6TH CALLED SESSION

By Parker S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education.

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 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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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, with the program funding level expressed as dollar amounts and as weights applied to the basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500--for~~] each school year thereafter. A[~~,-or-a~~] greater amount for any school year may be 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 full-time equivalent 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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) 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, with the program funding level expressed as dollar amounts and as weights applied to the basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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 by rule 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

less any allotments to the district for transportation or for career ladder supplements and 50 percent of the adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this section is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on

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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section 16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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,

"DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991, the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the efficiency in administration report under Section 16.205 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

teaching practices in the classroom and in making district-level decisions.

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.

good cause. 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 an [~~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 2.10. 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

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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTIONS AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for

(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

~~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;

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~~

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

~~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

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~~

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

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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

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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section 16.178, Education Code, are repealed.

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

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(e)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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

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.

State Board of Education. For the fiscal year ending August 31, 1991, the amount approved by the State Board of Education may not exceed $29 million. 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 article.

(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

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.

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

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).

Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The commissioner of education shall conduct a study to determine the most appropriate and efficient method for reporting and monitoring the allocation of resources by school districts.

(b) The study shall identify the most effective means for calculating, monitoring, and reporting the proportion of resources that school districts allocate for their administrative costs and shall include administrator teacher ratios.

(c) The study shall include a description of average efficient administrative expenditures by districts with consideration of district size and demographics.

(d) Prior to the beginning of each regular session of the legislature, the agency shall provide a report with recommendations to the Legislative Education Board and the legislature.

(e) The study is an element of the study of accountable costs of education under this subchapter.

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

(f) 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 (e) of this section or from other funds available to the boards.

(g) 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

development of models. The commissioner of education shall collect data necessary to the development of the models and index. The boards shall develop a formula for applying the index to the basic allotment in a manner that appropriately reflects the relative significance of the costs adjusted by the index to the overall cost of a minimum accredited regular education program represented by the basic allotment.

(c) The cost of education index developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption. The cost of education index adopted by the committee shall be effective beginning with the 1991-1992 school year.

(d) The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

~~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. 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 that may include region, size, area, density, educational characteristics, and economic conditions. The index shall adjust only for specific resource cost variations caused by factors beyond the control of school districts, to include personnel, variations from optimal district size, and other cost factors. Factors that are addressed by other formula adjustments in the Foundation School Program are not to be considered. Variations should be based on the most efficient service delivery systems. An impartial panel of persons expert in econometric modeling, statistics, and related fields shall be consulted in the development of the index, examination of cost factors, and

programs for students participating in such courses or programs, with the program funding level expressed as dollar amounts and as weights applied to the basic allotment for the appropriate year;

(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 for the 1993-1994 and the 1994-1995 school years this level may not be less than 95 percent nor more than 100 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~~

(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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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:

(1) 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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses; and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the

assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) [~~(c)~~] 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) of this 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. All rules under Title 19, Texas Administrative

Code, Chapters 29 through 74 and 76 through 93 inclusive that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive that were adopted by the State Board of Education before September 1, 1991, are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall

appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Section 11.25(c);

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each

school district may implement the program, under guidelines adopted by the agency and the commission.

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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

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

the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and

to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the

requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation system.

(d) On application of a school district, the commissioner of education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990--and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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,

1 engineering, installation, maintenance, repairs, and debt service.
2 (f) A contract for energy conservation measures, with
3 respect to existing buildings or facilities, may be a
4 lease/purchase contract, with a term not to exceed 10 years, that
5 meets federal tax requirements for tax-free municipal leasing or
6 long-term financing.
7 (g) A contract under this section may be let under
8 competitive proposal procedures. Notice of the request for
9 proposals shall be published in the manner provided for competitive
10 bidding. Requests for proposals must solicit quotations and must
11 specify the relative importance of guaranteed savings, price,
12 financial performance and stability, quality, technical ability,
13 experience, and other evaluation factors. The contract shall be
14 awarded to the responsible offeror whose proposal, following
15 negotiations, is determined to be the most advantageous to the
16 school district considering the guaranteed savings and other
17 evaluation factors set forth in the request for proposals.
18 (h) In accordance with the terms of a request for proposals
19 under Subsection (g) of this section and with regulations adopted
20 by the board of trustees, the school district may conduct
21 discussions with offerors who submit proposals and who are
22 determined to be reasonably qualified for the award of the
23 contract. Offerors shall be treated fairly and equally with
24 respect to any opportunity for discussion and revision of
25 proposals. To obtain the best final offers, the school district
26 may allow proposal revisions after submissions and before the award
27 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 3.16. 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 3.17. 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. 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

1 will be final and binding upon both the school district and the
2 municipality. The cost of the arbitration proceeding shall be
3 borne equally by the school district and the municipality.
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
7 120-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, compatability standards, traffic analyses,
17 and driveway cuts, if applicable.
18 (f) Nothing in this section shall be construed to limit the
19 applicability of or waive fees for fire, safety, health, or
20 building code ordinances of the municipality prior to or during
21 construction of school buildings, nor shall any agreement waive any
22 fee or modify any ordinance of a municipality for an
23 administration, service, or athletic facility proposed for
24 construction by a school district.
25 SECTION 3.19. (a) Each fiscal year before the end of the
26 Center for Educational Technology's first three years of operation,
27 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 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 3.21. 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 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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) Except as provided by Subsection (b) of this section, 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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

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

1 assistance grant program.

2 Sec. 56.104. ADMINISTRATIVE AUTHORITY. The coordinating
3 board shall provide a Texas tuition assistance grant to an eligible
4 person enrolled in an institution of higher education based on the
5 financial need of that person. The total amount of Texas tuition
6 assistance grants distributed by the coordinating board may not
7 exceed the amount appropriated for the Texas tuition assistance
8 grant program.

9 Sec. 56.105. PAYMENT OF GRANT; AMOUNT. (a) On receipt of a
10 person's Texas tuition assistance grant application, an enrollment
11 report from the institution of higher education enrolling the
12 person, and a certification of the amount of financial need from
13 the institution of higher education, the coordinating board shall
14 distribute the amount of the grant for the person to the
15 institution of higher education.

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

20 Sec. 56.106. LIMITATIONS ON GRANT. A person entitled to a
21 Texas tuition assistance grant loses that person's right to future
22 payments of money from the grant program if the person:

23 (1) does not make steady academic progress toward a
24 baccalaureate degree as determined under coordinating board rules;

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

27 (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, Chapter 21, Education Code, is amended by adding Section 21.010 to read as follows:

1 Sec. 21.010. MULTITRACK SCHOOL YEAR. (a) In this section:
2 (1) "Track" means a group of students and teachers
3 scheduled to attend school and take vacation periods on the same
4 schedule.
5 (2) "Multitrack" means multiple tracks, with staggered
6 instructional blocks and vacation periods.
7 (b) The board of trustees of a school district may operate a
8 school on a multitrack school year.
9 SECTION 5.04. The State Board of Education shall adopt rules
10 under Subsection (a), Section 21.009, Education Code, as amended by
11 this Act, not later than January 1, 1991.
12 ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY
13 SECTION 6.01. If any provision of this Act or its
14 application to any person or circumstance is held invalid, the
15 invalidity does not affect other provisions or applications of this
16 Act that can be given effect without the invalid provision or
17 application, and to this end the provisions of this Act are
18 declared to be severable.
19 SECTION 6.02. This Act takes effect September 1, 1990,
20 except as otherwise provided by this Act.
21 SECTION 6.03. The importance of this legislation and the
22 crowded condition of the calendars in both houses create an
23 emergency and an imperative public necessity that the
24 constitutional rule requiring bills to be read on three several
25 days in each house be suspended, and this rule is hereby suspended,
26 and that this Act take effect and be in force according to its
27 terms, and it is so enacted.

By: Parker, et al. S.B. No. 1

(In the Senate - Filed June 4, 1990; June 4, 1990, read first time and referred to Committee on Education; June 5, 1990, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 1; June 5, 1990, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Parker	x			
Truan	x			
Barrientos	x			
Brooks	x			
Edwards				x
Green	x			
Haley	x			
Johnson	x			
Krier	x			
Uribe		x		
Zaffirini	x			

COMMITTEE SUBSTITUTE FOR S.B. No. 1 By: Parker

A BILL TO BE ENTITLED
AN ACT

relating to public education.

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 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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500 for~~] each school year thereafter. A[~~,-or-a~~] greater amount for any school year may be 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 full-time equivalent 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 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 [~~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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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 by rule 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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section 16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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 adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this code is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on "DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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--those--school--years--provided--by appropriation~~].

(b) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991, the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the efficiency in administration report under Section 16.205 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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 for the 1993-1994 and the 1994-1995 school years this level may not be less than 95 percent nor more than 100 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 that may include region, size, area, density, educational characteristics, and economic conditions. The index shall adjust only for specific resource cost variations caused by factors beyond the control of school districts, to include personnel, variations from optimal district size, and other cost factors. Factors that are addressed by other formula adjustments in the Foundation School Program are not to be considered. Variations should be based on the most efficient service delivery systems. An impartial panel of persons expert in econometric modeling, statistics, and related fields shall be consulted in the development of the index, examination of cost factors, and development of models. The commissioner of education shall collect data necessary to the development of the models and index. The boards shall develop a formula for applying the index to the basic allotment in a manner that appropriately reflects the relative significance of the costs adjusted by the index to the overall cost of a minimum accredited regular education program represented by the basic allotment.

(c) The cost of education index developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption. The cost of education index adopted by the committee shall be effective beginning with the 1991-1992 school year.

(d) The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

(f) 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 (e) of this section or from other funds available to the boards.

(g) 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).

Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The commissioner of education shall conduct a study to determine the most appropriate and efficient method for reporting and monitoring the allocation of resources by school districts.

(b) The study shall identify the most effective means for calculating, monitoring, and reporting the proportion of resources that school districts allocate for their administrative costs and shall include administrator-teacher ratios.

(c) The study shall include a description of average efficient administrative expenditures by districts with consideration of district size and demographics.

(d) Prior to the beginning of each regular session of the legislature, the agency shall provide a report with recommendations to the Legislative Education Board and the legislature.

(e) The study is an element of the study of accountable costs of education under this subchapter.

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.

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 $29 million. 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 article.

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(c)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section 16.178, Education Code, are repealed.

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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; <u>GOALS FOR PUBLIC EDUCATION</u>. 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. <u>The goals of public education are as follows:</u>

<u>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</u>

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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be

named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for good cause. 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 an [~~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 2.10. 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 and in making district-level decisions.

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 by order may 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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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:

(1) 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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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 2.13. 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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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; [~~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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses; and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) [~~(c)~~] 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) of this 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. All rules under Title 19, Texas Administrative Code, Chapters 29 through 74 and 76 through 93 inclusive that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive that were adopted by the State Board of Education before September 1, 1991,

are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Subsection (c), Section 11.25;

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 [~~preven~~] model peer assistance [~~programs~~] for substance abuse prevention.

(d) The commission may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each school district may implement the program under guidelines adopted by the agency and the commission.

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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

(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) The State Board of Education shall establish rules for the administration of this section. The rules shall provide that the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation system.

(d) On application of a school district, the commissioner of education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990--and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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 3.16. 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 3.17. 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. 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 3.19. (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 of education.

SECTION 3.20. 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 3.21. 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 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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) Except as provided by Subsection (b) of this section, 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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

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;

(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; or

(12) special education or bilingual education programs.

(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, Chapter 21, 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. 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.

ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 6.02. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

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.

* * * * *

Austin, Texas
June 5, 1990

Hon. William P. Hobby
President of the Senate

Sir:

We, your Committee on Education to which was referred S.B. No. 1, have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do not pass, but that the Committee Substitute adopted in lieu thereof do pass and be printed.

Parker, Chairman

SENATE FAVORABLY AS SUBSTITUTED COMMITTEE REPORT

Lt. Governor William P. Hobby
President of the Senate

June 4, 1990
(date)/(time)

Sir:

We, your Committee on EDUCATION to which was referred S.B. 1 (measure) by Parker et. al (sponsor) have on June 4 (hearing date), 1990, had the same

under consideration and I am instructed to report it back with the recommendation (s) that it

(X) do pass as substituted, and be printed
( ) the caption remained the same as original measure
( ) the caption changed with adoption of the substitute

( ) do pass as substituted, and be ordered not printed

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

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

Senate Sponsor of House Measure _____

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Parker, Chairman	✓			
Truan, Vice Chairman	✓			
Barrientos	✓			
Brooks	✓			
Edwards				✓
Green	✓			
Haley	✓			
Johnson	✓			
Krier	✓			
Uribe	✓	✓		
Zaffirini	✓			
TOTAL VOTES	9	1		1

Sally A. Haenelt
COMMITTEE CLERK

Carl A. Parker
CHAIRMAN

Paper clip the original and one copy of this form along with TWO copies of the Committee Substitute to the original bill and retain one copy for Reporting Committee file.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Committee Substitute for
Senate Bill No. 1,
Sixth Called Session

FROM: Jim Oliver

In response to your request for a Fiscal Note on Committee Substitute for Senate Bill No. 1, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;

- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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	519,100,000	638,300,000	5,080,000
1992	534,700,000	602,600,000	5,080,000
1993	729,200,000	1,004,900,000	5,080,000
1994	959,500,000	1,592,000,000	5,080,000
1995	1,232,700,000	2,379,200,000	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	27,500,000	236,834	+ 5
1992	28,300,000	216,795	+ 5
1993	38,600,000	351,529	+ 8
1994	53,000,000	340,290	+ 8
1995	68,100,000	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, PA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

In response to your request for a Fiscal Note on Senate Bill No. 1, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;

- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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	519,100,000	638,300,000	5,080,000
1992	534,700,000	602,600,000	5,080,000
1993	729,200,000	1,004,900,000	5,080,000
1994	959,500,000	1,592,000,000	5,080,000
1995	1,232,700,000	2,379,200,000	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	27,500,000	236,834	+ 5
1992	28,300,000	216,795	+ 5
1993	38,600,000	351,529	+ 8
1994	53,000,000	340,290	+ 8
1995	68,100,000	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, PA

By: Parker, et al. S.B. No. 1

Substitute the following for S.B. No. 1:

By: Parker C.S.S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education.

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 adherence to the following principles:

(1) the yield of state and local educational program

6-4-90
6-6-90

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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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: 3/4

(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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; and 4/5

(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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500--for~~] each school year thereafter. A[~~,-or-a~~] greater amount for any school year may be provided by appropriation. 5/6

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 full-time equivalent 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: 7/8

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 [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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) to read as follows:

<u>(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</u>

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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; and

(6) the formula elements for the funding formulas for capital outlay and debt service under the provision of Subchapter I of this chapter. 10/11

(f) Beginning in 1992, not later than November 1 preceding each regular session of the legislature, the foundation school fund budget committee by rule 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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section

16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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 adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this code is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on "DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in

Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991, the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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~~]. 14/15

(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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the efficiency in administration report under Section 16.205 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 16/17 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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 for the 1993-1994 and the 1994-1995 school years this level may not be less than 95 percent nor more than 100 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. 18/19

(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 that may include region, size, area, density,

1 educational characteristics, and economic conditions. The index
2 shall adjust only for specific resource cost variations caused by
3 factors beyond the control of school districts, to include
4 personnel, variations from optimal district size, and other cost
5 factors. Factors that are addressed by other formula adjustments
6 in the Foundation School Program are not to be considered.
7 Variations should be based on the most efficient service delivery
8 systems. An impartial panel of persons expert in econometric
9 modeling, statistics, and related fields shall be consulted in the
10 development of the index, examination of cost factors, and
11 development of models. The commissioner of education shall collect
12 data necessary to the development of the models and index. The
13 boards shall develop a formula for applying the index to the basic
14 allotment in a manner that appropriately reflects the relative
15 significance of the costs adjusted by the index to the overall cost
16 of a minimum accredited regular education program represented by
17 the basic allotment.
18 (c) The cost of education index developed jointly by the 19/20
19 Legislative Education Board and the Legislative Budget Board shall
20 be submitted to the foundation school fund budget committee for
21 adoption. The cost of education index adopted by the committee
22 shall be effective beginning with the 1991-1992 school year.
23 (d) The program cost differentials developed jointly by the
24 Legislative Education Board and the Legislative Budget Board shall
25 be submitted to the foundation school fund budget committee for

adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April I the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

(f) 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 (e) of this section or from other funds available to the boards. 20/21

(g) 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).

21/22

Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The commissioner of education shall conduct a study to determine the most appropriate and efficient method for reporting and monitoring the allocation of resources by school districts.

(b) The study shall identify the most effective means for

1 calculating, monitoring, and reporting the proportion of resources
2 that school districts allocate for their administrative costs and
3 shall include administrator-teacher ratios.
4 (c) The study shall include a description of average
5 efficient administrative expenditures by districts with
6 consideration of district size and demographics.
7 (d) Prior to the beginning of each regular session of the
8 legislature, the agency shall provide a report with recommendations
9 to the Legislative Education Board and the legislature.
10 (e) The study is an element of the study of accountable
11 costs of education under this subchapter.
12 SECTION 1.14. (a) In the development of the accountable
13 cost of education studies during the 1989-1990 and 1990-1991 school
14 years, the Legislative Education Board and Legislative Budget Board
15 shall give special consideration to the studies required for the
16 development of program cost differentials, the cost of education
17 index, and a comprehensive set of recommendations for the provision
18 of state assistance to school districts for school facilities and
19 debt service beginning in the 1991-1992 school year. These studies
20 shall be completed not later than January 1, 1991.
21 (b) In addition, specific studies of the impact of 22/23
22 year-round average daily attendance, appropriate mechanisms for the
23 funding of vocational education, and the cost of serving at-risk
24 students shall be included in the studies completed by the boards
25 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.

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 $29 million. 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 article.

(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.

24/25

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(e)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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 26/27

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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section 16.178, Education Code, are repealed.

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board 37/38 shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for good cause. 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) [~~(c)~~] The commissioner shall execute an [~~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 2.10. 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 and in making district-level decisions.

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 by order may 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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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:

(1) the performance of each campus to the performance of campuses with similar wealth and demographics and of the 42/43 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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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.~~] 43/44

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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced

assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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; [~~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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses; and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this

subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) [~~(c)~~] 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

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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 55/56 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) of this 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. All rules under Title 19, Texas Administrative Code, Chapters 29 through 74 and 76 through 93 inclusive, that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive, that were adopted by the State Board of Education before September 1, 1991, are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive, that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are

void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Subsection (c), Section 11.25;

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each school district may implement the program under guidelines adopted by the agency and the commission.

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; 62/63

(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.~~ 6d/6s

[~~(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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

(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; 69/70

(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) The State Board of Education shall establish rules for the administration of this section. The rules shall provide that the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting

system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation system.

(d) On application of a school district, the commissioner of

education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990 and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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. 77/78

(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 3.16. 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 3.17. 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. 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 3.19. (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 of education.

SECTION 3.20. 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 3.21. 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 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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) Except as provided by Subsection (b) of this section, 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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined. 88/89

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;

(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; or

(12) special education or bilingual education programs.

(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.

1 Sec. 56.103. ELIGIBLE PERSON. (a) To be eligible for a
2 Texas tuition assistance grant, a person must:
3 (1) be a Texas resident as defined by coordinating
4 board rules;
5 (2) enroll for a full course load in an institution of
6 higher education as defined by Section 61.003 or 61.222 of this
7 code;
8 (3) be from a low-income or middle-income family and
9 establish financial need as defined by coordinating board rules;
10 (4) within the two years preceding the person's grant
11 application, have graduated from a secondary school with a
12 cumulative grade average that is equal to or greater than the
13 equivalent of 80 on a scale of 100;
14 (5) have applied for any available financial
15 assistance; and
16 (6) have complied with any other requirements adopted 93/4
17 by the coordinating board under this subchapter.
18 (b) A person is not eligible to receive a Texas tuition
19 assistance grant if the person:
20 (1) has been granted a baccalaureate degree; or
21 (2) has been convicted of a felony or a crime
22 involving moral turpitude, unless the person has met the
23 eligibility requirements under Subsection (a) of this section and
24 has:
25 (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, Chapter 21, 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. 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.

ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. If any provision of this Act or its

application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 6.02. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

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.

June 5 1990 Engrossed

Patsy Spaw
Engrossing Clerk

RECD JUN -5 PM 1:16

I certify that the attached is a true and correct copy of SB 1, which was received from the Senate on JUN 5 1990 and referred to the Committee on Public Education

Chief Clerk of the House

By: Parker, et al.
(Glossbrenner)

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education.

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 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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500--for~~] each school year thereafter. A[~~,-or-a~~] greater amount for any school year may be 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 full-time equivalent 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 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 [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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its

program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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 by rule 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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section 16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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 adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by

the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this code is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on "DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991,

the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the

efficiency in administration report under Section 16.205 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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 for the 1993-1994 and the 1994-1995 school years this level may not be less than 95 percent nor more than 100 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 that may include region, size, area, density, educational characteristics, and economic conditions. The index shall adjust only for specific resource cost variations caused by factors beyond the control of school districts, to include personnel, variations from optimal district size, and other cost factors. Factors that are addressed by other formula adjustments in the Foundation School Program are not to be considered. Variations should be based on the most efficient service delivery systems. An impartial panel of persons expert in econometric modeling, statistics, and related fields shall be consulted in the development of the index, examination of cost factors, and development of models. The commissioner of education shall collect data necessary to the development of the models and index. The boards shall develop a formula for applying the index to the basic allotment in a manner that appropriately reflects the relative significance of the costs adjusted by the index to the overall cost of a minimum accredited regular education program represented by the basic allotment.

(c) The cost of education index developed jointly by the

Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption. The cost of education index adopted by the committee shall be effective beginning with the 1991-1992 school year.

(d) The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

(f) 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 (e) of this section or from other funds available to the boards.

(g) 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).

Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The commissioner of education shall conduct a study to determine the most appropriate and efficient method for reporting and monitoring the allocation of resources by school districts.

(b) The study shall identify the most effective means for calculating, monitoring, and reporting the proportion of resources that school districts allocate for their administrative costs and shall include administrator-teacher ratios.

(c) The study shall include a description of average efficient administrative expenditures by districts with consideration of district size and demographics.

(d) Prior to the beginning of each regular session of the legislature, the agency shall provide a report with recommendations to the Legislative Education Board and the legislature.

(e) The study is an element of the study of accountable costs of education under this subchapter.

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.

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 $29 million. 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 article.

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(e)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section

16.178, Education Code, are repealed.

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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~~

~~er~~] 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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board

shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for good cause. 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) [~~(c)~~] The commissioner shall execute an [~~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 2.10. 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 and in making district-level decisions.

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 by order may 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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by

which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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:

(1) 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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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; [~~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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses;

and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) [~~(c)~~] 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) of this 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. All rules under Title 19, Texas Administrative Code, Chapters 29 through 74 and 76 through 93 inclusive, that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive, that were adopted by the State Board of Education before September 1, 1991, are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive, that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Subsection (c), Section 11.25;

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each school district may implement the program under guidelines adopted by the agency and the commission.

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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

(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) The State Board of Education shall establish rules for the administration of this section. The rules shall provide that the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM

(PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high

school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation

system.

(d) On application of a school district, the commissioner of education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990 and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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 3.16. 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 3.17. 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. 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 3.19. (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 of education.

SECTION 3.20. 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 3.21. 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 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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:

<u>Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) Except as provided by Subsection (b) of this section, a school campus or district that</u>

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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

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;

(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; or

(12) special education or bilingual education programs.

(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, Chapter 21, 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. 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.

ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 6.02. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

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.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 5, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1, as engrossed
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

In response to your request for a Fiscal Note on Senate Bill No. 1, as engrossed, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;
- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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
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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
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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

June 5, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1, as engrossed
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

In response to your request for a Fiscal Note on Senate Bill No. 1, as engrossed, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). Major provisions include:

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- 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
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- 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;
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- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
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- providing for gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
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- 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;

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The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

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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

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Committee Substitute for
Senate Bill No. 1,
Sixth Called Session

FROM: Jim Oliver

In response to your request for a Fiscal Note on Committee Substitute for Senate Bill No. 1, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
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- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
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- 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 and other training entities to train students in the use of technology and modern teaching practices;

- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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;
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- 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;
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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:

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Source: Texas Education Agency; Bond Review Board;
Higher Education Coordinating Board;
Office of the Comptroller of Public Accounts;
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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

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Higher Education Coordinating Board;
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LBB Staff: JO, JWH, AL, JOB, PA

HOUSE COMMITTEE REPORT

1st Printing

90 JUN -5 PM 8:12
HOUSE OF REPRESENTATIVES

By: Parker, et al. (Glossbrenner) S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to public education.

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 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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500--for~~] each school year thereafter. A[~~,--or-a~~] greater amount for any school year may be 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 full-time equivalent 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 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 [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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its

program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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 by rule 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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section 16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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 adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by

the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this code is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on "DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991,

the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the

efficiency in administration report under Section 16.205 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

1 year of the next biennium:

2 (1) a study of the fiscal neutrality of the system to
3 determine the status of the state and local finance system with
4 regard to the policies established under the provisions of Section
5 16.001 of this code, including recommendations for adjustments
6 necessary to maintain fiscal neutrality;

7 (2) the accountable costs per student to school
8 districts of providing educational programs, personnel, and other
9 operating costs that meet accreditation criteria and the provisions
10 of law and regulation;

11 (3) a cost of education index designed to reflect the
12 geographic variation in known resource costs and costs of education
13 due to factors beyond the control of school districts;

14 (4) program cost differentials designed by program to
15 provide support for the added expense of high-cost courses or
16 programs for students participating in such courses or programs,
17 with the program funding level expressed as dollar amounts and as
18 weights applied to the adjusted basic allotment for the appropriate
19 year;

20 (5) transportation and career ladder allotments;

21 (6) the accountable costs per student to districts
22 rated as exemplary under the provisions of Subchapter T of Chapter
23 21 of this code for the provision of personnel, programs, and other
24 operating expenses, with the limitation that for the 1993-1994 and
25 the 1994-1995 school years this level may not be less than 95
26 percent nor more than 100 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 that may include region, size, area, density, educational characteristics, and economic conditions. The index shall adjust only for specific resource cost variations caused by factors beyond the control of school districts, to include personnel, variations from optimal district size, and other cost factors. Factors that are addressed by other formula adjustments in the Foundation School Program are not to be considered. Variations should be based on the most efficient service delivery systems. An impartial panel of persons expert in econometric modeling, statistics, and related fields shall be consulted in the development of the index, examination of cost factors, and development of models. The commissioner of education shall collect data necessary to the development of the models and index. The boards shall develop a formula for applying the index to the basic allotment in a manner that appropriately reflects the relative significance of the costs adjusted by the index to the overall cost of a minimum accredited regular education program represented by the basic allotment.

(c) The cost of education index developed jointly by the

Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption. The cost of education index adopted by the committee shall be effective beginning with the 1991-1992 school year.

(d) The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

(f) 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 (e) of this section or from other funds available to the boards.

(g) 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).

1 Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The
2 commissioner of education shall conduct a study to determine the
3 most appropriate and efficient method for reporting and monitoring
4 the allocation of resources by school districts.
5 (b) The study shall identify the most effective means for
6 calculating, monitoring, and reporting the proportion of resources
7 that school districts allocate for their administrative costs and
8 shall include administrator-teacher ratios.
9 (c) The study shall include a description of average
10 efficient administrative expenditures by districts with
11 consideration of district size and demographics.
12 (d) Prior to the beginning of each regular session of the
13 legislature, the agency shall provide a report with recommendations
14 to the Legislative Education Board and the legislature.
15 (e) The study is an element of the study of accountable
16 costs of education under this subchapter.
17 SECTION 1.14. (a) In the development of the accountable
18 cost of education studies during the 1989-1990 and 1990-1991 school
19 years, the Legislative Education Board and Legislative Budget Board
20 shall give special consideration to the studies required for the
21 development of program cost differentials, the cost of education
22 index, and a comprehensive set of recommendations for the provision
23 of state assistance to school districts for school facilities and
24 debt service beginning in the 1991-1992 school year. These studies
25 shall be completed not later than January 1, 1991.
26 (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.

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 $29 million. 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 article.

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(c)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section

16.178, Education Code, are repealed.

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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~~

~~er~~] 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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board

shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for good cause. 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) [~~(c)~~] The commissioner shall execute an [~~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 2.10. 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 and in making district-level decisions.

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 by order may 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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by

which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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:

(1) 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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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 2.13. 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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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; [~~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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses;

and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) [~~(c)~~] 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) of this 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. All rules under Title 19, Texas Administrative Code, Chapters 29 through 74 and 76 through 93 inclusive, that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive, that were adopted by the State Board of Education before September 1, 1991, are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive, that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Subsection (c), Section 11.25;

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each school district may implement the program under guidelines adopted by the agency and the commission.

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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

(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) The State Board of Education shall establish rules for the administration of this section. The rules shall provide that the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM

(PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high

school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation

system.

(d) On application of a school district, the commissioner of education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990 and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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 3.16. 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 3.17. 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. 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

1 school district and municipality make presentations on their
2 proposed agreements, prepare an agreement resolving any differences
3 between the proposals. The agreement prepared by the arbitrator
4 will be final and binding upon both the school district and the
5 municipality. The cost of the arbitration proceeding shall be
6 borne equally by the school district and the municipality.
7 (d) A school district that requests an agreement under this
8 section, at the time it makes the request, shall send a copy of the
9 request to the commissioner of education. At the end of the
10 120-day period, the requesting district shall report to the
11 commissioner the status or result of negotiations with the
12 municipality. A municipality may send a separate status report to
13 the commissioner. The district shall send to the commissioner a
14 copy of each agreement between the district and a municipality
15 under this section.
16 (e) In this section, "land development standards" includes
17 impervious cover limitations, building setbacks, floor to area
18 ratios, building coverage, water quality controls, landscaping,
19 development setbacks, compatability standards, traffic analyses,
20 and driveway cuts, if applicable.
21 (f) Nothing in this section shall be construed to limit the
22 applicability of or waive fees for fire, safety, health, or
23 building code ordinances of the municipality prior to or during
24 construction of school buildings, nor shall any agreement waive any
25 fee or modify any ordinance of a municipality for an
26 administration, service, or athletic facility proposed for

1 construction by a school district.

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

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

12 SECTION 3.20. The legislature recommends that the governor,
13 lieutenant governor, and speaker of the house of representatives
14 appoint a special study committee to develop a plan for the
15 coordination of youth services into a community effort and to
16 remove nonacademic-related problems of youth from school
17 responsibility and that the committee be required to make
18 preliminary recommendations to the legislature before January 1,
19 1991.

20 SECTION 3.21. The commissioner of education, in consultation
21 with the Commissioner of Human Services, shall submit a report to
22 the 72nd Legislature, with specific legislative recommendations on
23 the developmental appropriateness of prekindergarten programs, the
24 potential for using existing child care program sites as
25 prekindergarten sites, and the coordination of those programs under
26 Subsection (c), Section 16.003, Education Code, as added by this

Act.

SECTION 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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:

<u>Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) Except as provided by Subsection (b) of this section, a school campus or district that</u>

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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

1 Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Except as
2 provided under Subsection (e) of this section, a school campus or
3 district may apply to the State Board of Education for a waiver of
4 a requirement or prohibition imposed by law or rule that the campus
5 or district determines inhibits student achievement.
6 (b) An application under this section must include a written
7 plan developed by the campus principal or district superintendent,
8 as appropriate, and faculty of the campus or district that states
9 the achievement objectives of the campus or district and the
10 inhibition imposed on those objectives by the requirement or
11 prohibition and shall be approved by the district's board of
12 trustees.
13 (c) The board may grant a waiver under this section for a
14 period not to exceed three years. A prohibition on conduct that
15 constitutes a criminal offense may not be waived.
16 (d) A school campus or district for which a requirement or
17 prohibition is waived under this section for a period of three
18 years may receive an exemption from that requirement or prohibition
19 at the end of that period if the campus or district has fulfilled
20 the achievement objectives submitted to the board under Subsection
21 (b) of this section. The exemption remains in effect until the
22 board determines that achievement levels of the campus or district
23 have declined.
24 (e) A school campus or district may not receive an exemption
25 or waiver under this section from requirements imposed by federal
26 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;

(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; or

(12) special education or bilingual education programs.

(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, Chapter 21, 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. 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.

ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 6.02. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

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.

COMMITTEE REPORT

June 5, 1990
(date)

The Honorable Gib Lewis
Speaker of the House of Representatives

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION,

to whom was referred SB 1 (measure) have had the same under consideration and beg to report back with the recommendation that it

(X) do pass, without amendment.
( ) do pass, with amendment(s).
( ) 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.	X			
Luna, V.C.		X		
Colbert, C.B.O.	X			
Arnold	X			
Berlanga	X			
Edge	X			
Grusendorf	X			
Hammond				X
Schoolcraft				X

Total
6 aye
1 nay
0 present, not voting
2 absent

Timothy V. G[illegible]
CHAIRMAN

Deborah K. McCall
COMMITTEE COORDINATOR

BILL ANALYSIS

S.B. 1

By: Parker, et al.
(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 require a complete restructuring of the school district boundaries through consolidation, capping of state expenditures for students, regional taxing authorities or full state funding.

PURPOSE:

The purpose of the legislation is to create a constitutional school finance system based on funding mechanisms that are equitable, adequate, and efficient.

RULE MAKING AUTHORITY:

The bill delegates broad and/or 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, Educational Economic Policy Center and Committee, State Board

of Education, Texas Commission on Alcohol and Drug Abuse, and the Center for Educational Technology.

ARTICLE I. FINANCE

SECTION 1.01. Amends Sec. 16.001, T.E.C.

Sec. 16.001. STATE POLICY. (a) Maintains current language requiring the state to provide a thorough and efficient system and a substantially equalized finance system.

(b) Requires that the state's public school finance system adhere to a standard of fiscal neutrality providing for substantially equal access to similar revenue per student at similar tax effort.

(c) Establishes principles for the school finance system including:

(1) revenue per pupil will not be statistically significantly related to local taxable wealth per student for at least 95 percent of the students.
(2) equalized state and local revenues must include funds for operation and administration of educational programs and provisions for adequate facilities and equipment.

(d) Provides that future legislatures may use other methods to provide equalized funding for school districts. Requires adherence to state policy.

SECTION 1.02. Amends Sec. 16.004, T.E.C.

Sec. 16.004 SCOPE OF PROGRAM. Expands the Foundation School Program to include programs, services, facilities and equipment.

SECTION 1.03. Amends Sec. 16.006, T.E.C.

Sec. 16.006 AVERAGE DAILY ATTENDANCE. (a) Provides that average daily attendance is determined by the daily attendance as averaged each month during the fall and spring semesters.

(b) Limits enrollment loss caused by the full-year average daily attendance count to not more than two percent of the previous year enrollment for the 1990-91 school year.

(c) Provides that a school district that experiences a decline of two percent or more in ADA as a result of the closing or personnel reduction of a military base shall be funded on the basis of actual ADA for the immediate preceding school year.

SECTION 1.04. Amends Subchapter A, Chapter, 16, T.E.C., by adding Sec. 16.008.

Sec. 16.008 EQUALIZED FUNDING ELEMENTS. (a) Requires the Legislative Education Board to adopt rules for the calculation of the funding elements necessary to achieve state funding under the state policy for public education by the 1994-1995 school year and each year thereafter. The adoption of rules is subject to notice and public comment.

(b) Requires that the funding elements adopted include a basic allotment, a cost of education index formula, special program costs in dollar amounts and in weights, the level of guaranteed yield on local enrichment, the total tax rates for local share costs and guaranteed yield for districts with 95 percent of the students, and a formula for funding capital outlay and debt service.

(c) Requires the LEB to report the equalized funding elements to the foundation school fund budget committee, the commissioner of education, and the legislature.

(d) Requires that the LEB report and recommendation provide for transition from the 1992-1993 school year to the following years.

SECTION 1.05. Amends Sec. 16.101, T.E.C.

Sec. 16.101 BASIC ALLOTMENT. Increases the basic allotment from $1,477 to $1,910 for the 1990-1991 school year and to $2,128 for the 1991-1992 school year and each year thereafter or an amount adopted by the foundation school fund budget committee for the 1993-1994 school year and thereafter, or a greater amount for any school year provided by appropriation.

SECTION 1.06. Amends Sec. 16.151(a), T.E.C.

Sec. 16.151 (a) Deletes the 2.0 weight for self-contained, pregnant students.

SECTION 1.07. Amends Sec. 16.152(a), T.E.C.

Sec. 16.152 (a) Establishes a 2.41 weight for each full-time equivalent student who is in compensatory educational remedial and support programs because she is pregnant.

SECTION 1.08. Amend Sec. 16.152(c), T.E.C.

Sec. 16.152 (c) Prohibits the allotment for indirect cost of compensatory education programs from exceeding 15 percent of the program cost. Requires that compensatory education funds be used only for purposes that are supplemental to the regular education program.

SECTION 1.09. Amends Sec. 16.252, T.E.C.

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Sec. 16.252 LOCAL SHARE OF PROGRAM COST. (a) Establishes the tax rate for the local share of the foundation school program at the rate that provides 41 percent of the costs for the 1990-1991 school year and sets a 70 cent tax rate for each year thereafter or at a rate adopted by the foundation school fund budget committee for the 1993-1994 and 1994-1995 school years.

SECTION 1.10. Amends Sec. 16.256, T.E.C., by adding subsections (d), (e), (f), and (g).

(d) Requires the foundation school fund budget committee to adopt rules for the calculation of the funding elements necessary to achieve the state policy by the 1994-1995 school year. The committee must consider the LEB report.

(e) Requires that the funding elements include basic allotment, the cost of education index formula, special program costs in dollars amounts and in weights, the level of guaranteed yield on local enrichment, the total tax rate for local share costs and maximum guaranteed yield, and a formula for capital outlay and debt service.

(f) Requires the committee to adopt and report the equalized funding elements to the commissioner of education and the legislature. Require the committee or its designees to have public hearings on the recommendations of the LEB prior to adoption. Provides that the committee be covered under the provisions of the Administrative Procedures Act.

(g) Requires that the adopted funding elements provide for transition from the 1992-1993 program to the 1993-1994 and 1994-1995 programs.

SECTION 1.11. Amends Sec. 16.302 and Sec. 16.303, T.E.C.

Sec. 16.302 ALLOTMENT. (a) Maintains current level of guaranteed yield for local enrichment at $17.90 for the 1990-1991 school year and establishes yield of $26.05 for each year thereafter or a greater amount for any year provided by appropriation or an amount adopted by the foundation school fund budget committee for the 1993-1994 or 1994-1995 school year or thereafter. Maintains weights in the second tier at 50 percent PDI and 100 percent small sparse adjustments.

(b) Establishes a guaranteed amount to be used in this section if the cost of education index and the program cost differentials adopted by the LEB and the LBB are not adopted by the foundation school fund budget committee or the commissioner of education, beginning in the 1992-93 school year.

(c) Authorizes the Legislative Education Board and the foundation school fund budget committee to calculate the rates

for guaranteed level and the district tax enrichment using a percentile of property wealth per weighted student that is not less than the 90th percentile.

Sec. 16.303 LIMITATION ON ENRICHMENT TAX RATE. (a) Limits the district enrichment tax rate to $0.37 in the 1990-1991 school year and $0.48 each year thereafter, or an amount for the 1993-1994 and the 1994-1995 school years and thereafter adopted by the foundation school fund budget committee.

(b) Establishes a phase-in for the district tax enrichment rate for those districts below the maximum rate beginning in the 1991-1992 school year.

Sec. 16.304. Allows for the calculation of guaranteed yield for school districts operating on military bases or Moody State School to be based on average countywide tax rates and property values per student. Authorizes the commissioner of education to calculate the values for each district.

SECTION 1.12. Amends Sec. 16.155, T.E.C., by amending subsection (a) and (e) and adding subsection (g).

Sec. 16.155 (a) Limits the application of the weighted allotment for vocational education programs to grades nine through 12 and in vocational education for handicapped programs in grades seven through 12. Decreases the vocational education weight from 1.45 to 1.37.

(e) Requires that funds allocated through the vocational education weights be used for vocational education programs as limited in subsection (a).

(g) Requires the commissioner of education to conduct a cost-benefit analysis between vocational education programs and math and science programs.

SECTION 1.13. Amends Subchapter F, Chapter 16, T.E.C., titled ACCOUNTABLE COSTS OF EDUCATION.

Sec. 16.201 PURPOSE. Establishes the purpose of the accountable costs of education studies as support for the development of equalized funding elements under established state policy and to provide research for the creation of equalized funding elements. Prohibits the inclusion of cocurricular and extracurricular programs in costs study. Requires the consideration of the efficiency in administration report. Deletes language requiring the State Board of Education to determine accountable costs.

Sec. 16.202 STUDIES. (a) Requires the LEB and the Legislative Budget Board, assisted by the Educational Economic Policy Center and the Central Education Agency, to study and recommend for each biennium:

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(1) the fiscal neutrality of the school finance system,
(2) the accountable costs per student,
(3) a cost of education index,
(4) program cost differentials with the program levels expressed in dollars amounts and as weights applied to the basic allotment,
(5) transportation and career ladder allotments,
(6) the accountable costs per student of districts rated exemplary,
(7) the levels of tax effort necessary to fulfill the requirements of the state policy and the equalized funding elements, and
(8) capital outlay and debt service requirements and formula elements for capital outlay and debt service.

(b) Requires the boards to consider costs and revenues necessary for operation, maintenance, administration, adequate facilities and equipment and to exclude all other costs. Deletes language requiring the State Board of Education to appoint an accountable costs advisory committee.

Sec. 16.203 PROCEDURES. (a) Requires the board to use measures recommended by an impartial panel of statistical experts in determining the statistical measure for calculating fiscal neutrality.

(b) Requires that the cost of education index be based on one or more models the consider varying characteristics on the cost of education in the different districts.

(c) Requires the LEB and the LBB jointly develop the index to be submitted to the foundation school fund budget committee. The adopted index will be effective in the 1991-1992 school year.

(d) Provides that the commissioner of education shall adopt program cost differentials if the foundation school fund budget committee fails to adopt the cost differentials by April 1.

(e) Requires the commissioner to assist in the calculation of the various funding elements and to retain funds from the cost of education adjustment and the small district adjustment to fund additional costs for studies required under this subchapter.

(f) Authorizes the boards to appoint advisory committees for assistance.

(g) Requires the board to consider cost factors associated with class size, lab expenses, materials, equipment, teacher training, salary supplementation, and special services in

determining program costs differentials. Deletes language relating to legislative consideration.

Sec. 16.204 NAVAL MILITARY FACILITY IMPACT. (a) Requires that the cost of education index consider the impact of new naval military facilities on each district in the impacted region.

(b) Requires the LEB and the LBB to recommend adjustment of the basic allotment of districts affected by the construction or operation of a new naval facility after the school year begins.

(c) Defines "significant new naval military facility" and "impacted region."

Sec. 16.205 (a) Requires the commissioner of education to conduct a study to determine a method for reporting and monitoring the allocation of resources to school districts.

(b) Requires the study to identify the most effective means for monitoring the proportion of resources that school districts allocate for their administrative costs.

(c) Requires the study to include average efficient administrative expenditures.

(d) Requires the agency to provide a report with recommendations to the legislature and the LEB.

(d) Establishes the study as an element of the accountable costs of education study.

SECTION 1.14. (a) Instructional language requiring the LEB and the LBB to give special consideration to specified studies in developing the accountable cost of education studies for the 1989-1990 and 1990-1991 school years.

(b) Instructional language requiring studies related to the impact of year-round average daily attendance counts, vocational education funding, and the cost of serving at-risk students be completed before Jan. 1, 1991.

SECTION 1.15. Amends Sec. 13.353, T.E.C., by adding subsection (e).

Sec. 13.353 (e) Requires the Central Education Agency to allocate funds for professional development programs and materials, training programs, leadership development skills programs including the development of skills necessary to implement programs for campus performance objectives and district level decision making.

SECTION 1.16. Amends Sec. 29.05, T.E.C.

Sec. 29.05 ALLOCATION OF COSTS. Authorizes an allocation for the the Texas Department of Correction schools for the fiscal year ending Aug. 31, 1991. By Feb. 1, 1991, the Central Education Agency and the Texas Department of Criminal Justice shall propose a formula to the legislature for funding those schools.

SECTION 1.17. Amends Chapter 1, Title 22, Revised Statutes, by adding Article 717t-1.

Article 717t-1 PUBLIC SCHOOL FACILITIES DEVELOPMENT GRANTS. (a) Authorizes the board to make grants to school districts for emergency facilities grants in the 1991-1992 school year. Allows a portion of those funds to be used to alleviate debt service obligations incurred since 1984.

(b) Requires the board to establish procedures for obtaining a grant with a priority set for school districts with a property-wealth per student ration 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 salaries or benefits.

(d) Defines board, capital assets, and instructional facility.

(e) Establishes expiration date for this article August 31, 1992.

SECTION 1.18. Amends Chapter 314, Government Code, by adding Section 314.004.

Sec. 314.004 EQUALIZED EDUCATION FUNDING IMPACT. (a) Requires the board 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 1.19. Amends Sec. 322.008, Government Code.

Sec. 322.008 APPROPRIATIONS BILL. (a) Maintains current language relating to the preparation of the general appropriations bill.

(b) Requires that the appropriations bill include the funding elements adopted by the foundation school fund budget committee by the 1994-1995 school year. Requires the funding elements be reported in dollar elements per student.

Reletters following subsections.

SECTION 1.20. (a) Transitional language limiting the amount of increase or decrease in state aid per student a school district can experience until full implementation of this legislation in the 1994-1995 school year. Limits include 25 percent of the difference between the state aid to which the district is entitled for the 1991-1992 school year and the state aid to which the district is entitled to for the 1990-1991 school year (the first year of the plan); 50 percent of the difference in aid in 1992-1993 and the first year; and 75 percent of the difference in aid in 1993-1994 and the first year.

(b) (1) Instructional language establishing transitional basic allotments to be used for determining funding for special programs until full implementation of this plan in the 1994-1995 school year. Allotments are set at $1,965 for 1991-1992; $2,019 for 1992-1993, $2,074 for 1993-1994, and $2,128 for 1994-1995.

(2) Transitional language establishing the tax rate for the local fund assignment until full implementation of the plan. Tax rates are set at $0.54 for 1991-1992, $0.54 for 1992-1993, $0.62 for 1993-1994, and $0.70 for 1994-1995.

SECTION 1.21. Instructional language establishing a hold harmless clause providing that no district lose state aid in the first year of the plan.

SECTION 1.22. (a) Sections of the Education Code repealed immediately include:

Sec. 16.151(c) relating to the adoption of special weights by the State Board of Education;

Sec. 16.152(e) relating to a study of a compensatory education allocation formula by the State Board of Education.

Sections 16.176; 16.177; 16.178 (a), (b), (c), and (e); 16.179; and 16.180 relating to the Cost of Education Index.

(b) Sec. 16.102(c) and Sec. 16.178(d) relating to the Cost of Education Index and Sec. 16.103(e) relating to the small district adjustment are repealed Sept. 1, 1991.

SECTION 1.23. (a) Establishes effective date of Sept. 1, 1991 for Sections 1.06 and 1.07 relating to special programs weights for pregnant students.

(b) Section 1.13 relating to the Accountable Cost of Education and Section 1.15 relating to funds for leadership training are effective immediately.

ARTICLE II. ACCOUNTABILITY

SECTION 2.01. Amends Sec. 2.01, T.E.C.

Sec. 2.01. PUBLIC EDUCATION IN GENERAL; GOALS FOR PUBLIC EDUCATION. Establishes goals for public education.

SECTION 2.02. Amends Sec. 327.005, Government Code.

Sec. 327.005. POWERS AND DUTIES. (a) Establishes the powers and duties of the Legislative Education Board to include policies relating to fiscal matters, academic expectations, and program cost effectiveness.

(b) Authorizes the board to administer oaths and issue subpoenas.

(c) Requires the board to make recommendations to the legislature.

(d) Authorizes the board to appoint advisory committees.

(e) Authorizes the board to employ staff or use staff provided by the Legislative Council or the Legislative Budget Board.

(f) Deletes language relating to Legislative Council staff. Requires state agencies to cooperate with the board.

SECTION 2.03 Amends Sec. 327.006, Government Code.

Sec. 327.006. REVIEW OF EDUCATION POLICY IMPLEMENTATION. (a) Requires the LEB to periodically review the actions or proposed actions of the SBOE to ensure compliance with legislative intent.

(b) Requires the LEB to submit written comments regarding actions that conflict with legislative policy intent to the SBOE.

(c) If the LEB determines that a final action by the SBOE conflicts with legislative intent, the LEB may request additional information regarding the intent of the action, request a joint meeting with the SBOE, request that the SBOE reconsider its action, or notify the governor, lieutenant governor, speaker of the house, and legislature of the conflict.

SECTION 2.04. Amends Subchapter A, Chapter 11, T.E.C., by adding Sec. 11.2091.

Sec. 11.2091. MINORITY RECRUITMENT PROGRAMS. (a) Requires the Texas Higher Education Coordinating Board and the commissioner of education to establish a program to assist in the recruitment of minorities into the education profession. Outlines programs established.

(b) Requires the Coordinating Board to allocate appropriated funds in its annual budget process for the program. Requires the board to monitor the program.

SECTION 2.05. Amends Sec. 11.23 (a) and (d), T.E.C.

Sec. 11.23. (a) Sets the number of meeting dates held by the SBOE at four per year and authorizes other meetings as called by the chairman.

(d) Authorizes the governor to appoint the chairman of the SBOE with the consent of the Senate.

SECTION 2.06. Amends Sec. 11.24 (a) and (b), T.E.C.

Sec. 11.24. GENERAL POWERS AND DUTIES. (a) Authorizes the SBOE to make rules necessary to implement legislative policy in addition to performing its constitutional duties. Requires the SBOE to provide legislative authority for each action it takes. Requires the SBOE to consider comments by the LEB when taking action. Allows the SBOE to request a joint meeting with the LEB to discuss legislative intent.

(b) Technical revisions relating to the action of the SBOE as the State Board of Vocational Education. Deletes language regarding the board's responsibility for adopting policies, enacting regulations, and establishing general rules.

SECTION 2.07. Amends Sec. 11.26(c), T.E.C.

Sec. 11.26 (c) Removes from the authority of the SBOE formulating, adopting, and monitoring budgets for the Foundation School Program, the Central Education Agency, and other programs. Maintains authority relating to reports to the legislature, school district accreditation procedures, textbook adoption, permanent school fund investments, and review of vocational education programs.

SECTION 2.08. Amends Sec. 11.29 (a), T.E.C.

Sec. 11.29 (a) Transfers the responsibility for adopting operating budgets for the Foundation School Program, the Central Education Agency, and other programs from the authority of the SBOE to the commissioner of education. Requires the commissioner to submit the budget to the SBOE and LEB for review prior to presenting the budget to the governor and the LBB.

SECTION 2.09. Amends Sec. 11.51, T.E.C.

Sec. 11.51. (a) Requires the SBOE to recommend to the governor a person to be appointed as the commissioner of education. Allows the governor to reject the nomination and the board to submit further recommendations. Requires senate confirmation of the appointment.

(b) Establishes a four-year appointment. Provides that the commissioner may be removed from office by the governor on petition of two-thirds membership of the SBOE or for good cause. Authorizes consecutive terms.

(c) Maintains current language related to the qualifications of the commissioner.

(d) Maintains current language related to the execution of bond.

SECTION 2.10. Amends Subchapter B, Chapter 13, T.E.C., by adding Sec. 13.049.

Sec. 13.049. MODERN TEACHING PRACTICES. (a) Requires that teacher training include training in the use of technology and effective teaching practices in the classroom.

(b) Requires regional education service centers, teacher centers, colleges and universities and other appropriate entities to offer inservice training for school teachers and educational personnel in the use of technology and effective teaching practices, and in making district-level decisions.

SECTION 2.11. 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 to which it has been joined.

(c) Requires the new district boundaries to be defined by the commissioner.

(d) Provides that the receiving district receive the property of the academically unaccredited district. Requires the receiving district to become responsible for the debt incurred by the unaccredited district.

(e) Requires the commissioner to determine the educational and financial impact of annexation on the receiving district prior to ordering the annexation. The commissioner may annex the districts only if it does not substantially impair the receiving district.

(f) Establishes an additional allotment for receiving districts for the first five years after accepting an unaccredited district. Prohibits receiving districts from earning the allotment in addition to incentive aid provided under Subchapter G, Chapter 23, T.E.C.

(g) Establishes a hold-harmless clause for receiving districts whose costs of accepting an accredited district is not covered in full by subsection (f).

SECTION 2.12. Amends Sec. 21.258, T.E.C.

Sec. 21.258 PERFORMANCE REPORT (a) Requires districts to include the performance objectives and progress of each campus in the annual performance report required by the board of trustees. Requires the board to hold a public hearing on the report. Establishes notification procedures.

(b) Deletes language authorizing the SBOE to prescribe the form of the report. Lists information that may be included in the report.

(c) Requires a comparison of campus performance to campuses of similar wealth and demographics and of district performance to districts statewide for specified information. Deletes other specified information from the report. Requires the State Board of Education to make the report available to the media.

(d) Authorizes the SBOE 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 LBB and legislative committees.

SECTION 2.13. Amends Sec. 21.551, T.E.C., by adding Subsections (f-i).

Sec. 21.551. (f) Requires the SBOE to adopt one secured, norm-referenced assessment instruments for grades 4, 6, 8, and 10. Requires the state to pay the cost for purchasing, scoring, and distributing results of the tests to school districts.

(g) Requires that the test meet applicable federal rules and regulations and that the data used by the instruments fairly represent all minority and socioeconomic groups.

(h) Specifies bidding and documentation requirements for publishers.

(i) Requires tests to be age and grade appropriate, cover specified areas of study, and measure higher order thinking skills across all content areas.

SECTION 2.14. Amends Sec. 21.753(a-e), T.E.C.

Sec. 21.753. ACCREDITATION STANDARDS. (a) Authorizes the SBOE to establish accreditation rules for districts. Combines the accreditation levels of "warned" and "unaccredited" into "academically unaccredited".

(b) Establishes criteria for accreditation rules including adequate performance under the academic excellence indicators, the relation between academic excellence indicators and the campus performance objectives, campus effectiveness based on effective schools research, the effectiveness of district special education programs based on recent compliance reviews, and the effective use of technology to enhance student achievement. Deletes requirement that achievement test scores and other factors be considered in the review process.

(c) Requires the TEA to rate each campus on the basis of performance on academic excellence indicators.

(d) Prohibits the TEA from lowering the accreditation rating of a school district or campus because of its size.

SECTION 2.15. Amends Sec. 21.7531 (a-e), T.E.C.

Sec. 21.7531. ACADEMIC EXCELLENCE INDICATORS. (a) Authorizes the SBOE to adopt academic excellence indicators for campuses with the advice of the indicators advisory committee and the LEB.

(b) Requires that performance on the indicators required by this section be compared to a projection of projected performance for the purposes of evaluation, accreditation and determination of exemplary status. Specifies required indicators.

(c) Current law requiring the SBOE 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 the indicators biennially and recommend necessary changes to the SBOE and the Legislative Education Board.

SECTION 2.16. Amends Subchapter T, Chapter 21, T.E.C., by adding Sec. 21.7532.

Sec. 21.7532. CAMPUS PERFORMANCE OBJECTIVES. (a) Requires each campus principal with the assistance of professional staff, parents and community residents to establish academic and other performance objectives for the campus annually based on the academic excellence indicators. Requires these objectives address the performance of special needs students and be approved by the district's board of trustees.

(b) Defines "parent" and "community resident."

SECTION 2.17. Amends Sec. 21.754(a-h), T.E.C.

Sec. 21.754. INVESTIGATIONS. (a) Requires that the Central Education Agency review each school district and campus annually based on excellence indicators to determine if action is needed. Reviews may include on-site evaluation.

(b) Retains requirement that the SBOE, by rule, establish on-site evaluation schedules. Requires that districts rated as academically unaccredited be visited at least annually.

(c) Deletes the inclusion of teacher and parent survey from the annual report. Maintains student performance, attendance, promotion, and dropout rates, and program costs in the annual review.

(d) Maintains current language relating to the use of the public education information management system to minimize reporting requirements.

(e) Maintains current language relating to on-site evaluation of school districts.

(f) Deletes language requiring accreditation investigators to report deficiencies of district programs. Provides for review of campuses during district accreditation investigations.

(g) Current language requiring written notice of upcoming accreditation investigations.

(h) Authorizes the agency to conduct on-site evaluations of one or more specified campuses in a district, if the district's annual review indicates a need.

SECTION 2.18. Amends Sec. 21.757(a-h), T.E.C.

Sec. 21.757. SANCTIONS. (a) Authorizes the commissioner to take action against districts and campuses that do not satisfy accreditation criteria including the appointment of a management team to oversee the operations of the district or campus.

(b) Requires the commissioner to appoint a monitor, master, or management team to a campus that is rated accredited advised or academically unaccredited.

(c) Transfers the authority to revoke a district's accreditation from the SBOE to the commissioner. Deletes authority to withhold state funds from the unaccredited district.

(d) Requires that the district pay the cost of providing a monitor, master, or management team.

(e) Authorizes the master or team to approve or disapprove of any action taken by a principal, superintendent, or board of trustees.

(f) Authorizes the master or team to approve or disapprove any action relating to the campus that is taken by the principal, superintendent, or board or trustees.

(g) Authorizes, for a district that has been rated academically unaccredited for two years, the annexation of that district to another district, or the creation of a state-operated school district to replace the unaccredited school district.

(h) Prohibits districts that have been rated accredited advised or academically unaccredited for two consecutive years from contracting with an administrator for more than one year if the administrator had been previously employed by the district, unless the accreditation review indicates that the administrator's performance is not responsible for the districts being rated as such.

SECTION 2.19. Amends Subchapter T, Chapter 21, T.E.C., by adding Sec. 21.758.

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 LEB 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 two 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 LEB.

(d) Requires the commissioner to terminate the suspension based on the annual assessment. Limits the suspension to a two-year period.

(e) Allows the appointed superintendent 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 required exemptions.

SECTION 2.20. Amends Sec. 21.920, T.E.C. by adding Subsection (e).

Sec. 21.920. (e) Provides that appeals to the commissioner of education relating to extracurricular activities are not contested cases under Texas statute and that decisions rendered by the commissioner or the commissioner's designee may not be appealed through judicial review.

SECTION 2.21. Amends Subchapter Z, Chapter 21, T.E.C., by adding Sec. 21.930 (a-f).

Sec. 21.930. DISTRICT LEVEL DECISION PROCESS. (a) Requires each board of trustees to adopt a policy to involve the professional staff of the districts in matters that concern the district's education policies.

(b) Requires the board to establish procedures for regular meetings between professional staff and the board or board designee.

(c) Stipulates that professional staff within the district will select their own representation for meeting with the board or board designee. Requires that two-thirds of the representatives must be classroom teachers.

(d) Allows the board to meet with other teachers and teacher groups in addition to the teacher representation discussed above.

(e) Clarifies that this provision does not limit or affect the power of a local school board to manage and govern its schools.

(f) Clarifies that this provision does not create a new cause of action or requirement for collective bargaining.

SECTION 2.22. Amends Sec. 11.13(C), T.E.C.

Sec. 11.13. (c) Stipulates that appeals to a district court will be limited in matters relating to Sec. 21.920(e) regarding extracurricular activities.

SECTION 2.23. Amends Subchapter B, Chapter 403, Government Code, by adding Sec. 403.020.

Sec. 403.020. SCHOOL DISTRICT BUDGET REVIEW. Authorizes the comptroller to review periodically the effectiveness and efficiency of school districts' budgets and operations.

SECTION 2.24. Amends Sec. 11.14(a), T.E.C.

Sec. 11.14. (a) Stipulates that the powers of the commissioner regarding academically unaccredited school districts supersede other provisions in this section.

SECTION 2.25. Instructional language voiding all State Board of Education rules during a three-year period beginning June 1, 1991 unless the rules are readopted.

SECTION 2.26. (a) Instructional language requiring the SBOE to recommend a person as commissioner of education to the governor by Feb. 1, 1991.Requires the governor to nominate a commissioner to serve the March 1, 1991 to March 1, 1995 term.

SECTION 2.27. 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 2.28. Requires the academic excellence indicators committee to recommend indicators to the SBOE. Requires the SBOE to adopt indicators by Jan. 1, 1991.

SECTION 2.29. Repeals the following provisions of the Education Code:

Sec. 11.25 (c) relating the powers and duties of the commissioner of education.

Sec. 11.26(a) relating to the policy-making authority of the SBOE.

Sec. 21.752 relating to the appointment of a master to oversee unaccredited school districts.

SECTION 2.30 Establishes the effective date of Section 2.13 beginning with the 1991-92 school year.

SECTION 2.31. Establishes the effective date of Section 2.23 beginning Sept. 1, 1991.

ARTICLE III. EFFICIENCY

SECTION 3.01. Amends Sec. 11.208, T.E.C., as added by Chapter 658, Acts of the 71st Legislature, Regular Session, 1989, is amended by amending subsection (b) and adding subsections (d)-(f).

Sec. 11.208 (b) Establishes the provisions of the agreement between the Central Education Agency and the Texas Commission on Alcohol and Drug Abuse including a system to provide school districts with model peer assistance for substance abuse prevention.

(d) Requires the TCADA to provide a statewide peer assistance and leadership system and a full-time peer program coordinator for each regional education service center.

(e) Defines the duties of the peer program coordinator.

(f) Requires the Central Education Agency and the TCADA to design a substance abuse program for public schools. Requires each district to implement the program if the funds are provided by the legislature.

SECTION 3.02. Amends Sec. 11.27, T.E.C., as added by Chapter 287, Acts of the 71st Legislature, Regular Session, 1989.

Sec. 11.27 INNOVATIVE PROGRAMS. (a) Requires the State Board of Education to establish a process for approving programs developed by school campuses. Deletes references to limiting the number of approved programs and authorizes the approval of programs at the campus, rather than district level.

(b) Outlines the types of innovative programs that may be approved.

(c) Requires that program applications be selected initially on a competitive, peer review basis by the program advisory committee, with approval of the State Board of Education, and of the Legislative Education Board if the program requires additional state funds. Deletes program restrictions regarding program length and number of programs in operation.

(d) Authorizes campuses, rather than districts, to apply for program waivers with the approval of the district board of trustees.

(e) Nullifies program approval by the State Board of Education unless the Legislative Education Board approves funding for the program. Deletes the requirement that program approval not result in an increase in state funds to a district or a decrease in funds allocated to other districts.

(f) Provides that waivers granted for innovative programs are applicable for the duration of the programs.

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(g) Requires each campus with an innovative program report to the Central Education Agency annually and at the conclusion of the programs.

(h) Requires the Central Education Agency to evaluate program effectiveness and report findings to the Legislative Education Board and the State Board of Education prior to each regular legislative session.

SECTION 3.03. Amend Subchapter B, Chapter 11, T.E.C., by adding Sec. 11.271.

Sec. 11.271 PUBLIC EDUCATION DEVELOPMENT FUND. (a) Creates the fund as a general revenue account and authorizes the comptroller to accept gifts and grants for the fund.

(b) Authorizes funding to include gifts, grants and legislative appropriations.

(c) Requires the State Board of Education to administer the fund.

(d) Authorizes the State Board of Education, after deducting limited administrative costs, to distribute the funds to the Educational Economic Policy Center as approved by the Legislative Education Board and to eligible campuses each fiscal year.

(e) Requires a campus to have an approved innovative program to be applicable for funds and requires that those funds be used for innovative programs only.

(f) Provides that the use of gifts or grants may be designated by the donor and must be used for the designated purpose.

(g) Requires that 60 percent of the funds be targeted for improvement of academic achievement of low-performing students.

(h) Authorizes the comptroller to provide the appropriate funds to the Educational Economic Policy Center and eligible school districts as certified by the State Board of Education.

(i) Requires the policy committee a program advisory committee to make recommendations on the use of the fund.

SECTION 3.04. Amend subsection (c), Sec. 12.01, 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 3.05. Amends Sec. 13.352, T.E.C., by amending subsection (d) and adding subsection (f).

Sec. 13.352 (d) Authorizes each principal to approve all teacher and staff appointments for a campus from a district-selected pool or qualified applicants, based on criteria developed by the principal after informal consultation with the faculty.

(f) Requires the school board to adopt a policy for selecting a campus principal that includes qualifications for that position.

SECTION 3.06. 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 3.07. Amends Chapter 14, T.E.C., by adding Subchapter D. to be titled TECHNOLOGY FUND.

Sec. 14.061. PURPOSE. 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. ESTABLISHMENT. (a) Establishes the fund as a general revenue account and authorizes the Central Education Agency to receive gifts and grants for the fund.

(b) Establishes funding through gifts, grants, and legislative appropriations.

Sec. 14.063. FUND ADMINISTRATION; TECHNOLOGY ALLOTMENT. (a) Authorizes the education agency to administer the fund and distribute funds annually.

(b) Establishes annual allotments for each school district to provide technology in the district. Based on average daily attendance, the allotment is set at $30 or greater if appropriated for the 1992-1993 school year; $35 or greater for 1993-1994; $40 or greater for 1994-1995; $45 or greater for 1995-1996; and $50 or greater for 1996-1997 and thereafter.

(c) Provides that the technology allotment be distributed through the Foundation School Program with the state's share paid from the fund.

(d) Requires the State Board of Education to establish rules for administration.

(e) Provides for proration if an insufficient amount of state funds are not available for the allotment.

Sec. 14.064 USE OF ALLOTMENT. (a) Requires the allotment be used for purchasing technological equipment and related services and the research and development of emerging instructional technology.

(b) Requires the education agency to monitor use of the funds to ensure that at least 75 percent are used for classroom instruction services and programs.

Sec. 14.065 TECHNOLOGY PLAN. Requires each school district to file a five-year plan for the use of the technology allotment with the Central Education Agency and the Department of Information Resources to be eligible for the technology allotment.

SECTION 3.08. Amends Sec. 16.003, T.E.C.

Sec. 16.003 STUDENT ELIGIBILITY. (a) Provides that all students between the ages of five and 21, enrolled in public schools 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) Requires the commissioner of education and the commissioner of human services to evaluate prekindergarten programs for developmental appropriateness, evaluate the potential for coordination on a statewide basis of prekindergarten programs with government-funded early childhood care and education programs, and investigate the use of existing child care program sites as prekindergarten sites.

(d) Current law.

SECTION 3.09. Amends Sec. 16.007, T.E.C.

Sec. 16.007 (a) Current language requiring each school district to participate in PEIMS.

(b) Requires each school district to use a uniform accounting system adopted by the commissioner for the PEIMS data.

SECTION 3.10. Amends Sec. 16.056, T.E.C., by adding subsection (h).

(h) Requires that teachers be credited for each year of experience during placement on the salary schedule. No teacher shall be placed on the schedule above the step he or she would have been placed had he or she remained in continuous service.

SECTION 3.11. Amends subsection (a), Sec. 21.031, T.E.C.

(a) Establishes the eligibility of children enrolled in prekindergarten programs for the Available School Fund benefits.

SECTION 3.12 Amends Subsection (a), Sec. 21.033, T.E.C.

Sec. 21.033 (a) Establishes exemptions to the requirements of compulsory attendance. Adds to the exemption list, children who are at least 17 and enrolled in a course to prepare for the high school equivalency examination and children who are at least 17 and enrolled in a preparatory class provided that they are required by a public agency or the courts.

SECTION 3.13 Amends Sec. 21.136, T.E.C.

Sec.21.136 PREKINDERGARTEN (a) Changes the age at which school districts must provide prekindergarten classes for eligible children to four years of age. Stipulates that districts may receive state funds for children three years of age upon submission of an application to the commissioner. Requires the commissioner to approve the application for funds if there are 15 or more eligible three-year-olds and if appropriated funds are available.

(b) Changes eligibility for prekindergarten enrollment from four to three years of age.

(c) Maintains current law to operate prekindergarten on a half-day basis.

(d) Maintains current law to allow the commissioner to exempt a district from the application of this section if the district would be required to construct classrooms in order to comply.

(e) Eliminates the 1989-90 school year from implementation of designated cost sharing percentages for this program. Maintains these percentages for the 1990-1991 school year.

(f) Maintains current law requiring each district to develop a system to notify families of eligible children of the availability of prekindergarten classes. Requires such notification be in English and Spanish.

(g) Maintains current law requiring specified skills be taught in prekindergarten programs.

SECTION 3.14. Amends Sec. 21.205(b), T.E.C.

Sec. 21.205 (b) Authorizes a school board to designate an impartial hearing officer to develop a record for consideration by the board in a contract renewal hearing.

Requires the board to make its decision based on a review of the record and oral arguments by the teacher or representative.

SECTION 3.15. Amends Subchapter Z, Chapter 21, T.E.C., by adding Sec. 21.9012.

Sec. 21.9012 ENERGY CONSERVATION MEASURES.(a) Allows each school board to contract for energy conservation.

(b) Lists items allowed for inclusion in the contract.

(c) Requires contractor to have specified energy conservation experience.

(d) Requires the contractor to provide a performance bond prior to execution on a contract with the board of trustees.

(e) Permits multiyear contracts if the amount of savings estimated for a 10-year period does not exceed the cost of the contract. Prohibits the annual cost of a multiyear contract from exceeding the prorated annual savings.

(f) Allows multiyear contracts with regard to existing facilities to be lease-purchase contracts that conform to federal tax requirements for tax-free financing, not to exceed 10 years.

(g) Allows for competitive bidding and requires that procedures be followed for competitive bidding and contracting awards.

(h) Stipulates school district conduct during the competitive bidding process.

(i) Allows districts to include sealed bid procedures.

(j) Requires the school board to provide notice of intent to award a contract upon selection of a contractor. Provides for notice requirements.

(b)Establishes the effective date of this section as September 1, 1990.

SECTION 3.16. Amends Sec. 23.023, T.E.C., by amending Subsections (a), (b), (c), (e), (h), (i), and (k), and by adding Subsection (m).

Sec. 23.023. (a) Reduces the student population from 66,000 to 64,000 for those school districts whose boards must include nine trustees.

(b) Requires that for districts whose student population exceeds 64,000, seven of the board members be elected from

single member districts, and the president and vice president be elected at large.

(c) Requires the school board to create seven trustee districts at a specified period prior to a school district election.

(e) Requires the board to specify any runoff elections on a date authorized by the Election Code.

(h) Specifies staggered terms for those districts that must comply with this section.

(i) Allows school districts whose student populations exceeds 64,000 and that already have implemented single-member districts to continue to operate under their current plans.

(k) Requires school districts whose student populations are currently below 64,000 but that later exceed 64,000 to comply with this section no later than the first regular election held within the next two years. Requires school districts whose student populations currently exceed 64,000 but later fall below 64,000 to continue to comply with this section. Exempts districts that adopt a single-member district plan prior to August 31, 1991, from complying with this section.

(m) Defines average daily attendance for the purpose of this section.

SECTION 3.17. Amends Section 23.30, T.E.C., by adding Subsection (e).

Sec. 23.30. (e) Permits a school district to engage a licensed real estate broker or salesman to acquire or sell real property.

SECTION 3.18. Amends Subchapter Z, Chapter 212, Local Government Code, by adding Sec. 212.902.

Sec. 212.902. (a) Stipulates that this section applies only to agreements between school districts and any municipality that has annexed territory for limited purposes.

(b) Requires a municipality to enter into an agreement with a local school board regarding specified construction issues. Requires such an agreement to exempt the district from all land development ordinance when the district is adding temporary classroom buildings on an existing campus.

(c) Requires that the land development matter be submitted to an independent arbitrator if such an agreement is not reached between the municipality and the district within 120 days of the district's request to the municipality for such an agreement. Stipulates that the agreement prepared by the

arbitrator, after hearing presentations from the municipality and the district, is final and binding. Stipulates that the cost of arbitration be shared equally by the two parties.

(d) Requires that a district forward a copy of the request for land development agreement to the commissioner when it is submitted to the municipality, that the district provide a status report to the commissioner 120 days after its submission, and that the municipality provide a separate status report to the commissioner.

(e) Defines "land development standards".

(f) Clarifies that the municipality's fees for fire, safety, health, or other building code ordinances are not limited or waived by this section.

SECTION 3.19. (a) 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.

(b) Requires the comptroller to distribute the money as certified by the commissioner.

SECTION 3.20. Recommends that the governor, lieutenant governor, and speaker of the house appoint a special study committee to develop a plan for coordination of youth services into a community effort, and that this committee make its recommendations to the legislature prior to Jan. 1, 1991.

SECTION 3.21. Requires the commissioner of education and the commissioner of human services to submit a report to the 72nd Legislature with recommendations regarding prekindergarten programs.

SECTION 3.22. Requires the Teacher Retirement System of Texas, the commissioner, and the SBOE to develop a recommendation for a state health insurance plan for public school employees and to report the plan to the 72nd Legislature.

SECTION 3.23 Stipulates provisions relating to pilot programs established during the Regular Session of the 71st Legislature.

Requires the Central Education Agency to report on the findings of the evaluation of these pilot programs to the 73rd Legislature no later than February 1, 1993.

SECTION 3.24. (a) Instructional language providing that Sections 3.08 and 3.11, which place prekindergarten programs under the Foundat School Program and the Available School Fund, and Section 3.13, which prekindergarten classes to three-year-olds, beginning with the 1991-9 year.

(b) Provides that Section 3.07, which establishes the Technology Fund, take effect Sept. 1, 1992.

ARTICLE IV. PERFORMANCE INCENTIVES

SECTION 4.01. Amends Subchapter B, Chapter 11, T.E.C., by adding Sections 11.272 (a-e) and 11.273 (a-g).

Sec. 22.272. EXCELLENCE EXEMPTIONS. (a) Provides that a school campus or district rated exemplary through the accreditation process is automatically exempt from requirements and prohibitions of the Education Code, and rules adopted under this code.

(b) Establishes provisions from which a campus or district may not be exempt.

(c) Requires the Central Education Agency to monitor and evaluate campus and district programs operated under exemptions, and to report to the State Board of Education, the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature on the effects of deregulation on student achievement.

(d) Requires the State Board of Education, in considering exemptions and waivers, to provide regulatory relief to campuses and districts that are considered high performing, beginning in the 1990-1991 school year.

(e) Authorizes the commissioner to exempt an exemplary school campus from class size limitations if the campus submits a written plan ensuring that removal of the limitations will not harm academic achievement. Requires the commissioner to review achievement levels annually.

Sec. 11.273. WAIVERS AND EXEMPTIONS. (a) Authorizes campuses and districts not exempt from regulation through an exemplary rating to apply to the State Board of Education for a waiver from requirements.

(b) Requires a written plan relating to achievement objectives be included with the district's board of trustees approved 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 achievement objectives are fulfilled.

(e) Prohibits a campus or district from receiving an exemption under this section from federal requirements and specified state statutes and rules.

(f) Provides requirements for campuses and districts that receive a waiver for textbook selection.

(g) Requires the State Board of Education, in considering exemptions and waivers, to provide regulatory relief to campuses and districts that are considered high performing, beginning in the 1990-1991 school year.

SECTION 4.02. Amends Sec. 21.101, T.E.C., by adding Subsection (h).

Section 21.201(h). Prohibits the SBOE from designating the methodology used by a teacher or the time spent by the teacher on a particular task or subject; and requires the SBOE to adopt rules for the implementation of this section.

SECTION 4.03. Amends Subchapter D, Chapter 21, T.E.C., by adding Sec. 21.116.

Sec. 21.116. POSTSECONDARY ENROLLMENT OPTIONS. 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 4.04. Amends Sec. 34.004(b), T.E.C.

Sec. 34.004(b). Requires academic excellence awards for school campuses to be based on specified indicators and campus objectives.

SECTION 4.05. Amends Chapter 56, T.E.C., by adding Subchapter G.

SUBCHAPTER G. TEXAS TUITION ASSISTANCE GRANT PROGRAM

Sec. 56.101. PROGRAM NAME. Establishes the grant program.

Sec. 56.102. PURPOSE. Provides grant money for college tuition to eligible persons.

Sec. 56.103. ELIGIBLE PERSON. Establishes eligibility criteria.

Sec. 56.104. ADMINISTRATIVE AUTHORITY. Authorizes the Coordinating Board to administer the grant program.

Sec. 56.105. PAYMENT OF GRANT; AMOUNT. Establishes procedures for payment of the grant and for determining the amount of the grant.

Sec. 56.106. LIMITATIONS ON GRANT. Prohibits a person from receiving future grant money if the person fails to work toward a baccalaureate degree, does not maintain full-time enrollment, falls below the established grade point average, or is convicted of a felony or crime involving moral turpitude unless discharged, pardoned, or otherwise released from ineligibility to participate in this grant program.

Sec. 56.107. ADOPTION AND DISTRIBUTION OF RULES. Requires the Coordinating Board to adopt rules to administer the program and provide for distribution of grants.

Sec. 56.108. FUNDING. Authorizes the Coordinating Board to accept gifts and grants for the grant fund. Establishes funding for the grant program through gifts, grants, and legislative appropriations.

SECTION 4.06. Requires the Coordinating Board to adopt and distribute initial rules by Jan. 1, 1991 and award grants by the fall of 1991.

SECTION 4.07. Repeals the following provisions of the Education Code:

Sec. 11.27 relating to innovative educational programs as established during the Regular Session of the 71st Legislature.

Sec. 21.001(b) relating to the start of the scholastic school year.

Subchapter B, Chapter 56, relating to Texas Assistance Grants currently in statute but unfunded.

ARTICLE V. YEAR-ROUND SCHOOLS

SECTION 5.01 Amends Section 21.008, T.E.C.

Sec. 21.008 (a) Makes conforming changes.

SECTION 5.02. Amends Section 21.009(a), T.E.C.

Sec. 21.009 (a) Requires the State Board of Education to 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. Amends Subchapter A, T.E.C., by adding Section 21.010.

Section 21.010. MULTITRACK SCHOOL YEAR. (a) Defines "track" and "multitrack".

(b) Allows the board of trustees of a school district to operate a school on a multitrack school year.

SECTION 5.04. (a) Requires the State Board of Education to adopt rules under Subsection (a), Section 21.009, T.E.C., as amended by this Act not later than January 1, 1991.

ARTICLE VI. SEVERABILITY:
EFFECTIVE DATE
EMERGENCY

SECTION 6.01. Provides that remaining provisions of this Act retain validity even if any provision is declared invalid.

SECTION 6.02. (a) Establishes the effective date of this legislation as Sept. 1, 1990, except as otherwise provided for.

SECTION 6.03. Emergency clause.

SUMMARY OF COMMITTEE ACTION

Pursuant to a suspension of the rules on June 5, 1990, while the House was in session, SB 1 was considered in a public hearing in June 5, 1990. Bill Grusendorf, representing the Tx. Assn. of Rural Schools, testified for the bill. Tricia Bosak, representing TSTA, and Rexine Howell, representing Tx. PTA, submitted witness affirmation forms in support of the bill but did not give testimony. Rep. Renato Cuellar testified on the bill. There were no witnesses in opposition to the bill. Rep. Berlanga moved that SB 1 be reported to the House with the recommendation that it do pass. The motion carried by the following record vote: Aye: Glossbrenner, Colbert, Arnold, Berlanga, Edge, Grusendorf (6); Nay: Luna, G.(1); PNV: 0; Absent: Hammond, Schoolcraft (2).

acc
June 5, 1990

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Committee Substitute for
Senate Bill No. 1,
Sixth Called Session

FROM: Jim Oliver

In response to your request for a Fiscal Note on Committee Substitute for Senate Bill No. 1, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;

- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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	519,100,000	638,300,000	5,080,000
1992	534,700,000	602,600,000	5,080,000
1993	729,200,000	1,004,900,000	5,080,000
1994	959,500,000	1,592,000,000	5,080,000
1995	1,232,700,000	2,379,200,000	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	27,500,000	236,834	+ 5
1992	28,300,000	216,795	+ 5
1993	38,600,000	351,529	+ 8
1994	53,000,000	340,290	+ 8
1995	68,100,000	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, PA

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 4, 1990

TO: Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

IN RE: Senate Bill No. 1,
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

In response to your request for a Fiscal Note on Senate Bill No. 1, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;

- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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	519,100,000	638,300,000	5,080,000
1992	534,700,000	602,600,000	5,080,000
1993	729,200,000	1,004,900,000	5,080,000
1994	959,500,000	1,592,000,000	5,080,000
1995	1,232,700,000	2,379,200,000	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	27,500,000	236,834	+ 5
1992	28,300,000	216,795	+ 5
1993	38,600,000	351,529	+ 8
1994	53,000,000	340,290	+ 8
1995	68,100,000	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, PA

Enrolled June 6, 1990
Patsy Spaw
Enrolling Clerk

S.B. No. 1

AN ACT

relating to public education.

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 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; and

(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.

(d) Future legislatures are free to use other methods to achieve substantially equal access to similar revenues per student at similar tax effort. These methods may involve minimum tax efforts, redefining the tax base, and other ways to equalize. However, adherence to the state policy described in this section shall be maintained.

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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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, $2,128 for the 1991-1992 and 1992-1993 school years, 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 and [~~$1,500--for~~] each school year thereafter. A[~~,--or-a~~] greater amount for any school year may be 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 full-time equivalent 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 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 [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) 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.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A district shall raise its total local share of its

program cost in order to qualify for aid from the foundation school fund.

(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), (f), and (g) 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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, including tax rates for capital outlay and debt service until such time as a funding formula for capital outlay and debt service is adopted under Subchapter I of this chapter; 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 by rule 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. Subchapter H, Chapter 16, Education Code, is amended by amending Sections 16.302 and 16.303 and adding Section 16.304 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 $17.90 for the 1990-1991 school year and $26.05 for each school year thereafter, [~~$18.25~~] 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 adjustment [~~adjustments~~] under Section [~~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) Beginning with the 1992-1993 school year, if the cost of education index and program cost differentials developed jointly by

the Legislative Education Board and the Legislative Budget Board under Section 16.203 of this code are not adopted by the foundation school fund budget committee or the commissioner of education, the amount guaranteed under this section is an amount per student rather than per weighted student and a district's average daily attendance ("ADA") under Section 16.006 of this code is substituted for "WADA" in the formula under Subsection (a) of this section.

(c) Beginning with the 1991-1992 school year, the Legislative Education Board under Section 16.008 of this code and the foundation school fund budget committee under Section 16.256 of this code may calculate rates for "GL" and for the limitation on "DTR" under Section 16.303 of this code using a percentile of property wealth per weighted student that is not less than the 90th percentile. The rates calculated will replace the rates stated in Subsection (a) of this section and Section 16.303 of this code.

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, $0.48 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) For districts that have a district enrichment tax rate in 1990-1991 of less than the maximum "DTR" as specified in Subsection (a) of this section, for years subsequent to 1990-1991,

the annual maximum "DTR" for the school years 1991-1992 through 1993-1994 shall be limited to the 1990-1991 district enrichment tax rate plus:

(1) an amount equal to 25 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1991-1992 school year;

(2) an amount equal to 50 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1992-1993 school year; and

(3) an amount equal to 75 percent of the difference between the maximum rate and the 1990-1991 district rate for the 1993-1994 school year [~~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~~].

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

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 an efficient 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. In determining accountable costs, the boards may not include costs of cocurricular and extracurricular programs and shall consider the results of the

efficiency in administration report under Section 16.205 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, with the program funding level expressed as dollar amounts and as weights applied to the adjusted basic allotment for the appropriate year;

(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 for the 1993-1994 and the 1994-1995 school years this level may not be less than 95 percent nor more than 100 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 that may include region, size, area, density, educational characteristics, and economic conditions. The index shall adjust only for specific resource cost variations caused by factors beyond the control of school districts, to include personnel, variations from optimal district size, and other cost factors. Factors that are addressed by other formula adjustments in the Foundation School Program are not to be considered. Variations should be based on the most efficient service delivery systems. An impartial panel of persons expert in econometric modeling, statistics, and related fields shall be consulted in the development of the index, examination of cost factors, and development of models. The commissioner of education shall collect data necessary to the development of the models and index. The boards shall develop a formula for applying the index to the basic allotment in a manner that appropriately reflects the relative significance of the costs adjusted by the index to the overall cost of a minimum accredited regular education program represented by the basic allotment.

(c) The cost of education index developed jointly by the

Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption. The cost of education index adopted by the committee shall be effective beginning with the 1991-1992 school year.

(d) The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1992-1993 school year. If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

(e) 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.

(f) 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 (e) of this section or from other funds available to the boards.

(g) 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).

1 Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The
2 commissioner of education shall conduct a study to determine the
3 most appropriate and efficient method for reporting and monitoring
4 the allocation of resources by school districts.
5 (b) The study shall identify the most effective means for
6 calculating, monitoring, and reporting the proportion of resources
7 that school districts allocate for their administrative costs and
8 shall include administrator-teacher ratios.
9 (c) The study shall include a description of average
10 efficient administrative expenditures by districts with
11 consideration of district size and demographics.
12 (d) Prior to the beginning of each regular session of the
13 legislature, the agency shall provide a report with recommendations
14 to the Legislative Education Board and the legislature.
15 (e) The study is an element of the study of accountable
16 costs of education under this subchapter.
17 SECTION 1.14. (a) In the development of the accountable
18 cost of education studies during the 1989-1990 and 1990-1991 school
19 years, the Legislative Education Board and Legislative Budget Board
20 shall give special consideration to the studies required for the
21 development of program cost differentials, the cost of education
22 index, and a comprehensive set of recommendations for the provision
23 of state assistance to school districts for school facilities and
24 debt service beginning in the 1991-1992 school year. These studies
25 shall be completed not later than January 1, 1991.
26 (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.

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 $29 million. 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 article.

(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. Section 322.008, Government Code, is amended to read as follows:

Sec. 322.008. APPROPRIATIONS BILL. (a) The director, under the direction of the board, shall prepare the general appropriations bill for introduction at each regular legislative session.

(b) Not later than the 1994-1995 school year, the general appropriations bill shall include for purposes of information the funding elements adopted by the foundation school fund budget committee under Section 16.256(e), Education Code, excluding the values for each school district calculated under Subdivision (2) of that subsection. The funding elements under Section 16.256(e)(3), Education Code, shall be reported in dollar amounts per pupil.

(c) Not later than the fifth day after a regular legislative session convenes, the director shall transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature.

(d) [~~(c)~~] Not later than the seventh day after a regular legislative session convenes, the director shall transmit a copy of the general appropriations bill to the governor and each member of the legislature.

SECTION 1.20. (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 1.21. 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 1.22. (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 (c), Section 16.102, Subsection (e), Section 16.103, and Subsection (d), Section

16.178, Education Code, are repealed.

SECTION 1.23. (a) Sections 1.06 and 1.07 of this article take effect September 1, 1991.

(b) Sections 1.13 and 1.15 of this article take 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. Section 11.51, Education Code, is amended to read as follows:

Sec. 11.51. SELECTION AND QUALIFICATIONS. (a) The State Board of Education shall recommend to the governor a person to be named commissioner of education. The governor shall either reject the recommendation or appoint the person as commissioner of education. The appointment requires the advice and consent of the senate. If the governor rejects the recommendation, the board

shall submit further recommendations until one is appointed by the governor and confirmed by the senate. [~~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 March 1 of the appropriate odd-numbered year. The governor, with the advice and consent of the senate, may remove the commissioner of education on the petition of two-thirds of the membership of the State Board of Education or may remove for good cause. 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 an [~~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 2.10. 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 and in making district-level decisions.

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 by order may 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.

(g) A district to which territory is annexed under this section is entitled to additional state aid equal to the amount by

which the annual debt service required to meet the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from the adjustment under Subsection (f) of this section, if any. In determining the amount of annual debt service required, the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed shall be deducted.

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. After the hearing the report shall be widely disseminated within the district in a manner to be determined by the district [~~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 <u>may</u> [~~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) <u>The report must also include a comparison provided by the Central Education Agency of:</u>

<u>(1) the performance of each campus to the performance of campuses with similar wealth and demographics and of the</u>

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; and

(2) the performance of each district to the projection of expected performance of that district considering the wealth and demographics of the district. [~~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 appropriate, nationally recognized, norm-referenced assessment instrument to be administered uniformly to each pupil at each of the 4th, 6th, 8th, and 10th grade levels. The norm-referenced assessment instrument adopted must be a secured test. The state shall pay the costs of purchasing and scoring the adopted assessment instrument and of distributing the results of the adopted instrument to the school districts.

(g) The norm-referenced assessment instrument adopted must meet all applicable federal rules and regulations. The normative data used by the instrument 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 the 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 instrument 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 instrument shall 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.~~

[~~(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; [~~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~~].

(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 2.15. 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;

(5) student enrollment in advanced academic courses;

and

(6) the degree of change from one school year to the next in the items under Subdivisions (1) through (5) of this subsection, considering the impact of student mobility [~~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. (a) For each school year, the principal of each school campus, with the assistance of parents, community residents, and 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.

(b) In this section "parent" means a person who is a parent of or person standing in parental relation to a student enrolled at a school and who is not an employee of the school or the school district; "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.

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 low performance on one or more of the criteria listed in Subsection (c) of this section 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; and

(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) of this 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. All rules under Title 19, Texas Administrative Code, Chapters 29 through 74 and 76 through 93 inclusive, that were adopted by the State Board of Education before the effective date of this Act are void as of June 1, 1991, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 94 through 133 inclusive, that were adopted by the State Board of Education before September 1, 1991, are void as of June 1, 1992, regardless of the effective date of the rules. All rules under Title 19, Texas Administrative Code, Chapters 134 through 181 inclusive, that were adopted by the State Board of Education before September 1, 1992, are void as of June 1, 1993, regardless of the effective date of the rules. In addition, all rules relating to teaching time and methodology under Title 19, Texas Administrative Code, Chapter 75, that were adopted by the State Board of Education before the effective date of this Act are void as of September 1, 1990, regardless of the effective date of the rules.

SECTION 2.26. (a) Before February 1, 1991, the State Board of Education shall submit to the governor the name of a person to consider for appointment as the commissioner of education. The governor shall nominate a person to serve as the commissioner of education for a term beginning March 1, 1991, and expiring March 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 vacates the position or is removed. If that person vacates the position before March 1, 1991, the governor shall appoint a person to serve in that position until March 1, 1991.

SECTION 2.27. 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 2.28. 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 2.29. The following sections of the Education Code are repealed:

(1) Subsection (c), Section 11.25;

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

(3) Section 21.752.

SECTION 2.30. 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 2.31. 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 (f) 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 [~~preven~~] model peer assistance [~~programs~~] for substance abuse prevention.

(d) The commission may 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 may:

(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) The Central Education Agency jointly with the Texas Commission on Alcohol and Drug Abuse may design a substance abuse assessment and intervention program for the public schools. Each school district may implement the program under guidelines adopted by the agency and the commission.

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 instrument 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; and

(5) attend in-service training relating to making district-level decisions provided under Section 13.049(b) of this code.

(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) The State Board of Education shall establish rules for the administration of this section. The rules shall provide that the equipment purchased shall meet the standards established under this chapter.

(e) 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.

Sec. 14.065. TECHNOLOGY PLAN. To be eligible for an allotment under this chapter, a school district shall file with the Central Education Agency and with the Department of Information Resources a five-year plan for the use of a technology allotment. Each year the district uses a technology allotment, the district shall report to the agency how the use of the allotment relates to the training of the district's personnel using the technology and to the five-year plan or to a proposed plan to train personnel.

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 16.007, Education Code, is amended to read as follows:

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM

(PEIMS). (a) Each school district shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

SECTION 3.10. 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 3.11. 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.

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SECTION 3.12. Subsection (a), Section 21.033, Education Code, is amended to read as follows:

(a) The following classes of children are exempt from the requirements of compulsory attendance:

(1) any child in attendance upon a private or parochial school which shall include in its course a study of good citizenship;

(2) any child who is handicapped as defined in Section 21.503 of this code and who cannot be appropriately served by the resident district in accordance with the requirements of Section 21.032 of this code;

(3) any child who has a physical or mental condition of a temporary and remediable nature which renders such child's attendance infeasible and who holds a certificate from a qualified physician specifying the temporary condition, indicating the treatment prescribed to remedy the temporary condition, and covering the anticipated period of the child's absence from school for the purpose of receiving and recuperating from such remedial treatment; [~~and~~]

(4) any child expelled in accordance with the requirements of law;

(5) any child who is at least 17 years old and in attendance upon a course of instruction to prepare for the high school equivalency examinations; and

(6) any child who is at least 16 years old and in attendance upon a course of instruction to prepare for the high

school equivalency examinations provided that the person is recommended to the course of instruction by a public agency which has supervision or custody of the person under a court order.

SECTION 3.13. Section 21.136, Education Code, is amended to read as follows:

Sec. 21.136. PREKINDERGARTEN. (a) Any school district may offer prekindergarten classes, but a district shall offer prekindergarten classes if the district identifies 15 or more eligible children who are at least four years of age. To receive state funds for children three years of age, the board of trustees of a district may submit an application for the funds to the commissioner of education. Subject to the availability of appropriated funds, the commissioner shall approve the application if there are 15 or more eligible three-year-old children in the district.

(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.

(c) Prekindergarten classes shall be operated on a half-day basis. A district is not required to provide transportation for prekindergarten classes, but transportation, if provided, is included for funding purposes as part of the regular transportation

system.

(d) On application of a school district, the commissioner of education may exempt a district from the application of this section if the district would be required to construct classroom facilities in order to provide prekindergarten classes.

(e) For the [~~1989-1990 and~~] 1990-1991 school year [~~years~~] the cost of the program is shared by the state and district in the same percentages used to determine the state/local shares under Chapter 16 of this code. The state's share is paid from the foundation school fund and may not exceed $55 million a year. If that amount will not fully fund the program, the commissioner shall proportionately reduce each district's allocations.

(f) Each school district shall develop a system to notify the population in the district with children who are eligible for enrollment in a prekindergarten class of the availability of the class. The system must include public notices issued in English and Spanish.

(g) [~~(f)~~] A district's prekindergarten program shall be designed to develop skills necessary for success in the regular public school curriculum, including language, mathematics, and social skills.

SECTION 3.14. 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 3.15. (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 3.16. 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 3.17. 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. 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 3.19. (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 of education.

SECTION 3.20. 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 3.21. 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 3.22. 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 3.23. 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 3.24. (a) Sections 3.08, 3.11, and 3.13 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:

<u>Sec. 11.272. EXCELLENCE EXEMPTIONS. (a) Except as provided by Subsection (b) of this section, a school campus or district that</u>

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.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. 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. Except as provided by Subsection (e) of this section, 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 expulsion 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.

(e) The commissioner may exempt an exemplary school campus from elementary class size limits under this section if the school campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption from the class size limits will not be harmful to the academic achievement of the students on the school campus. The commissioner shall review achievement levels annually. The exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

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;

(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; or

(12) special education or bilingual education programs.

(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, Chapter 21, 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. 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.

ARTICLE VI. SEVERABILITY; EFFECTIVE DATE; EMERGENCY

SECTION 6.01. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 6.02. This Act takes effect September 1, 1990, except as otherwise provided by this Act.

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.

S.B. No. 1

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1 passed the Senate on June 5, 1990, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House on June 6, 1990, by the following vote: Yeas 136, Nays 12.

Chief Clerk of the House

Approved:

Date

Governor

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE

June 5, 1990

TO: Honorable Ernestine V. Glossbrenner, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 1, as engrossed
Sixth Called Session
By: Parker, et. al.

FROM: Jim Oliver

In response to your request for a Fiscal Note on Senate Bill No. 1, as engrossed, Sixth Called Session (relating to public education) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provision of the bill.

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 Texas Higher Education Coordinating Board, the Department of Information Resources, the Teacher Retirement System, the Legislative Budget Board (LBB), and the Legislative Education Board (LEB). 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);
- changing the definition of weighted pupils for purposes of calculating Tier Two funding;
- developing a guaranteed yield formula for school districts located on federal military bases and the Moody State School;
- 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;
- making the Pre-Kindergarten program part of Tier One of the FSP;
- expanding the Pre-Kindergarten program to three-year-olds in 1992, at local option and limited by future appropriations;
- 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 gubernatorial appointment of the Commissioner of Education based on a State Board of Education recommendation and with Senate consent;
- providing for Senate consent of the Governor's appointment of the chair of the State Board 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 and other training entities to train students in the use of technology and modern teaching practices;
- sunsetting over a three-year period all of the rules adopted by the State Board of Education except those governing curriculum;
- 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 a nationally recognized norm-referenced test for students in grades four, six, eight, and ten;
- establishing a process for professional staff involvement in school district decision-making; and
- exempting from compulsory school attendance requirements a child age 17 or older who is enrolled in a GED preparation course.

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 scope of the optional Pre-Kindergarten program for three-year-olds would depend on local school district participation and the future level of state appropriations. If all eligible districts chose to participate, State costs could increase by an estimated $53 million in 1992--based on existing tax rates--and up to $119 million by 1995.

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 $27.5 million in 1991, increasing to $68.1 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 fiscal implications, which cannot be accurately estimated because they would depend on future circumstances. These include the following:

- The FSP costs in 1994 and beyond would be determined by formula adjustments made by the Foundation School Fund Budget Committee based on recommendations from the LEB. The Committee could make some adjustments as early as 1992.
- A reduction in the local fund assignment calculation and/or additional state aid 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, the Texas Higher Education Coordinating Board, the Department of Information Resources, 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	519,100,000	638,300,000	5,080,000
1992	534,700,000	602,600,000	5,080,000
1993	729,200,000	1,004,900,000	5,080,000
1994	959,500,000	1,592,000,000	5,080,000
1995	1,232,700,000	2,379,200,000	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	27,500,000	236,834	+ 5
1992	28,300,000	216,795	+ 5
1993	38,600,000	351,529	+ 8
1994	53,000,000	340,290	+ 8
1995	68,100,000	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.

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

3/4cert

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1 passed the Senate on June 5, 1990, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House on June 6, 1990, by the following vote: Yeas 136, Nays 12.

Chief Clerk of the House

Approved:

Date

Governor

S. B. No. 1 By Parker, et al

A BILL TO BE ENTITLED

AN ACT: relating to public education.

_____ Filed with the Secretary of the Senate

JUN 4 1990 Read and referred to Committee on EDUCATION

_____ Reported favorably _____

JUN 5 1990 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

JUN 5 1990 Ordered not printed

_____ Laid before the Senate

JUN 5 1990 Senate and Constitutional Rules to permit consideration suspended by: (unanimous consent) / ____ yeas, ____ nays

JUN 5 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.

JUN 5 1990 Senate and Constitutional 3 Day Rule suspended by a vote of 29 yeas, 1 nays.

JUN 5 1990 Read third time, _____, and passed by 29 yeas, 1 nays.

Betty King
SECRETARY OF THE SENATE

OTHER ACTION:

June 5, 1990 Engrossed

June 5, 1990 Sent to House

Engrossing Clerk Patsy Spaw

JUN 5 1990 Received from the Senate

JUN 5 1990 Read first time and referred to Committee on Public Education

JUN 5 1990 Reported favorably ~~amended~~, sent to Printer at 4:30pm

JUN 5 1990 Printed and Distributed 8:12pm

JUN 6 1990 Sent to Committee on Calendars 4:38am

JUN 6 1990 Read Second time (~~amended~~): passed to third reading (~~failed~~)

by (Non-Record Vote) ~~Record Vote of ____ yeas, ____ nays, ____ present not voting~~

JUN 6 1990 Constitutional Rule requiring bills to be read on three several days suspended (~~failed to suspend~~) by a four-fifths vote of 138 yeas, 8 nays 0 present not voting.

JUN 6 1990 Read third time (~~amended~~); finally passed (~~failed~~) by a (~~Non-Record Vote~~) Record Vote of 136 yeas, 12 nays 0 present not voting.

_____ Caption ordered amended to conform to body of bill.

JUN 6 1990 Returned to Senate.

Betty Murray
CHIEF CLERK OF THE HOUSE

JUN 6 1990 Returned from House without amendment.

_____ Returned from House with _____ amendments.

_____ Concurred in House amendments by a viva voce vote _____ yeas, _____ nays.

_____ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed:_____, Chairman; _____,

_____, _____, and _____

_____ House granted Senate request. House conferees appointed:_____, Chairman;

_____, _____, _____.

_____ Conference Committee Report read and filed with the Secretary of the Senate.

_____ Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
{ _____ yeas, _____ nays

_____ Conference Committee Report adopted on the part of the Senate by: _____

{ a viva voce vote
{ _____ yeas, _____ nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged .

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
{ _____ yeas, _____ nays

90 JUN -5 PM 8: 12
HOUSE OF REPRESENTATIVES