating cost savings, including but not limited to electrical, gas, or other utility cost savings and operating cost savings resulting from automatic monitoring and control, as determined by the board in this subsection, divided by the number of years in the contract term. The board shall consider all costs of the energy conservation measures, including costs of design, engineering, installation, maintenance, repairs, and debt service.

(f) A contract for energy conservation measures, with respect to existing buildings or facilities, may be a

lease/purchase contract, with a term not to exceed 10 years, that meets federal tax requirements for tax-free municipal leasing or long-term financing.

(g) A contract under this section may be let under competitive proposal procedures. Notice of the request for proposals shall be published in the manner provided for competitive bidding. Requests for proposals must solicit quotations and must specify the relative importance of guaranteed savings, price, financial performance and stability, quality, technical ability, experience, and other evaluation factors. The contract shall be awarded to the responsible offeror whose proposal, following negotiations, is determined to be the most advantageous to the school district considering the guaranteed savings and other evaluation factors set forth in the request for proposals.

(h) In accordance with the terms of a request for proposals under Subsection (g) of this section and with regulations adopted by the board of trustees, the school district may conduct discussions with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, the school district may allow proposal revisions after submissions and before the award of the contract.

(i) If provided in a request for proposals under Subsection (g) of this section, proposals shall be opened in a manner that

avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations.

(j) Upon completion of all negotiations, the board shall give notice of intent to award a contract to the selected offeror. The notice of intent shall be published in the same manner as the notice of request for proposals. All proposals are open for public inspection after the notice of intent to award is published, but trade secrets and proprietary information clearly identified in the proposals are not open for public inspection.

(b) Section 21.9012, Education Code, as added by this section, takes effect September 1, 1990, and applies to a contract for energy conservation measures entered on or after that date.

SECTION 3.14. Section 23.023, Education Code, is amended by amending Subsections (a), (b), (c), (e), (h), (i), and (k) and by adding Subsection (m) to read as follows:

(a) Any independent school district, whether created by special or general law, with 64,000 [~~66,000~~] or more students in average daily attendance [~~for--the--1975-1976--school--year--or thereafter~~] shall be under the management and control of a board of nine trustees elected in accordance with the provisions of this section.

(b) Seven [~~At--all--elections-held-after-December-31,-1977, seven~~] members of the board of trustees shall be elected by the qualified voters of single-member districts and two members, who shall be the president and vice-president of the board, shall be elected at large.

(c) At least 120 days before the first school board election at which a district elects trustees under this section [~~to be held in April, 1978~~], the board shall divide the school district into seven trustee districts which are compact, contiguous, and contain as nearly as practicable an equal population according to the last preceding federal decennial census.

(e) The candidate receiving a majority of the votes cast in each position is elected. If no candidate receives a majority of the votes cast for that position, the board shall order a runoff to be held on a date authorized by Section 2.025, Election Code [~~the third Saturday in April immediately following the first election~~], and only the names of the two candidates receiving the highest number of votes in the first election shall be listed on the ballot. The candidate receiving the majority of the votes cast in the runoff election is elected.

(h) In districts with seven board members on the date the district becomes subject to this section [~~January 1, 1978~~], members of the board serving on that date shall serve for the remainder of their terms, except those choosing to resign. At the first election at which a district first elects trustees under this section [~~held in April, 1978~~], six [~~four~~] members shall be elected--the president, vice-president, and four [~~two~~] regular members. The president and vice-president then elected shall serve for a term of two years. The other [~~two~~] members then elected shall [~~draw lots so that one will serve for a term of two years, and one will~~] serve for a term of four years. The [~~five~~] members

of the board holding the offices for which there was no election shall draw lots to determine which trustee district they will represent during the remainder of their terms. Thereafter, all members shall be elected to staggered terms of four years.

(i) A school district having 64,000 [~~66,000~~] or more students in average daily attendance [~~for the 1975-1976 school year or thereafter~~] which has previously adopted single-member district representation may continue to operate under that plan.

(k) A school district with less than 64,000 [~~66,000~~] students in average daily attendance for the 1975-1976 school year that later becomes subject to this section shall begin electing trustees from single-member districts in accordance with this section no later than the first regular election held in [~~following~~] the next calendar year or subsequent year [~~in which the federal census is taken~~]. A school district subject to this section whose average daily attendance drops below 64,000 [~~66,000~~] students shall continue to be governed by this section. This section does not apply to a district which has adopted a plan of electing a board of trustees in whole or in part from single-member districts prior to August 31, 1991.

(m) For the purposes of this section, average daily attendance is defined as the number of students enrolled and in attendance on average during the last 10 school days of September in each school year.

SECTION 3.15. Section 23.30, Education Code, is amended by adding Subsection (e) to read as follows:

(e) A school district may employ, retain, contract with, or compensate a licensed real estate broker or salesman for assistance in the acquisition or sale of real property.

SECTION 3.16. Subchapter Z, Chapter 212, Local Government Code, is amended by adding Section 212.902 to read as follows:

Sec. 212.902. SCHOOL DISTRICT LAND DEVELOPMENT STANDARDS. (a) This section applies to agreements between school districts and any municipality which has annexed territory for limited purposes.

(b) On request by a school district, a municipality shall enter an agreement with the board of trustees of the school district 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. The agreement shall include a provision exempting the district from all land development ordinances in cases where the district is adding temporary classroom buildings on an existing school campus.

(c) If the municipality and the school district do not reach an agreement on or before the 120th day after the date on which the municipality receives the district's request for an agreement, proposed agreements by the school district and the municipality shall be submitted to an independent arbitrator appointed by the presiding district judge whose jurisdiction includes the school district. The arbitrator shall, after a hearing at which both the school district and 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 and the municipality. The cost of the arbitration proceeding shall be borne equally by the school district and the municipality.

(d) A school district that requests an agreement under this section, at the time 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 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 shall send to the commissioner a copy of each agreement between the district and a municipality under this section.

(e) In this section, "land development standards" includes impervious cover limitations, building setbacks, floor to area ratios, building coverage, water quality controls, landscaping, development setbacks, compatability standards, traffic analyses, 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.

SECTION 3.17. (a) Each fiscal year before the end of the Center for Educational Technology's first three years of operation, the State Board of Education shall make disbursements from the public education development fund under Section 11.271, Education Code, as added by this Act, to the Center for Educational Technology in an amount approved by the Legislative Education Board before making disbursements to eligible school campuses.

(b) From funds appropriated for the fund, the comptroller of public accounts shall issue warrants to the center in the amount certified by the commissioner.

SECTION 3.18. The legislature recommends that the governor, lieutenant governor, and speaker of the house of representatives appoint a special study committee to develop a plan for the coordination of youth services into a community effort and to remove nonacademic related problems of youth from school responsibility and that the committee be required to make preliminary recommendations to the legislature before January 1, 1991.

SECTION 3.19. The commissioner of education, in consultation with the commissioner of human services, shall submit a report to the 72nd Legislature, with specific legislative recommendations on the developmental appropriateness of prekindergarten programs, the potential for using existing child care program sites as prekindergarten sites, and the coordination of those programs under Subsection (c), Section 16.003, Education Code, as added by this Act.

SECTION 3.20. The Teacher Retirement System of Texas, the commissioner of education, and the State Board of Education shall jointly develop a recommendation for a state health insurance plan for public school employees. The retirement system, commissioner, and board shall report the recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 3.21. Notwithstanding any provision to the contrary:

(1) the pilot program established under Section 2.14, Chapter 813, and Section 2, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, shall continue through the 1990-1991 school year only; and

(2) the Central Education Agency shall report the findings of the study under Subsection (e) of those sections to the 73rd Legislature not later than February 1, 1993.

SECTION 3.22. The following provisions of the Education Code are repealed effective September 1, 1991:

(1) Subsection (e), Section 21.136, Education Code; and

(2) Subsections (b) and (g), Section 21.136, Education Code, as amended by Section 2.13, Chapter 813, and Section 1, Chapter 1179, Acts of the 71st Legislature, Regular Session, 1989, which would have been effective June 1, 1993.

SECTION 3.23. (a) Sections 3.08, 3.10, 3.11, and 3.22 of this article apply beginning with the 1991-1992 school year. The prior law applies for the 1990-1991 school year and is continued in effect for that purpose.

(b) Section 3.07 of this article takes effect September 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Subchapter B, Chapter 11, Education Code, is amended by adding Sections 11.272 and 11.273 to read as follows:

Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) A school campus or district that is rated exemplary under Section 21.753 of this code is exempt from requirements and prohibitions imposed under this code, including rules adopted under this code, that are designated by the State Board of Education with the advice of the Legislative Education Board. The designated prohibitions may not include a prohibition on conduct that constitutes a criminal offense.

(b) A school campus or district is not exempt under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus or district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) elementary school class size limits;

(7) removal of a disruptive student from the classroom;

(8) suspension or explusion of a student;

(9) at risk programs;

(10) prekindergarten programs;

(11) minimum graduation requirements; or

(12) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(c) The Central Education Agency shall monitor and evaluate deregulation of a school campus or district under this section and Section 11.273 of this code and report annually on the effect of deregulation on student achievement to the State Board of Education, the Legislative Education Board, the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature. The report must include a list of the exemptions utilized and a review of the effectiveness of the waivers and exemptions programs.

(d) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as provided under Subsection (e) of this section, a school campus or district may apply to the State Board of Education for a waiver of

a requirement or prohibition imposed by law or rule that the campus or district determines inhibits student achievement.

(b) An application under this section must include a written plan developed by the campus principal or district superintendent, as appropriate, and faculty of the campus or district that states the achievement objectives of the campus or district and the inhibition imposed on those objectives by the requirement or prohibition and shall be approved by the district's board of trustees.

(c) The board may grant a waiver under this section for a period not to exceed three years. A prohibition on conduct that constitutes a criminal offense may not be waived.

(d) A school campus or district for which a requirement or prohibition is waived under this section for a period of three years may receive an exemption from that requirement or prohibition at the end of that period if the campus or district has fulfilled the achievement objectives submitted to the board under Subsection (b) of this section. The exemption remains in effect until the board determines that achievement levels of the campus or district have declined.

(e) A school campus or district may not receive an exemption or waiver under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. A school campus or district may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating

to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) elementary school class size limits;

(6) minimum graduation requirements;

(7) removal of a disruptive student from the classroom;

(8) suspension or expulsion of a student;

(9) at risk programs;

(10) prekindergarten programs; or

(11) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code.

(f) A school district or campus that receives a waiver under this section for textbook selection may select for purchase a textbook not on a state-adopted multiple list. The textbook shall be purchased by the district and shall be used for the same number of years for which the textbooks for the subject or course are adopted by the State Board of Education. The unit cost of the textbooks selected shall not exceed the unit cost of the costliest textbook on the multiple list for the subject or course. The

commissioner of education shall calculate the allowable cost and transmit from the state textbook fund that amount to the district for purchase of the textbooks. The State Board of Education shall adopt rules necessary for the implementation of this subsection.

(g) The State Board of Education in considering exemptions or waivers shall provide as much regulatory relief as is practical and reasonable to campuses or districts that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Section 21.101, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The State Board of Education shall adopt rules for the implementation of this section, except that the board may not designate the methodology used by a teacher nor the time spent by the teacher or a student on a particular task or subject.

SECTION 4.03. Subchapter D, Chapter 21, Education Code, is amended by adding Section 21.116 to read as follows:

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. The commissioner of education and the commissioner of higher education shall jointly develop recommendations for a statewide program allowing public high school students to enroll in courses in postsecondary institutions for both secondary credit and postsecondary credit. The recommendations shall include a method for apportioning state funds for the student's education between the public school and the postsecondary institution. The commissioners shall report their recommendations to the 72nd Legislature not later than February 1, 1991.

SECTION 4.04. Subsection (b), Section 34.004, Education Code, is amended to read as follows:

(b) The State Board of Education with the advice and approval of the educational excellence committee shall establish the criteria and standards for the awards. The awards for school campuses shall be based primarily on the indicators established under Section 21.7531 of this code and the campus objectives established under Section 21.7532 of this code. The board shall incorporate criteria for the performance of students in special education programs. The criteria for schools and school districts must be measurable criteria and may include criteria related to:

(1) student achievement;

(2) operational efficiency;

(3) central administrative support;

(4) student and teacher attendance;

(5) graduates who enter college, receive advanced training, or are employed;

(6) principals participating in instructional leadership training; and

(7) other matters selected by the committee that are related to scholastic gains.

SECTION 4.05. Chapter 56, Education Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.101. PROGRAM NAME. The student financial assistance program authorized by this subchapter is known as the Texas tuition

assistance grant program, and an individual grant awarded under this subchapter is known as a Texas tuition assistance grant.

Sec. 56.102. PURPOSE. The purpose of this subchapter is to provide an eligible person a grant of money for tuition to enable that person to attend an institution of higher education.

Sec. 56.103. ELIGIBLE PERSON. (a) To be eligible for a Texas tuition assistance grant, a person must:

(1) be a Texas resident as defined by coordinating board rules;

(2) enroll for a full course load in an institution of higher education as defined by Section 61.003 or 61.222 of this code;

(3) be from a low-income or middle-income family and establish financial need as defined by coordinating board rules;

(4) within the two years preceding the person's grant application, have graduated from a secondary school with a cumulative grade average that is equal to or greater than the equivalent of 80 on a scale of 100;

(5) have applied for any available financial assistance; and

(6) have complied with any other requirements adopted by the coordinating board under this subchapter.

(b) A person is not eligible to receive a Texas tuition assistance grant if the person:

(1) has been granted a baccalaureate degree; or

(2) has been convicted of a felony or a crime

involving moral turpitude, unless the person has met the eligibility requirements under Subsection (a) of this section and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.104. ADMINISTRATIVE AUTHORITY. The coordinating board shall provide a Texas tuition assistance grant to an eligible person enrolled in an institution of higher education based on the financial need of that person. The total amount of Texas tuition assistance grants distributed by the coordinating board may not exceed the amount appropriated for the Texas tuition assistance grant program.

Sec. 56.105. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a person's Texas tuition assistance grant application, an enrollment report from the institution of higher education enrolling the person, and a certification of the amount of financial need from the institution of higher education, the coordinating board shall distribute the amount of the grant for the person to the institution of higher education.

(b) The amount of a Texas tuition assistance grant may not

exceed the amount of tuition the student would be charged at a public senior institution of higher education and, when added to other gift aid, may not exceed the financial need of the student.

Sec. 56.106. LIMITATIONS ON GRANT. A person entitled to a Texas tuition assistance grant loses that person's right to future payments of money from the grant program if the person:

(1) does not make steady academic progress toward a baccalaureate degree as determined under coordinating board rules;

(2) does not maintain full-time enrollment standing for at least two semesters in any academic year;

(3) has a grade average that is in the lower 50 percent of the total grade averages of all full-time students enrolled in the same college or other department in the institution of higher education; or

(4) is convicted of a felony or a crime involving moral turpitude, unless the person has met eligibility requirements as defined in Section 56.103(a) of this code and has:

(A) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or has completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion; or

(B) been pardoned or otherwise released from the resulting ineligibility to participate in the Texas tuition assistance grant program.

Sec. 56.107. ADOPTION AND DISTRIBUTION OF RULES. (a) The

coordinating board shall adopt rules to administer this subchapter.

(b) The coordinating board shall distribute to each institution of higher education and to each school district copies of all rules adopted under this subchapter.

Sec. 56.108. FUNDING. (a) The coordinating board may accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) Texas tuition assistance grants are payable from gifts, grants, and funds appropriated by the legislature.

SECTION 4.06. The Texas Higher Education Coordinating Board shall adopt and distribute initial rules required by Subchapter G, Chapter 56, Education Code, as added by this Act, not later than January 1, 1991. The coordinating board shall make grants to eligible persons under this Act beginning with the fall semester 1991.

SECTION 4.07. The following provisions of the Education Code are repealed:

(1) Section 11.27, as added by Section 2.03, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989;

(2) Subsection (b), Section 21.001; and

(3) Subchapter B, Chapter 56.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01. Subsection (a), Section 21.008, Education Code, is amended to read as follows:

(a) Each school district shall operate for either two or three semesters during each school year, at the option of the

district, except as provided under Section 21.010 of this code or under rules adopted under Section 21.009 of this code. The semesters must provide the required number of days of instruction for students and inservice education and preparation for teachers[~~, except as provided under Section 16.052(b) of this code~~].

SECTION 5.02. Subsection (a), Section 21.009, Education Code, is amended to read as follows:

(a) The State Board of Education shall [~~may~~] adopt rules under which a school district may operate its schools year-round, including rules necessary for the operation of a multitrack school year under Section 21.010 of this code.

SECTION 5.03. Subchapter A, Education Code, is amended by adding Section 21.010 to read as follows:

Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:

(1) "Track" means a group of students and teachers scheduled to attend school and take vacation periods on the same schedule.

(2) "Multitrack" means multiple tracks, with staggered instructional blocks and vacation periods.

(b) The board of trustees of a school district may operate a school on a multitrack school year.

SECTION 5.04. (a) The State Board of Education shall adopt rules under Subsection (a), Section 21.009, Education Code, as amended by this Act, not later than January 1, 1991.

(b) Subsection (d), Section 10, Public School Facilities Funding Act (Article 717t, Vernon's Texas Civil Statutes), as added

by this Act, applies beginning with applications for aid for the 1991-1992 school year.

ARTICLE VI. APPROPRIATIONS; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. (a) In addition to sums appropriated under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, to the Central Education Agency for the Foundation School Program, the following sums are appropriated to the agency for the fiscal year ending August 31, 1991, from the General Revenue Fund, including any transfers to the Foundation School Fund:

1. Section 16.254(d), sum certain

a. Basic Allotment, estimated	$1,289,011,867
b. Special Education Allotment, estimated	182,188,810
c. Compensatory Education Allotment, estimated	127,394,825
d. Bilingual Education Allotment, estimated	10,120,471
e. Vocational Education Allotment, estimated	51,435,248
f. Gifted and Talented Allotment, estimated	7,665,160
i. Less: Net Local Share, estimated	-1,111,883,076
Total, Section 16.254(d), sum certain	555,933,305

(b) The total appropriation made by Subsection (a) of this section is reduced by the amounts appropriated by H.B. 91 and H.B. 131, Acts of the 71st Legislature, 4th Called Session, 1990.

(c) The amount appropriated to the Central Education Agency for the transportation allotment under the Foundation School Program for the fiscal year ending August 31, 1991, in line item

1.g., page III-1, Chapter 1263, Acts of the 71st Legislature, Regular Session, 1989, is reduced by the amount of $546,655.

(d) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the career ladder under the Foundation School Program (line item 1.h.(1)) is reduced by the amount of $2,984,220.

(e) The total amount appropriated to the Central Education Agency under Chapters 1263 and 816, Acts of the 71st Legislature, Regular Session, 1989, for the guaranteed yield under the Foundation School Program for the fiscal year ending August 31, 1991, is reduced by the amount of $68,773,410.

(f) For the fiscal year ending August 31, 1991, the amount of $5,000,000 is transferred from the General Revenue Fund to the public education development fund created under Section 11.271, Education Code, as added by this Act, and all balances accruing to that fund are appropriated to the Central Education Agency for the purposes of that fund.

(g) For the fiscal year ending August 31, 1990, the amount of $5,000,000 is appropriated from the General Revenue Fund to the Central Education Agency for the purpose of the facilities inventory under Section 16.401, Education Code, and the unexpended balance is appropriated for the fiscal year ending August 31, 1991, for the same purpose.

(h) For the fiscal year ending August 31, 1991, the amount of $80,000 is appropriated from the General Revenue Fund to the

Central Education Agency for the purpose of funding programs referred to in Subsection (e), Section 13.353, Education Code.

(i) For the fiscal year ending August 31, 1991, the amount of $61,290,980 is appropriated from the General Revenue Fund to the Central Education Agency for the purposes of Section 1.20 of this Act. If that amount is insufficient for the purposes of that section, the commissioner of education shall reduce the amount to which each district is entitled under that section proportionately.

SECTION 6.02. (a) This Act takes effect September 1, 1990, except as otherwise provided by this Act.

(b) Subsection (g) of Section 6.01 of this article takes effect immediately.

SECTION 6.03. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1 passed the Senate on April 3, 1990, by a viva-voce vote; April 11, 1990, Senate refused to concur in House amendments and requested appointment of Conference Committee; April 11, 1990, House granted request of the Senate; April 26, 1990, Senate adopted Conference Committee Report by the following vote: Yeas 26, Nays 5; passed subject to provisions of Article III, Section 49a of the Constitution of Texas.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House, with amendments, on April 9, 1990, by the following vote: Yeas 108, Nays 37; April 11, 1990, House granted request of the Senate for appointment of Conference Committee; April 26, 1990, House adopted Conference Committee Report by a non-record vote; passed subject to the provisions of Article III, Section 49a of the Constitution of Texas.

Chief Clerk of the House

Approved:

Date

Governor

I, Bob Bullock, Comptroller of Public Accounts, do hereby certify that the amounts appropriated in the herein S.B. No. 1, 4th Called Session, 71st Legislature, are within the amount estimated to be available in the affected fund.

Certified _____, 1990.

Comptroller of Public Accounts

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 24, 1990

TO: Honorable William P. Hobby
Lieutenant Governor
Senate Chamber
Austin, Texas

Honorable Gibson D. (Gib) Lewis
Speaker of the House
House of Representatives
Austin, Texas

IN RE: Conference Committee Report for
Senate Bill No. 1,
Fourth Called Session

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report for Senate Bill No. 1, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $550,000,000 in fiscal year 1991 out of the General Revenue Fund to the Texas Education Agency (TEA) to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The appropriation would be offset by appropriations made to the Foundation School Fund in House Bill 91, Fourth Called Session, and House Bill 131, Fourth Called Session, if enacted. The bill would also appropriate $5,000,000 in fiscal year 1990 out of the General Revenue Fund for an inventory of public school facilities.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a five-year period, and make other programmatic and structural changes affecting the TEA, the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- phasing in state aid changes from 1992 through 1995;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve except for certain handicapped students;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the regular school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- increasing the weight for pregnant students in remedial and support programs in 1992;
- placing restrictions on the use of state compensatory education funds;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1992 and encouraging energy conservation in school facilities;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;

- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education and of the State Board's appointment of the Commissioner of Education;
- expanding the role of the LEB, the LBB, the Educational Economic Policy Center, and the Foundation School Fund Budget Committee in areas of school funding;
- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts starting in 1992;
- giving principals sole authority to hire campus level staff after consultation with teachers;
- providing for exemptions from certain state adopted rules for school districts and campuses that are rated "exemplary" under accreditation standards and allowing other school districts and campuses to apply for rule waivers;
- placing additional emphasis on management and leadership training for school district administrators;
- providing relief to school districts losing state aid due to military base closings or reductions;
- requiring the State Board of Education to adopt by 1992 one or more nationally recognized norm-referenced tests for students in grades four, six, eight, and ten; and
- establishing a process for professional staff involvement in school district decision-making.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $5 million in 1991 and thereafter for the Public Education Development Fund;
- $5 million in 1990 for a facilities inventory; and
- $80,000 in 1991 and thereafter for management and leadership training for school administrators.

There would be additional costs to provide facilities funding and tuition assistance grants; however, these costs cannot be determined.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $28.9 million in 1991, increasing to $162.8 million by 1995. Because the bill does not increase the 1991 appropriation for TRS, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1993 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.

The bill's provisions would have an administrative impact on several state agencies. The TEA would incur costs estimated at $236,834 in 1991 and increasing thereafter to administer the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts. The costs of the Center for Educational Technology

and Educational Economic Policy Center would come out of appropriations for the Public Education Development Fund. Administrative costs for the LEB, the LBB, the Comptroller's Office, and the Texas Bond Review Board cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) restrict the use of compensatory education funds.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ -0-	$ -0-	$ 5,000,000
1991	521,500,000	640,500,000	5,080,000
1992	688,000,000	963,600,000	5,080,000
1993	1,005,600,000	1,571,100,000	5,080,000
1994	1,367,700,000	2,237,400,000	5,080,000
1995	1,763,700,000	2,947,300,000	5,080,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ -0-	$ -0-	+ 0
1991	28,900,000	236,834	+ 5
1992	36,400,000	216,795	+ 5
1993	53,300,000	351,529	+ 8
1994	75,600,000	340,290	+ 8
1995	97,400,000	340,290	+ 8

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, LV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 4, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee Substitute for Senate Bill No. 1
Fourth Called Session

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Bill No. 1, Fourth Called Session (relating to public school finance; making appropriations) this office has determined the following:

The bill would appropriate $448,224,587 in fiscal year 1991 out of the General Revenue Fund to fund proposed changes in the Foundation School Program. The appropriation level covers additional state costs assuming no change in local tax effort between 1990 and 1991.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a five-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Legislative Education Board (LEB), and the Legislative Budget Board (LBB). Major provisions include:

- maintaining the two-tier Foundation School Program (FSP) structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- ensuring that no school district receives less state aid in 1991 than it received in 1990 (hold harmless);
- reducing the funding weight for vocational education;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing for facilities development grants to school districts;
- decreasing the role of the State Board of Education and transferring much of its rulemaking authority to the Commissioner of Education;
- providing for gubernatorial appointment of the Commissioner of Education, with consent of the Senate and based on recommendations of the Legislative Education Board;
- expanding the role of the LEB, the LBB, the Educational Economic Policy Center, and the Foundation School Budget Committee in areas of school funding;
- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including an increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the LEB and the LBB (rather than the State Board of Education) to jointly make cost of education index and accountable cost recommendations to the Legislature, based on methodology developed by the Educational Economic Policy Center;
- directing TEA to adopt a nationally accepted norm-referenced testing instrument;
- giving principals sole authority to hire campus level staff; and
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards.

There would be additional costs to provide facilities funding; however, these costs cannot be determined. The removal of cost limitations on computer learning systems could have a significant impact on textbook costs depending on local needs.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $23.7 million in 1991, increasing to $98.7 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

The bill's provisions would have an administrative impact on TEA for operation of the Technology Fund and a system of regulatory waivers for exemplary schools. The costs are estimated at $102,100 in 1991, increasing the $216,795 by 1995. The costs for the Texas Bond Review Board to administer the facilities program cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by a provision to adopt a statewide norm-referenced test to be paid for out of state compensatory education funds.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund
1991	$ 446,900,000	$ 581,000,000
1992	705,400,000	945,300,000
1993	931,700,000	1,265,100,000
1994	1,274,200,000	1,820,500,000
1995	1,786,500,000	2,795,900,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1991	$ 23,700,000	$102,100	+ 2
1992	37,400,000	93,300	+ 2
1993	49,400,000	228,034	+ 5
1994	70,400,000	216,795	+ 5
1995	98,700,000	216,795	+ 5

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Texas Education Agency; Bond Review Board;
LBB Staff: JO, JWH, AL, JOB, NH

894HSSB1

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 4, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1, as engrossed
Fourth Called Session
By: Parker, Caperton, Hobby

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1, as engrossed, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $1,245,850,000 in fiscal year 1991 out of the General Revenue Fund to several state agencies to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The bill would also appropriate $45,000,000 in fiscal year 1990 out of the General Revenue Fund to cover anticipated increases in FSP costs under current law.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a three-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System and the Legislative Education Board. Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1991 and 1992 and encouraging energy conservation in school facilities;
- establishing an FSP per-pupil allotment for alcohol and drug intervention efforts in the public schools;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;
- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- eliminating in 1992 the per-capita apportionment of available school fund revenues, pending a constitutional amendment (S.J.R. 1), and instead transferring those revenues directly to the foundation school fund;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education;
- expanding the role of the Legislative Education Board (LEB) and the Foundation School Budget Committee in determining the major school finance formula calculations needed in 1994 and beyond to ensure compliance with an equity standard;

- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the State Board of Education to make its accountable cost recommendations to the Legislature based on methodology developed by the Educational Economic Policy Center;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts;
- giving principals sole authority to hire campus level staff;
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards;
- placing additional emphasis on management and leadership training for school district administrators;
- requiring districts to spend 58% of additional state aid on teacher salaries; and
- providing relief to school districts losing state aid due to military base closings or reductions.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $20 million in 1991 and $50 million in 1992 for technology;
- $2 million in 1991 and thereafter for tuition assistance;
- $20 million in 1991 and $50 million in 1992 and thereafter for the Public Education Development Fund;
- $50 million in 1991 and 1992 for facilities, including $5 million in 1991 for a facilities inventory; and
- $250,000 in 1991 and thereafter for management and leadership training for school administrators.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $60.9 million in 1991, increasing to $138.3 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The change in the ADA calculation for school formulas would have the effect of reducing ADA counts and, thereby, significantly reducing state aid on a statewide basis.
- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.
- The calculation of equalization aid for military base school districts could increase state aid to those districts once a federal equity standard was achieved.

The bill's provisions would have an administrative impact on several state agencies. Estimates of these costs are as follows:

- $684,866 in 1991 and increasing costs thereafter for TEA to cover the costs of administering the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts;
- $80,000 in 1991 and $60,000 in 1992 and thereafter for the Texas Higher Education Coordinating Board to cover costs of administering the tuition assistance program;

- $73,932 in 1992 and $13,000 thereafter for the Texas Bond Review Board to cover costs of administering the facilities development grant program; and
- $800,000 in 1991 through 1993 for the Center for Educational Technology.

The costs of the Center for Educational Technology and TEA's cost of administering the Public Education Development Fund would come out of appropriations for the Public Education Development Fund. The administrative costs for the Comptroller's Office cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) require 58% of new state aid to be spent on teacher salaries.

The probable cost of implementing the provisions of the bill during each of the first six years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ 45,000,000	$ 45,000,000	$ 0
1991	1,061,000,000	1,406,900,000	92,250,000
1992	1,360,800,000	1,953,500,000	152,250,000
1993	1,681,300,000	2,573,800,000	52,250,000
1994	1,695,500,000	2,645,200,000	52,250,000
1995	1,698,500,000	2,698,700,000	52,250,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ 0	$ 0	+ 0
1991	60,900,000	1,659,098	+14
1992	86,000,000	1,570,274	+14
1993	116,800,000	1,644,076	+16
1994	131,100,000	832,837	+16
1995	138,300,000	832,837	+16

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, LV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

April 2, 1990

TO: Honorable Carl A. Parker, Chairman
Subcommittee on Public Education
Committee of the Whole
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Fourth Called Session
By: Parker, Caperton, Hobby

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1, Fourth Called Session (relating to public education; making appropriations) this office has determined the following:

The bill would appropriate $1,245,850,000 in fiscal year 1991 out of the General Revenue Fund to several state agencies to fund proposed changes in the Foundation School Program (FSP) and other proposed initiatives. The appropriation level assumes additional state costs to cover a portion of local tax effort response in 1991. The bill would also appropriate $45,000,000 in fiscal year 1990 out of the General Revenue Fund to cover anticipated increases in FSP costs under current law.

The bill would increase state aid to school districts, change the distribution of aid among districts to improve equalization over a three-year period, and make other programmatic and structural changes affecting the Texas Education Agency (TEA), the State Board of Education, the Texas Bond Review Board, the Texas Higher Education Coordinating Board, the Teacher Retirement System and the Legislative Education Board. Major provisions include:

- maintaining the two-tier FSP structure;
- increasing the basic allotment and the local share of the FSP;
- increasing both the guaranteed level of funding and the level to which funding is guaranteed under Tier Two of the FSP (guaranteed yield equalization);
- developing a guaranteed yield formula for school districts located on federal military bases;
- reducing the funding weight for vocational education and limiting the weight to vocational education programs in grades nine through twelve;
- basing school finance allocations on average daily attendance (ADA) calculated each month of the school year rather than on the best four weeks of a scheduled period in the Fall and Spring semesters;
- expanding the Pre-Kindergarten program to include three-year-olds in 1992;
- establishing by 1993 an FSP per-pupil allotment for technology funding;
- providing facilities development and debt service relief grants to school districts in 1991 and 1992 and encouraging energy conservation in school facilities;
- establishing an FSP per-pupil allotment for alcohol and drug intervention efforts in the public schools;
- establishing a public education development fund to provide funding for the Educational Economic Policy Center and the Center for Educational Technology and to fund innovative program grants to local school campuses;
- establishing by 1992 a tuition assistance grant program, to be administered by the Texas Higher Education Coordinating Board, for eligible students from low-income or middle-income families;
- eliminating in 1992 the per-capita apportionment of available school fund revenues, pending a constitutional amendment (S.J.R. 1), and instead transferring those revenues directly to the foundation school fund;
- providing for Senate consent of the Governor's appointment of the chair of the State Board of Education;
- expanding the role of the Legislative Education Board (LEB) and the Foundation School Budget Committee in determining the major school finance formula calculations needed in 1994 and beyond to ensure compliance with an equity standard;

- requiring colleges of education to train students in the use of technology and modern teaching practices;
- making several changes related to school accreditation, including increased focus on the performance of individual campuses;
- giving the Commissioner of Education authority to sanction an "academically unaccredited" school district by either annexing the district to an adjoining district or creating a management team to operate the district for a period of up to three years;
- directing the State Board of Education to make its accountable cost recommendations to the Legislature based on methodology developed by the Educational Economic Policy Center;
- giving the State Comptroller authority to periodically review the effectiveness and efficiency of the budgets and operations of local school districts;
- giving principals sole authority to hire campus level staff;
- providing for exemptions from certain state adopted rules for school campuses that are rated "exemplary" under accreditation standards;
- placing additional emphasis on management and leadership training for school district administrators;
- requiring districts to spend 58% of additional state aid on teacher salaries; and
- providing relief to school districts losing state aid due to military base closings or reductions.

This fiscal note makes several cost assumptions for proposed initiatives that are not estimated through the school finance model. Annual cost estimates include the following:

- $20 million in 1991 and $50 million in 1992 for technology;
- $2 million in 1991 and thereafter for tuition assistance;
- $20 million in 1991 and $50 million in 1992 and thereafter for the Public Education Development Fund;
- $50 million in 1991 and 1992 for facilities, including $5 million in 1991 for a facilities inventory; and
- $250,000 in 1991 and thereafter for management and leadership training for school administrators.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase by $60.9 million in 1991, increasing to $138.3 million by 1995. If the 1991 appropriation for TRS is not increased, the estimated additional cost in 1991 will be incurred in fiscal year 1992 when the TRS contribution for 1991 is adjusted.

There would be other potential program costs, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The change in the ADA calculation for school formulas would have the effect of reducing ADA counts and, thereby, significantly reducing state aid on a statewide basis.
- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Budget Committee based on recommendations from the LEB.
- A reduction in the local fund assignment calculation for a district to which an academically unaccredited district is annexed could result in increased state costs depending on the nature and extent of such consolidations.
- The removal of cost limitations on computer assisted learning systems could have an impact on textbook costs depending on local needs.
- The calculation of equalization aid for military base school districts could increase state aid to those districts once a federal equity standard was achieved.

The bill's provisions would have an administrative impact on several state agencies. Estimates of these costs are as follows:

- $684,866 in 1991 and increasing costs thereafter for TEA to cover the costs of administering the Public Education Development Fund, the Technology Fund, and a system of regulatory waivers for exemplary school districts;
- $80,000 in 1991 and $60,000 in 1992 and thereafter for the Texas Higher Education Coordinating Board to cover costs of administering the tuition assistance program;

- $73,932 in 1992 and $13,000 thereafter for the Texas Bond Review Board to cover costs of administering the facilities development grant program; and
- $800,000 in 1991 through 1993 for the Center for Educational Technology.

The costs of the Center for Educational Technology and TEA's cost of administering the Public Education Development Fund would come out of appropriations for the Public Education Development Fund. The administrative costs for the Comptroller's Office cannot be determined.

It is difficult to assess the net fiscal implications of the bill for local school districts. Increased state aid would provide additional revenues -- especially to property-poor districts. An increase in the basic allotment and the local fund assignment would have the effect of increasing the amount of FSP funding to be dedicated to special programs such as special education and compensatory education. Some school districts would need to increase local support for these programs in order to meet local share requirements. Other local costs could include (a) establishment of a state management team in academically unaccredited districts, (b) development of campus performance objectives, and (c) increased salaries for teachers returning after an interruption in service. Local discretion in the use of state aid would be restricted by provisions to (a) adopt a statewide norm-referenced test and (b) require 58% of new state aid to be spent on teacher salaries.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

Fiscal Year	Probable Minimum Formula Funding Costs Out of the General Revenue Fund	Probable Maximum Formula Funding Costs Out of the General Revenue Fund	Probable Other Program Costs Out of the General Revenue Fund
1990	$ 45,000,000	$ 45,000,000	$ 0
1991	1,061,000,000	1,406,900,000	92,250,000
1992	1,360,800,000	1,953,500,000	152,250,000
1993	1,681,300,000	2,573,800,000	52,250,000
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1995	1,698,500,000	2,698,700,000	52,250,000

Fiscal Year	Probable Teacher Retirement System Costs Out of the General Revenue Fund	Probable Administrative Costs Out of the General Revenue Fund	Change in Number of State Employees from FY 1990
1990	$ 0	$ 0	+ 0
1991	60,900,000	1,659,098	+14
1992	86,000,000	1,570,274	+14
1993	116,800,000	1,644,076	+16
1994	131,100,000	832,837	+16
1995	138,300,000	832,837	+16

Similar annual costs would continue as long as the provisions of the bill are in effect.

If in any fiscal year legislative appropriations were insufficient to cover full FSP costs--including state aid in response to local tax effort--the Commissioner of Education and the State Board of Education would be required to prorate state aid to substantially all school districts.

Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
LBB Staff: JO, JWH, AL, JOB, BL

3/2cert

S.B. No. 1

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1 passed the Senate on April 3, 1990, by ~~the following~~ a viva-voce vote; ~~Yeas ____, Nays ____;~~ April 11, 1990, Senate refused to concur in House amendments and requested appointment of Conference Committee; April 11, 1990, House granted request of the Senate; April 26, 1990, Senate adopted Conference Committee Report by the following vote: Yeas 26, Nays 5; passed subject to provisions of Article III, Section 49a of the Constitution of Texas.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House, with amendments, on April 9, 1990, by the following vote: Yeas 108, Nays 37; April 11, 1990, House granted request of the Senate for appointment of Conference Committee; April 26, 1990, House adopted Conference Committee Report by ~~the following vote: Yeas ____, Nays ____~~ a non-record vote; passed subject to the provisions of Article III, Section 49a of the Constitution of Texas.

Chief Clerk of the House

Approved:

Date

Governor

4th Called

I, Bob Bullock, Comptroller of Public Accounts, do hereby certify that the amounts appropriated in the herein S.B. No. 1, ~~Regular~~ Session, 71st Legislature, are within the amount estimated to be available in the affected fund.

Certified _____, 19~~89~~ 90.

Comptroller of Public Accounts

S. B. No. 1 By PARKER Capitol HOBBY

A BILL TO BE ENTITLED

AN ACT: relating to public education; making appropriations.

3-30-90 Filed with the Secretary of the Senate

APR 2 1990 Read and referred to Committee on Select Public Education

APR 3 1990 Reported favorably _____

_____ Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

APR 3 1990 Ordered not printed

_____ Laid before the Senate

APR 3 1990 Senate and Constitutional Rules to permit consideration suspended by: unanimous consent ~~____ yeas, ____ nays~~

APR 3 1990 Read second time, _____, and ordered engrossed by: ~~unanimous consent~~ a viva voce vote ____ yeas, ____ nays

_____ Caption ordered amended to conform to the body of the bill.

APR 3 1990 Senate and Constitutional 3 Day Rule suspended by a vote of 28 yeas, 2 nays.

APR 3 1990 Read third time, _____, and passed by ~~____ yeas, ____ nays~~ a viva voce vote

Betty King

SECRETARY OF THE SENATE

OTHER ACTION:

April 3, 1990 Engrossed

April 4, 1990 Sent to House

Engrossing Clerk Patsy Spaw

APR 4 1990 Received from the Senate

APR 4 1990 Read first time and referred to Committee on Public Education

APR 04 1990 Reported favorably ~~amended~~, sent to Printer at 9:30pm

APR 5 1990 Printed and Distributed 12:42am

APR 5 1990 Sent to Committee on Calendars 8:19Am

APR 9 1990 Read Second time as subs, ~~amended~~ passed to third reading (~~failed~~) by (~~Non-Record Vote~~) Record Vote of 106 yeas, 39 nays 0 present not voting.

_____ Constitutional Rule requiring bills to be read on three several days suspended (failed to suspend) by a four-fifths vote of ____ yeas, ____ nays ____ present not voting.

APR 9 1990 Read third time (~~amended~~); finally passed (~~failed~~) by a (~~Non-Record Vote~~) Record Vote of 108 yeas, 39 nays 0 present not voting.

APR 9 1990 Caption ordered amended to conform to body of bill.

APR 11 1990 Returned to Senate.

Betty Murray

CHIEF CLERK OF THE HOUSE

Passed, subject to Art III, Sec. 49a, Texas Constitution

_____ Returned from House without amendment.

APR 11 1990 Returned from House with ____ amendments.

_____ Concurred in House amendments by a viva voce vote ____ yeas, ____ nays.

APR 11 1990 Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed: Parker, Chairman; Montford, Caperton, Barrientos, and [illegible]

APR 11 1990 House granted Senate request. House conferees appointed: Glossbrenner, Chairman; Rudd, Grusendorf, Colbert & Berlanga

APR 24 1990 Conference Committee Report read and filed with the Secretary of the Senate.

APR 26 1990 Conference Committee Report adopted on the part of the House by: _____

a viva voce vote
_____ yeas, _____ nays

APR 26 1990 Conference Committee Report adopted on the part of the Senate by: _____

a viva voce vote
26 yeas, 5 nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged.

_____ Conference Committee Report failed of adoption by: _____

a viva voce vote
_____ yeas, _____ nays

90 APR -5 AM 12:42