By: Mike Jackson S.B. No. 422

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Education Agency and regional education service centers.

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

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Section 5.001, Education Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Charter school" means any school or program that is operating under a charter authorized by Chapter 12 or other law, including:

(A) a school in a home-rule school district;

(B) a campus or campus program;

(C) an open-enrollment charter school; and

(D) a college or university charter school.

SECTION 1.02. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the agency is abolished September 1, 2017 [~~2005~~].

SECTION 1.03. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES. (a) The agency and the

regional education service centers shall collect and disseminate best practices information. The agency and the regional education service centers shall enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in collecting and disseminating the best practices information.

(b) The agency and the regional education service centers shall solicit from school district trustees, educators, including school and district administrators, and other education experts information concerning the best practices of school districts. The information may include:

(1) information concerning available programs, products, and policies that have been successfully adopted or developed and used by school districts;

(2) specific examples of successful best practices; and

(3) resources available to assist school districts in complying with state or federal education laws.

(c) The best practices information must include information investigated by the agency or a regional education service center concerning the effective use of online courses, including:

(1) methods for using online courses to provide curriculum solutions;

(2) information to assist school districts in investigating the quality of online courses; and

(3) a list of funding sources available for various types of online courses.

(d) The agency and the regional education service centers are not required to evaluate and may not endorse the best practices information collected under this section.

(e) The agency and the regional education service centers shall develop incentives for school districts to implement best practices.

SECTION 1.04. Subchapter B, Chapter 7, Education Code, is amended by adding Sections 7.032 and 7.033 to read as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. (a) The agency shall maintain a system to promptly and efficiently act on complaints filed with the agency. The agency shall maintain:

(1) information about the parties to the complaint and the subject matter of the complaint;

(2) a summary of the results of the review or investigation of the complaint; and

(3) information about the disposition of the complaint.

(b) The agency shall make information available describing its procedures for complaint investigation and resolution.

(c) The agency shall periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. (a) In compliance with other provisions of Title 1 and this title, the agency shall develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. The system must incorporate performance and

compliance information collected by various agency divisions for each school district and charter school, including information relating to:

(1) data integrity;

(2) the effectiveness of district or school programs;

(3) financial accountability;

(4) academic accountability;

(5) previous history of compliance;

(6) complaints issues; and

(7) governance issues.

(b) As part of the monitoring system, the commissioner by rule shall develop clear minimum performance standards that relate agency interventions and sanctions to performance-based indicators. The performance standards must identify a range of interventions and sanctions that the agency may use if a school district or charter school fails to meet one or more of the minimum performance standards. If a district or school fails to meet a minimum performance standard, the agency shall determine the appropriate intervention or sanction authorized under the performance standards for the particular area of unsatisfactory performance based on all relevant circumstances, including the number of areas involved and the extent and duration of the unsatisfactory performance.

SECTION 1.05. Sections 7.057(a) and (d), Education Code, are amended to read as follows:

(a) Except as provided by Subsection (e) and except to the extent of a conflict with a rule adopted under Section 39.005, a

person may appeal in writing to the commissioner if the person is aggrieved by:

(1) the school laws of this state; or

(2) actions or decisions of any school district board of trustees that violate:

(A) the school laws of this state; or

(B) a provision of a written employment contract between the school district and a school district employee, if a violation causes or would cause monetary harm to the employee.

(d) Except to the extent of a conflict with a rule adopted under Section 39.005, a [~~A~~] person aggrieved by an action of the agency or decision of the commissioner may appeal to a district court in Travis County. An appeal must be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. The petition must state the action or decision from which the appeal is taken. At trial, the court shall determine all issues of law and fact, except as provided by Section 33.081(g).

SECTION 1.06. Subchapter C, Chapter 7, Education Code, is amended by adding Sections 7.061, 7.062, and 7.063 to read as follows:

Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions. The policy must ensure that the public is able to interact with the agency on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE

RESOLUTION. (a) The commissioner shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of agency rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the agency's jurisdiction.

(b) The agency's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commissioner shall designate a trained person to:

(1) coordinate the implementation of the policy developed under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the agency.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Before adopting a new rule, the commissioner shall assess whether the proposed rule will impose additional paperwork requirements on educators. If the commissioner determines that the proposed rule will impose additional paperwork requirements on educators, the commissioner shall structure the rule in a manner that minimizes the paperwork requirements.

SECTION 1.07. Chapter 7, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The agency shall implement a comprehensive performance-based grant system to collect and report grant performance and spending information and to use that information in making future grants.

(b) The grant system must:

(1) connect grant activities and funding to student academic performance; and

(2) provide for efficient grant application and reporting procedures for grant programs administered by the agency.

Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall ensure that:

(1) the mission, purpose, and objectives of each agency grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002;

(2) each agency grant program coordinates with other grant programs administered by the agency;

(3) grant programs with similar objectives have common performance measures; and

(4) the most efficient methods for coordinating grant objectives, grant activities, academic performance measures, and funding are used in the agency's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may

use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The agency shall develop a consolidated application to be used by school districts and charter schools in applying for any state-funded formula grant administered by the agency.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency shall ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The agency shall provide data relating to the grant system, including grant spending and performance information, to each regional education service center. Based on the information provided by the agency, a regional education service center shall identify successful grant programs and provide information concerning successful grant programs to the school districts in the service center's region.

(b) This section applies beginning with the 2009-2010 school year. This subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In developing the performance-based grant system, the agency shall:

(1) identify each area of data collected for grant programs and the method in which the agency collects the data;

(2) determine whether grant data that a school district or charter school is required to collect is useful and supports:

(A) a grant program's objectives; and

(B) the goals for academic performance and accountability or another public education mission, objective, or goal;

(3) determine whether grant data is analyzed and disseminated efficiently; and

(4) review the agency's policies, procedures, and reporting requirements relating to grant programs administered by the agency to simplify and make more efficient the grant application, award, and reporting processes for school districts and charter schools.

(b) This section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the agency shall provide the legislature with a status report concerning the agency's development of the grant system. The report may suggest any statutory changes needed to facilitate a full transition to a performance-based grant system.

(b) Beginning with the 2009-2010 school year, the agency shall make the performance-based grant system fully available to school districts and charter schools.

(c) This section expires June 1, 2010.

SECTION 1.08. Subchapter A, Chapter 8, Education Code, is amended by adding Section 8.0031 to read as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) The commissioner shall adopt rules prescribing training for members of regional education service center boards of directors.

The training curriculum may include:

(1) an overview of this code and any rules adopted under this code;

(2) a review of recent state and federal education legislation, rules, and regulations;

(3) a review of the powers and duties of a regional education service center board of directors; and

(4) a review of any statewide or regional strategic planning applicable to regional education service centers.

(b) A member of a regional education service center board of directors must complete any training required by commissioner rule.

SECTION 1.09. Section 8.051(c), Education Code, is amended to read as follows:

(c) Each regional education service center shall provide services that enable school districts to operate more efficiently and economically, including:

(1) collecting and disseminating best practices information as provided by Section 7.010; and

(2) identifying and providing information concerning successful grant programs to school districts as provided by Section 7.156.

SECTION 1.10. Subchapter A, Chapter 12, Education Code, is amended by adding Sections 12.004, 12.005, and 12.006 to read as follows:

Sec. 12.004. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. If for three consecutive school years a charter school receives a rating indicating

unacceptable performance as determined by commissioner rule under Subchapter D, Chapter 39, or under an alternative education accountability system for alternative education campuses, the commissioner shall close the charter school and:

(1) revoke the school's charter; or

(2) deny renewal of the school's charter if the school's charter is due for renewal.

Sec. 12.005. MONITORING OF CERTAIN CHARTER SCHOOLS. (a) This section applies only to a charter school that does not receive an accountability rating under Subchapter D, Chapter 39, or under an alternative education accountability system for alternative education campuses for at least two consecutive school years.

(b) The agency shall monitor a charter school to which this section applies to assess:

(1) the achievement of students enrolled in the school on assessment instruments administered under Section 39.023;

(2) the school's dropout rates; and

(3) the school's high school graduation rates, if applicable.

(c) This section expires September 1, 2007.

Sec. 12.006. FINANCIAL ACCOUNTABILITY. (a) In this section:

(1) "Parent" includes a guardian or other person having lawful control of a student.

(2) "System" means the financial accountability rating system.

(b) The commissioner shall develop and implement a

financial accountability rating system for charter schools. The system must include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) The commissioner shall develop, as part of the system, a reporting procedure under which:

(1) each charter school is required to prepare and distribute an annual financial management report; and

(2) the public is provided an opportunity to comment on the report at a hearing.

(d) The annual financial management report must include:

(1) a description of the charter school's financial management performance based on a comparison, provided by the agency, of the school's performance on the indicators adopted under Subsection (b) to:

(A) state-established standards; and

(B) the school's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(e) The report may include:

(1) information concerning the charter school's:

(A) financial allocations;

(B) financial strengths;

(C) operating cost management;

(D) personnel management;

(E) debt management;

(F) cash management;

(G) budgetary planning;

(I) overall business management;

(J) compliance with rules; and

(K) data quality; and

(2) any other information the school's governing body determines to be necessary and useful.

(f) The governing body of each charter school shall hold a public hearing on the report. The governing body shall provide notice of the hearing to the parents of students enrolled in the school. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the school district in which the charter school is located; and

(2) through electronic mail to media serving the school district in which the charter school is located.

(g) After the hearing, the governing body of the charter school shall provide the report to the parents of students enrolled in the school.

(h) The commissioner shall adopt rules as necessary for the administration of this section.

SECTION 1.11. Section 29.0161, Education Code, is amended to read as follows:

Sec. 29.0161. CONTRACT WITH STATE OFFICE OF ADMINISTRATIVE HEARINGS FOR SPECIAL EDUCATION DUE PROCESS HEARINGS. The [~~Not later than December 1, 2003, the~~] agency and the State Office of Administrative Hearings shall [~~jointly determine whether it would~~

~~be cost-effective for the agency to~~] enter into an interagency contract [~~with the office~~] under which the office conducts [~~would conduct all or part of~~] the agency's special education due process hearings under 20 U.S.C. Section 1415 [~~and its subsequent amendments~~]. The contract must specify the manner in which the agency will transfer federal funds to the office to pay the costs of conducting the hearings.

SECTION 1.12. Section 29.252(a-1), Education Code, is amended to read as follows:

(a-1) The agency shall use existing funds to contract with the Texas Workforce Commission for the development of a demand-driven workplace literacy and basic skills curriculum that complies with the requirements adopted under Section 301.172 [~~301.152~~], Labor Code. This subsection expires September 1, 2007 [~~2005~~].

SECTION 1.13. Section 31.025, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The agency shall recommend to the State Board of Education a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.14. Sections 31.1011(a)-(c), Education Code, are amended to read as follows:

(a) The commissioner shall implement a program that allows [~~to study the use of credits for textbooks. The program shall be~~

~~designed to allow~~] a [~~participating~~] school district or open-enrollment charter school to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) The credit is an amount equal to the difference between the price paid for a textbook and the cost limit established under Section 31.025(a) for that textbook multiplied by the number of copies of that textbook the [~~participating~~] school district or open-enrollment charter school purchases.

(c) Fifty percent of the total textbook credit of a [~~participating~~] school district or open-enrollment charter school shall be credited to the state textbook fund, and 50 percent of the credit shall be credited to the [~~participating~~] district or school to apply toward the requisition of additional textbooks or electronic textbooks on the conforming or nonconforming list.

SECTION 1.15. Chapter 39, Education Code, is amended by adding Subchapter A to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

[Sections 39.001-39.004 reserved for expansion]

Sec. 39.005. APPEALS RELATING TO ACCREDITATION STANDARDS AND SANCTIONS. The commissioner by rule shall establish a procedure under which a school district or charter school may appeal a decision of the agency or commissioner under Subchapter D or G.

SECTION 1.16. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT

INSTRUMENTS. The agency shall make every effort to decrease the incorrect and unfair administration of assessment instruments under Section 39.023.

SECTION 1.17. Section 39.182, Education Code, is amended by adding Subsections (b-1), (b-2), and (b-3) to read as follows:

(b-1) The report must include an assessment of:

(1) the status of the incorrect and unfair administration of assessment instruments under Section 39.023; and

(2) any progress the agency has made under Section 39.0232 in reducing the prevalence of the incorrect and unfair administration of assessment instruments.

(b-2) The report must include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including:

(1) an analysis of performance and spending information relating to grants administered by the agency; and

(2) recommendations on any statutory changes needed for the agency to more effectively administer grant programs, including recommendations on whether to eliminate or modify inefficient grant programs, expand effective grant programs, or consolidate similar grant programs to maximize the effectiveness and efficiencies of those programs.

(b-3) Subsection (b-2) applies beginning January 1, 2009. This subsection expires February 1, 2009.

SECTION 1.18. Subchapter I, Chapter 301, Labor Code, as amended by Chapter 817, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Subchapter J, Chapter 301, Labor

Code, and amended to read as follows:

SUBCHAPTER J [~~I~~]. ADULT EDUCATION AND LITERACY

Sec. 301.171 [~~301.151~~]. COOPERATION WITH TEXAS EDUCATION AGENCY TO IMPROVE ADULT EDUCATION AND LITERACY SERVICES. The commission shall collaborate with the Texas Education Agency to improve the coordination and implementation of adult education and literacy services in this state.

Sec. 301.172 [~~301.152~~]. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) Under contract with the Texas Education Agency, the commission shall develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with the skills necessary to compete for current and emerging jobs in this state.

(b) In developing the general curriculum required by Subsection (a), the commission shall:

(1) evaluate existing efforts and potential cost savings resulting from designing specific curricula that address the needs of various industry sectors in the business community;

(2) contract for field work to solicit the assistance of workers, employers, providers, and local workforce development boards in developing industry sector curricula;

(3) target up to five industry sectors in the business community that are likely to benefit from the development of specific curricula; and

(4) pilot test the curricula within the targeted industry sectors and adjust the curricula based on feedback

received from workers and employers in those sectors.

(c) Based on the curriculum developed under this section, the commission shall develop workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curricula developed under this section.

(c-1) In addition to the curriculum developed under this section, the commission shall develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary education opportunities leading to certificates and degrees.

(d) This section expires September 1, 2007 [~~2005~~].

SECTION 1.19. Sections 8.010 and 31.1011(d) and (e), Education Code, are repealed.

SECTION 1.20. (a) Not later than October 1, 2005, the Texas Education Agency and the Texas Workforce Commission shall enter into a contract for developing a workplace literacy and basic skills curriculum as required by Section 29.252(a-1), Education Code, as amended by this Act, and Section 301.172, Labor Code, as redesignated and amended by this Act.

(b) As soon as practicable after entering into the contract, the Texas Workforce Commission shall implement the requirements under Section 301.172, Labor Code, as redesignated and amended by this Act.

(c) Not later than September 1, 2007, the Texas Workforce Commission shall complete the requirements under Section 301.172, Labor Code, as redesignated and amended by this Act.

SECTION 1.21. The commissioner of education may not take

action under Section 12.004, Education Code, as added by this Act, based on the performance of a charter school for the 2004-2005 school year or an earlier school year.

SECTION 1.22. This article takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2005.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Section 1001.001, Education Code, is amended by amending Subdivisions (2), (3), (4), and (5) and adding Subdivision (13-a) to read as follows:

(2) "Approved driving safety course" means a driving safety course approved by the department [~~commissioner~~].

(3) "Commission" [~~"Commissioner"~~] means the Texas Commission of Licensing and Regulation [~~commissioner of education~~].

(4) "Course provider" means an enterprise that:

(A) maintains a place of business or solicits business in this state;

(B) is operated by an individual, association, partnership, or corporation; and

(C) has received an approval for a driving safety course from the department [~~commissioner~~] or has been designated by a person who has received that approval to conduct business and represent the person in this state.

(5) "Department" means the Texas Department of

Licensing and Regulation [~~Public Safety~~].

(13-a) "Executive director" means the executive director of the department.

SECTION 2.02. Section 1001.002(c), Education Code, is amended to read as follows:

(c) A driver education course is exempt from this chapter, other than Section 1001.055, if the course is:

(1) conducted by a vocational driver training school operated to train or prepare a person for a field of endeavor in a business, trade, technical, or industrial occupation;

(2) conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the department [~~commissioner~~];

(3) sponsored by an employer to train its own employees without charging tuition;

(4) sponsored by a recognized trade, business, or professional organization with a closed membership to instruct the members of the organization; or

(5) conducted by a school regulated and approved under another law of this state.

SECTION 2.03. Sections 1001.003 and 1001.004, Education Code, are amended to read as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. It is the intent of the legislature that commission [~~agency~~] rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of administering this chapter shall be included in the state budget allowance for the department [~~agency~~].

SECTION 2.04. Sections 1001.051 and 1001.052, Education Code, are amended to read as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department [~~agency~~] has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt [~~and administer~~] comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. The heading to Section 1001.053, Education Code, is amended to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSIONER~~].

SECTION 2.06. Section 1001.053(a), Education Code, is amended to read as follows:

(a) The department [~~commissioner~~] shall:

(1) administer [~~the policies of~~] this chapter;

(2) enforce minimum standards for driver training schools under this chapter; and

(3) [~~adopt and~~] enforce rules adopted by the commission necessary to administer this chapter[~~; and~~

[~~(4) visit a driver training school or course provider and reexamine the school or course provider for compliance with this chapter~~].

SECTION 2.07. The heading to Section 1001.054, Education Code, is amended to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR COMPETITIVE BIDDING~~].

SECTION 2.08. Section 1001.054(c), Education Code, is amended to read as follows:

(c) The commission [~~commissioner~~] by rule may restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Section 1001.055, Education Code, is amended to read as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The department [~~agency~~] shall print and supply to each licensed or exempt driver education school driver education certificates to be used for certifying completion of an approved driver education course to satisfy the requirements of Section 521.204(a)(2), Transportation Code. The certificates must be numbered serially.

(b) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized reproduction or misuse of the certificates.

(c) The department [~~agency~~] may charge a fee [~~of not more than $4~~] for each certificate.

SECTION 2.10. Sections 1001.056(b), (c), (d), (e), and (g), Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall print and supply to each

licensed course provider uniform certificates of course completion. The certificates must be numbered serially.

(c) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized production or misuse of the certificates.

(d) A certificate under this section must:

(1) be in a form required by the department [~~agency~~]; and

(2) include an identifying number by which the department [~~agency~~], a court, or the Department of Public Safety [~~department~~] may verify its authenticity with the course provider.

(e) The department [~~agency~~] may charge a fee [~~of not more than $4~~] for each certificate. A course provider shall charge an operator a fee equal to the amount of the fee paid to the department [~~agency~~] for a certificate.

(g) The department [~~agency~~] shall issue duplicate certificates. The commission [~~commissioner~~] by rule shall determine the amount of the fee for issuance of a duplicate certificate.

SECTION 2.11. Section 1001.057, Education Code, is amended to read as follows:

Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY COURSE INFORMATION. The department [~~agency~~] shall investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 2.12. Subchapter B, Chapter 1001, Education Code, is amended by adding Section 1001.058 to read as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. The executive director may designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Sections 1001.101 and 1001.102, Education Code, are amended to read as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish the curriculum and designate the textbooks to be used in a driver education course.

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The commission [~~agency~~] by rule shall require that information relating to alcohol awareness and the effect of alcohol on the effective operation of a motor vehicle be included in the curriculum of any driver education course or driving safety course.

(b) In developing rules under this section, the commission [~~agency~~] shall consult with the Department of Public Safety [~~department~~].

SECTION 2.14. Sections 1001.103(b), (d), and (e), Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs that include one or more courses. Except as provided by commission [~~agency~~] rule, a program must be offered in the same manner as a driving safety course.

(d) In accordance with Section 461.013(b), Health and Safety Code, the department [~~agency~~] and the Texas Commission on Alcohol and Drug Abuse shall enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) The commission [~~Notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~] may establish fees in connection with the programs under this section. The fees must be in amounts reasonable and necessary to administer the department's [~~agency's~~] duties under this section.

SECTION 2.15. Sections 1001.104 and 1001.105, Education Code, are amended to read as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) The department [~~agency~~] shall enter into a memorandum of understanding with the Texas Rehabilitation Commission and the Department of Public Safety [~~department~~] for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education.

(b) The department [~~agency~~] shall administer comprehensive rules governing driver education courses adopted by mutual agreement among the commission [~~agency~~], the Texas Rehabilitation Commission, and the Department of Public Safety [~~department~~].

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The commission [~~agency~~] shall enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 2.16. Sections 1001.106(b), (c), and (d), Education

Code, are amended to read as follows:

(b) The commission [~~commissioner~~] by rule shall provide minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456 of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(d) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.17. Section 1001.107, Education Code, is amended to read as follows:

Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION. (a) The commission [~~commissioner~~] by rule shall require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course.

(b) In developing rules under this section, the commission [~~commissioner~~] shall consult the Department of Public Safety [~~department~~].

SECTION 2.18. Sections 1001.108(a) and (c), Education Code, are amended to read as follows:

(a) The commission [~~commissioner~~] by rule shall require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course.

(c) In developing rules under this section, the commission

[~~commissioner~~] shall consult with the Department of Public Safety [~~department~~] and the [~~Texas~~] Department of State Health Services.

SECTION 2.19. Section 1001.151, Education Code, is amended to read as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) The commission [~~commissioner~~] shall establish [~~collect~~] application, license, and registration fees. The fees must be in amounts sufficient to cover administrative costs and are nonrefundable. The department shall collect the application, license, and registration fees.

(b) The commission shall establish a fee for:

(1) an initial driver education school license and [~~is $1,000 plus $850~~] for each branch location; [~~.~~]

(2) [~~(c) The fee for~~] an initial driving safety school license; [~~is an appropriate amount established by the commissioner not to exceed $200.~~]

(3) [~~(d) The fee for~~] an initial course provider license [~~is an appropriate amount established by the commissioner not to exceed $2,000~~], except that the commission [~~agency~~] may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider; [~~.~~]

(4) the [~~(e) The~~] annual renewal [~~fee~~] for a course provider, driving safety school, driver education school, or branch location [~~is an appropriate amount established by the commissioner not to exceed $200~~], except that the commission [~~agency~~] may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education

certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure; [~~.~~]

(5) [~~(f) The fee for~~] a change of address of[~~:~~

[~~(1)~~] a driver education school, [~~is $180; and~~

[~~(2)~~] a driving safety school, or course provider; [~~is $50.~~]

(6) [~~(g) The fee for~~] a change of name of:

(A) [~~(1)~~] a driver education school or course provider or an owner of a driver education school or course provider [~~is $100~~]; or [~~and~~]

(B) [~~(2)~~] a driving safety school or owner of a driving safety school; [~~is $50.~~]

(7) [~~(h) The application fee for~~] each additional driver education or driving safety course at a driver training school; [~~is $25.~~]

(8) an [~~(i) The~~] application of a [~~fee for:~~

[~~(1) each~~] director, [~~is $30; and~~

[~~(2) each~~] assistant director, or administrative staff member; and [~~is $15.~~]

(9) an [~~(j) Each~~] application for approval of a driving safety course that has not been evaluated by the department [~~commissioner must be accompanied by a nonrefundable fee of $9,000~~].

(c) [~~(k)~~] An application for an original driver education or driving safety instructor license must be accompanied by a processing fee [~~of $50~~] and an annual license fee [~~of $25~~], except that the department [~~commissioner~~] may not collect the processing

fee from an applicant for a driver education instructor license who is currently teaching a driver education course in a public school in this state.

(d) [~~(1)~~] The commission [~~commissioner~~] shall establish the amount of the fee for a duplicate license.

SECTION 2.20. Section 1001.153, Education Code, is amended to read as follows:

Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The commission [~~commissioner~~] shall establish the amount of the fee to investigate a driver training school or course provider to resolve a complaint against the school or course provider.

(b) The fee may be charged only if:

(1) the complaint could not have been resolved solely by telephone or in writing;

(2) a representative of the department [~~agency~~] visited the school or course provider as a part of the complaint resolution process; and

(3) the school or course provider was found to be at fault.

SECTION 2.21. Section 1001.202(b), Education Code, is amended to read as follows:

(b) A driving safety school may use multiple classroom locations to teach a driving safety course if each location:

(1) is approved by the parent school and the department [~~agency~~];

(2) has the same name as the parent school; and

(3) has the same ownership as the parent school.

SECTION 2.22. Sections 1001.203, 1001.204, 1001.205, and 1001.206, Education Code, are amended to read as follows:

Sec. 1001.203. APPLICATION. To operate or do business in this state, a driver training school must apply to the department [~~commissioner~~] for the appropriate license. The application must:

(1) be in writing;

(2) be in the form prescribed by the department [~~commissioner~~];

(3) include all required information; and

(4) be verified.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school:

(1) has courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the courses, curricula, and instruction are offered;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality in the classroom and behind the wheel;

(3) has directors, instructors, and administrators who have adequate educational qualifications and experience;

(4) provides to each student before enrollment:

(A) a copy of:

(i) the refund policy;

(ii) the schedule of tuition, fees, and other charges; and

(iii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(5) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(6) on completion of training, issues each student a certificate indicating the course name and satisfactory completion;

(7) complies with all county, municipal, state, and federal regulations, including fire, building, and sanitation codes and assumed name registration;

(8) is financially sound and capable of fulfilling its commitments for training;

(9) has administrators, directors, owners, and instructors who are of good reputation and character;

(10) maintains and publishes as part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) submits to the department [~~agency~~] for approval the applicable course hour lengths and curriculum content for each course offered by the school;

(14) does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(15) meets any additional criteria required by the department [~~agency~~].

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driving safety school license if on investigation the department [~~agency~~] determines that the school:

(1) has driving safety courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the course, curricula, and instruction are developed by the course provider;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality;

(3) has instructors and administrators who have adequate educational qualifications and experience;

(4) maintains adequate records as prescribed by the

department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(5) complies with all county, municipal, state, and federal laws, including fire, building, and sanitation codes and assumed name registration;

(6) has administrators, owners, and instructors who are of good reputation and character;

(7) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(8) does not use a name similar to the name of another existing school or tax-supported educational establishment in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(9) maintains and uses the approved contract and policies developed by the course provider;

(10) does not owe an administrative penalty for a violation of [~~under~~] this chapter;

(11) will not provide a driving safety course to a person for less than $25; and

(12) meets additional criteria required by the department [~~commissioner~~].

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. The department [~~commissioner~~] shall approve an application for a course provider license if on investigation the department [~~agency~~] determines that:

(1) the course provider has an approved course that at least one licensed driving safety school is willing to offer;

(2) the course provider has adequate educational qualifications and experience;

(3) the course provider will:

(A) develop and provide to each driving safety school that offers the approved course a copy of:

(i) the refund policy; and

(ii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) provide to the driving safety school the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(4) a copy of the information provided to each driving safety school under Subdivision (3) will be provided to each student by the school before enrollment;

(5) not later than the 15th working day after the date the person successfully completes the course, the course provider will mail a uniform certificate of course completion to the person indicating the course name and successful completion;

(6) the course provider maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(7) the course provider complies with all county, municipal, state, and federal laws, including assumed name

registration and other applicable requirements;

(8) the course provider is financially sound and capable of fulfilling its commitments for training;

(9) the course provider is of good reputation and character;

(10) the course provider maintains and publishes as a part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) the course provider does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) the course provider does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) the course provider does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(14) the course provider meets additional criteria required by the department [~~commissioner~~].

SECTION 2.23. Sections 1001.207(a) and (b), Education Code, are amended to read as follows:

(a) Before a driver education school may be issued a license, the school must file a corporate surety bond with the department [~~commissioner~~] in the amount of:

(1) $10,000 for the primary location of the school;

and

(2) $5,000 for each branch location.

(b) A bond issued under Subsection (a) must be:

(1) issued in a form approved by the department [~~commissioner~~];

(2) issued by a company authorized to do business in this state;

(3) payable to the state to be used only for payment of a refund due to a student or potential student;

(4) conditioned on the compliance of the school and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(5) issued for a period corresponding to the term of the license.

SECTION 2.24. Section 1001.209(b), Education Code, is amended to read as follows:

(b) A bond issued under Subsection (a) must be:

(1) issued by a company authorized to do business in this state;

(2) payable to the state to be used:

(A) for payment of a refund due a student of the course provider's approved course;

(B) to cover the payment of unpaid fees or penalties assessed by the department [~~agency~~]; or

(C) to recover the cost of uniform certificates of course completion the department [~~agency~~] demands be returned or any cost associated with the certificates;

(3) conditioned on the compliance of the course provider and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(4) issued for a period corresponding to the term of the license.

SECTION 2.25. Section 1001.210, Education Code, is amended to read as follows:

Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the bond required by Section 1001.207 or 1001.209, a driver education school or course provider may provide another form of security that is:

(1) [~~(A)~~] approved by the department [~~commissioner~~]; and

(2) [~~(B)~~] in the amount required for a comparable bond under Section 1001.207 or 1001.209.

SECTION 2.26. Sections 1001.211(a) and (b), Education Code, are amended to read as follows:

(a) The department [~~commissioner~~] shall issue a license to an applicant for a license under this subchapter if:

(1) the application is submitted in accordance with this subchapter; and

(2) the applicant meets the requirements of this chapter.

(b) A license must be in a form determined by the department [~~commissioner~~] and must show in a clear and conspicuous manner:

(1) the date of issuance, effective date, and term of the license;

(2) the name and address of the driver training school or course provider;

(3) the authority for and conditions of approval;

(4) the executive director's [~~commissioner's~~] signature; and

(5) any other fair and reasonable representation that is consistent with this chapter and that the department [~~commissioner~~] considers necessary.

SECTION 2.27. Section 1001.212, Education Code, is amended to read as follows:

Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department [~~commissioner~~] shall provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 2.28. Sections 1001.213(c) and (d), Education Code, are amended to read as follows:

(c) The commission may establish [~~Instead of the~~] fees [~~required by Section 1001.151, the fee~~] for a new driver education school or course provider license under Subsection (b) and [~~is $500, plus $200~~] for each branch location that are different from the amounts established under Section 1001.151[~~,~~] if:

(1) the new owner is substantially similar to the previous owner; and

(2) there is no significant change in the management or control of the driver education school or course provider.

(d) The department [~~commissioner~~] is not required to reinspect a school or a branch location after a change of ownership.

SECTION 2.29. Section 1001.214, Education Code, is amended to read as follows:

Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may be issued to a driver training school or course provider if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253, Education Code, are amended to read as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A person may not teach or provide driver education, either as an individual or in a driver education school, or conduct any phase of driver education, unless the person holds a driver education instructor license issued by the department [~~agency~~].

(b) A person may not teach or provide driving safety training, either as an individual or in a driving safety school, or conduct any phase of driving safety education, unless the person holds a driving safety instructor license issued by the department [~~agency~~]. This subsection does not apply to an instructor of a driving safety course that does not provide a uniform certificate of course completion to its graduates.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A license under this subchapter must be signed by the executive director [~~commissioner~~].

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. (a) The department [~~commissioner~~] shall establish standards for certification of professional and paraprofessional personnel who

conduct driver education programs in driver education schools.

(b) A driver education instructor license authorizing a person to teach or provide behind-the-wheel training may not be issued unless the person has successfully completed six semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school.

(c) A person who holds a driver education instructor license authorizing behind-the-wheel training may not be approved to assist a classroom instructor in the classroom phase of driver education unless the person has successfully completed the three additional semester hours of training required for a classroom instructor or a program of study in driver education approved by the department [~~commissioner~~].

(d) Except as provided by Section 1001.254, a driver education instructor license authorizing a person to teach or provide classroom training may not be issued unless the person:

(1) has completed nine semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school; and

(2) holds a teaching certificate and any additional certification required to teach driver education.

(e) A driver education instructor who has completed the educational requirements prescribed by Subsection (d)(1) may not teach instructor training classes unless the instructor has successfully completed a supervising instructor development

program consisting of at least six additional semester hours or a program of study in driver education approved by the department [~~commissioner~~] that includes administering driver education programs and supervising and administering traffic safety education.

(f) A driver education school may submit for department [~~agency~~] approval a curriculum for an instructor development program for driver education instructors. The program must:

(1) be taught by a person who has completed a supervising instructor development program under Subsection (e); and

(2) satisfy the requirements of this section for the particular program or type of training to be provided.

SECTION 2.31. Section 1001.254(a), Education Code, is amended to read as follows:

(a) A temporary driver education instructor license may be issued authorizing a person to teach or provide classroom driver education training if the person:

(1) has completed the educational requirements prescribed by Section 1001.253(d)(1);

(2) holds a Texas teaching certificate with an effective date before February 1, 1986;

(3) meets all license requirements, other than successful completion of the examination required under rules adopted by the State Board for Educator Certification to revalidate the teaching certificate; and

(4) demonstrates, in a manner prescribed by the

department [~~commissioner~~], the intention to comply with the examination requirement at the first available opportunity.

SECTION 2.32. Sections 1001.255(a), (b), and (c), Education Code, are amended to read as follows:

(a) The department [~~agency~~] shall regulate as a driver education school a driver education instructor who:

(1) teaches driver education courses in a county having a population of 50,000 or less; and

(2) does not teach more than 200 students annually.

(b) An instructor described by Subsection (a) must submit to the department [~~agency~~] an application for an initial or renewal driver education school license, together with all required documentation and information.

(c) The department [~~commissioner~~] may waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 2.33. Section 1001.256, Education Code, is amended to read as follows:

Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may be issued to a driver education instructor or driving safety instructor if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.34. The heading to Subchapter G, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

SECTION 2.35. Section 1001.351(b), Education Code, is amended to read as follows:

(b) A course provider shall electronically submit to the department [~~agency~~] in the manner established by the department [~~agency~~] data identified by the department [~~agency~~] relating to uniform certificates of course completion.

SECTION 2.36. Sections 1001.354(a) and (b), Education Code, are amended to read as follows:

(a) A driving safety course may be taught at a driving safety school if the school is approved by the department [~~agency~~].

(b) A driving safety school may teach an approved driving safety course by an alternative method that does not require students to be present in a classroom if the department [~~commissioner~~] approves the alternative method. The department [~~commissioner~~] may approve the alternative method if:

(1) the department [~~commissioner~~] determines that the approved driving safety course can be taught by the alternative method; and

(2) the alternative method includes testing and security measures that are at least as secure as the measures available in the usual classroom setting.

SECTION 2.37. Sections 1001.404(b) and (c), Education Code, are amended to read as follows:

(b) The department [~~commissioner~~] shall establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) The department [~~agency~~] may except a driver education

school or course provider from the payment of interest if the school or course provider makes a good-faith effort to refund tuition, fees, and other charges but is unable to locate the student to whom the refund is owed. On request of the department [~~agency~~], the school or course provider shall document the effort to locate a student.

SECTION 2.38. Sections 1001.451 and 1001.452, Education Code, are amended to read as follows:

Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

(1) use advertising designed to mislead or deceive a prospective student;

(2) fail to notify the department [~~commissioner~~] of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records as required by this chapter;

(3) issue, sell, trade, or transfer:

(A) a uniform certificate of course completion or driver education certificate to a person or driver training school not authorized to possess the certificate;

(B) a uniform certificate of course completion to a person who has not successfully completed an approved, six-hour driving safety course; or

(C) a driver education certificate to a person who has not successfully completed a department-approved [~~commissioner-approved~~] driver education course;

(4) negotiate a promissory instrument received as payment of tuition or another charge before the student completes

75 percent of the course, except that before that time the instrument may be assigned to a purchaser who becomes subject to any defense available against the school named as payee; or

(5) conduct any part of an approved driver education course or driving safety course without having an instructor physically present in appropriate proximity to the student for the type of instruction being given.

Sec. 1001.452. COURSE OF INSTRUCTION. A driver training school may not maintain, advertise, solicit for, or conduct a course of instruction in this state before the later of:

(1) the 30th day after the date the school applies for a driver training school license; or

(2) the date the school receives a driver training school license from the department [~~commissioner~~].

SECTION 2.39. Sections 1001.453(d) and (e), Education Code, are amended to read as follows:

(d) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456(a) of this code [~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(e) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.40. Section 1001.456, Education Code, is amended to read as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the department [~~agency~~] believes that a driver education school or

instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase driver education certificates.

(b) If the department [~~agency~~] believes that a course provider, driving safety school, or driving safety instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review of the course provider, driving safety school, or driving safety instructor;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase uniform certificates of course completion.

(c) A peer review ordered under this section must be conducted by a team of knowledgeable persons selected by the department [~~agency~~]. The team shall provide the department [~~agency~~] with an objective assessment of the content of the school's or course provider's curriculum and its application. The school or course provider shall pay the costs of the peer review.

(d) A suspension of enrollment under Subsection (a)(2) or (b)(2) means a ruling by the executive director [~~commissioner~~] that

restricts a school from:

(1) accepting enrollments or reenrollments;

(2) advertising;

(3) soliciting; or

(4) directly or indirectly advising prospective students of its program or course offerings.

SECTION 2.41. The heading to Subchapter L, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

SECTION 2.42. Section 1001.555(b), Education Code, is amended to read as follows:

(b) The department [~~agency~~] shall contract with the Department of Public Safety [~~department~~] to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 2.43. Article 45.0511(b), Code of Criminal Procedure, is amended to read as follows:

(b) The judge shall require the defendant to successfully complete a driving safety course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~] or a course under the motorcycle operator training and safety program approved by the designated state agency under Chapter 662, Transportation Code, if:

(1) the defendant elects driving safety course or motorcycle operator training course dismissal under this article;

(2) the defendant has not completed an approved driving safety course or motorcycle operator training course, as appropriate, within the 12 months preceding the date of the offense;

(3) the defendant enters a plea under Article 45.021 in person or in writing of no contest or guilty on or before the answer date on the notice to appear and:

(A) presents in person or by counsel to the court a request to take a course; or

(B) sends to the court by certified mail, return receipt requested, postmarked on or before the answer date on the notice to appear, a written request to take a course;

(4) the defendant has a valid Texas driver's license or permit;

(5) the defendant is charged with an offense to which this article applies, other than speeding 25 miles per hour or more over the posted speed limit; and

(6) the defendant provides evidence of financial responsibility as required by Chapter 601, Transportation Code.

SECTION 2.44. Section 51.308, Education Code, is amended to read as follows:

Sec. 51.308. DRIVER EDUCATION. A driver education course for the purpose of preparing students to obtain a driver's license may be offered by an institution of higher education, as defined by Section 61.003, with the approval of the Texas Department of Licensing and Regulation [~~Central Education Agency~~].

SECTION 2.45. Section 521.1655(a), Transportation Code, is amended to read as follows:

(a) A driver education school licensed under Chapter 1001, Education Code, [~~the Texas Driver and Traffic Safety Education Act (Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer

to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161.

SECTION 2.46. Section 521.203, Transportation Code, is amended to read as follows:

Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The department may not issue a Class A or Class B driver's license to a person who:

(1) is under 17 years of age;

(2) is under 18 years of age unless the person has completed a driver training course approved by the Texas Department of Licensing and Regulation [~~Central Education Agency~~]; or

(3) has not provided the department with an affidavit, on a form prescribed by the department, that states that no vehicle that the person will drive that requires a Class A or Class B license is a commercial motor vehicle as defined by Section 522.003.

SECTION 2.47. Sections 521.205(b) and (d), Transportation Code, are amended to read as follows:

(b) The department may not approve a course unless it determines that the course materials are at least equal to those required in a course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~], except that the department may not require that:

(1) the classroom instruction be provided in a room with particular characteristics or equipment; or

(2) the vehicle used for the behind-the-wheel instruction have equipment other than the equipment otherwise

required by law for operation of the vehicle on a highway while the vehicle is not being used for driver training.

(d) Completion of a driver education course approved under this section has the same effect under this chapter as completion of a driver education course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~].

SECTION 2.48. Sections 1001.001(1), 1001.053(b) and (c), 1001.054(a) and (b), 1001.152, 1001.303, 1001.304, 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460, 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and Subchapter B, Chapter 543, Transportation Code, are repealed.

SECTION 2.49. (a) As soon as practicable after the effective date of this Act, the Texas Education Agency and the Texas Department of Licensing and Regulation shall develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. The transition plan must include a timetable with specific steps and deadlines needed to complete the transfer.

(b) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on November 1, 2005:

(1) all functions and activities relating to Chapter 1001, Education Code, performed by the Texas Education Agency immediately before that date are transferred to the Texas Department of Licensing and Regulation;

(2) a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or department;

(3) a reference in law to or an administrative rule of the Texas Education Agency that relates to Chapter 1001, Education Code, means the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Education Agency that is related to Chapter 1001, Education Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Education Agency in an action or proceeding to which the Texas Education Agency is a party;

(5) any employee of the Texas Education Agency who is primarily involved in administering Chapter 1001, Education Code, becomes an employee of the Texas Department of Licensing and Regulation;

(6) all money, contracts, leases, property, and obligations of the Texas Education Agency related to Chapter 1001, Education Code, are transferred to the Texas Department of Licensing and Regulation;

(7) all property in the custody of the Texas Education

Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation; and

(8) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation.

(c) Before November 1, 2005, the Texas Education Agency may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(d) In the period beginning September 1, 2005, and ending on November 1, 2005, the Texas Education Agency shall continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and the former law is continued in effect for that purpose.

SECTION 2.50. The changes in law made by this article apply only to a fee charged on or after September 1, 2005. A fee charged before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.51. The changes in law made by this article apply only to a license issued or renewed on or after September 1, 2005. An issuance or renewal that occurs before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.52. This article takes effect September 1, 2005.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. This Act takes effect according to its terms.

BILL ANALYSIS

Senate Research Center
79R8843 SLO-D

S.B. 422
By: Jackson, Mike
Government Organization
3/30/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The 51st Legislature created the Central Education Agency in 1949, consisting of the State Board of Education (SBOE), the state commissioner of education (commissioner), and the state department of education (department). In 1995, the 74th Legislature abolished the Central Education Agency and transferred its duties to the Texas Education Agency (TEA) and specified powers and duties for the commissioner and SBOE separately. TEA's current mission is to provide leadership, guidance, and resources to help schools meet the educational needs of all students.

TEA and the regional education service centers are subject to the Sunset Act and will be abolished on September 1, 2005, unless continued by the legislature.

S.B. 422 contains the Sunset Advisory Commission's recommendations to continue TEA and several statutory recommendations that address areas needing improvement. In addition, S.B. 422 includes the Sunset Advisory Commission's recommendations to continue the regional education service centers and require training for the boards of directors.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1.04 (Section 7.033, Education Code), SECTION 1.08 (Section 8.0031, Education Code), SECTION 1.10 (Section 12.006, Education Code), and SECTION 1.15 (Section 39.005, Education Code) of this bill.

Rulemaking authority previously granted to the Texas Education Agency is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.04 (Section 1001.052, Education Code), SECTION 2.09 (Section 1001.055, Education Code), SECTION 2.10 (Section 1001.056, Education Code), and SECTION 2.13 (Section 1001.102, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.08 (Section 1001.054, Education Code), SECTION 2.10 (Section 1001.056, Education Code), SECTION 2.13 (Section 1001.101, Education Code), SECTION 2.16 (Section 1001.106, Education Code), SECTION 2.17 (Section 1001.107, Education Code), and SECTION 2.18 (Section 1001.108, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Amends Section 5.001, Education Code, by adding Subdivision (1-a), to define "charter school."

SECTION 1.02. Amends Section 7.004, Education Code, as follows:

> Sec. 7.004. SUNSET PROVISION. Provides that the Texas Education Agency (TEA) is subject to Chapter 325, Government Code (Texas Sunset Act), and, unless continued in existence as provided by that chapter, TEA is abolished on September 1, 2017, rather than 2005.

SECTION 1.03. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.010, as follows:

Sec. 7.010. BEST PRACTICES. (a) Requires TEA and the regional education service centers to collect and disseminate best practices information and to enter into a memorandum of understanding that establishes the respective duties of TEA and the regional education service centers in collecting and disseminating the best practices information.

(b) Requires TEA and the regional education service centers to solicit from school district trustees, educators, including school and district administrators, and other education experts information concerning the best practices of school districts. Sets forth specific information which may be included.

(c) Requires the best practices information to include information investigated by TEA or a regional education service center concerning the effective use of online courses and sets forth specific information which must be included.

(d) Provides that TEA and the regional education service centers are not required to evaluate and are prohibited from endorsing the best practices information collected under this section.

(e) Requires TEA and the regional education service centers to develop incentives for school districts to implement best practices.

SECTION 1.04. Amends Subchapter B, Chapter 7, Education Code, by adding Sections 7.032 and 7.033, as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. Requires TEA to maintain a system to promptly and efficiently act on complaints filed with TEA. Sets forth specific information which must be maintained by TEA. Requires TEA to make information available describing its procedures for complaint investigation and resolution and to periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. (a) Requires TEA, in compliance with other provisions of Title 1 and this title, to develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. Requires the system to incorporate performance and compliance information collected by various TEA divisions for each school district and charter school, including information relating to specific issues.

(b) Requires the commissioner of education (commissioner), by rule, to develop clear minimum performance standards that relate TEA interventions and sanctions to performance-based indicators. Requires said standards to identify a range of interventions and sanctions that TEA may use if a school fails to meet one or more of the minimum performance standards. Requires TEA, if a district or school fails to meet a minimum performance standard, to determine the appropriate intervention or sanction authorized under the performance standards for the particular area of unsatisfactory performance based on all relevant circumstances, including the number of areas involved and the extent and duration of the unsatisfactory performance.

SECTION 1.05. Amends Sections 7.057(a) and (d), Education Code, as follows:

(a) Authorizes a person, except as provided by Subsection (e) and except to the extent of a conflict with a rule adopted under Section 39.005, to appeal in writing to the commissioner if the person is aggrieved by certain laws or actions.

(d) Authorizes a person aggrieved by an action of TEA or decision of the commissioner, except to the extent of a conflict with a rule adopted under Section 39.005, Education Code, to appeal to a district court in Travis County.

SECTION 1.06. Amends Subchapter C, Chapter 7, Education Code, by adding Sections 7.061, 7.062, and 7.063, as follows:

Sec. 7.061. TECHNOLOGY POLICY. Requires the commissioner to implement a policy requiring TEA to use appropriate technological solutions to improve TEA's ability to perform its functions. Requires said policy to ensure that the public is able to interact with TEA on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. Requires the commissioner to develop and implement a policy to encourage the use of negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of TEA rules, and appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under TEA's jurisdiction. Requires TEA's procedures relating to alternative dispute resolution to conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies. Requires the commissioner to designate a trained person to perform specific functions relating to the policy adopted under this section.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Requires the commissioner, before adopting a new rule, to assess whether the proposed rule will impose additional paperwork requirements on educators and, if the commissioner determines that the proposed rule will impose additional paperwork requirements on educators, to structure the rule in a manner that minimizes the paperwork requirements.

SECTION 1.07. Amends Chapter 7, Education Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. Requires TEA to implement a comprehensive, performance-based grant system to collect and report grant performance and spending information in making future grants. Sets forth specific requirements for the grant system.

Sec. 7.152. GRANT PROGRAM PROCEDURES. Requires TEA to ensure that the mission, purpose, and objectives of each TEA grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002, Education Code, each TEA grant program coordinates with other grant programs administered by TEA, grant programs with similar objectives have common performance measures, and the most efficient method for coordinating grant objectives, grant activities, academic performance measures, and funding are used in TEA's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. Authorizes TEA to use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. Requires TEA to develop a consolidated application to be used by school districts and charter schools in applying for any state-funded formula grant administered by TEA.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. Requires TEA to ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. Requires TEA to provide data relating to the grant system, including grant spending and performance information,

to each regional education service center. Requires a regional education service center, based on the information provided by TEA, to identify successful grant programs and provide information concerning successful grant programs to the school districts in the service center's region. Provides that application of this section begins with the 2009-2010 school year and that this subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. Requires TEA, in developing the performance-based grant system, to identify each area of data collected for grant programs and the method in which TEA collects the data, determine whether grant data that a school district or charter school is required to collect is useful and supports certain objectives and goals, determine whether grant data is analyzed and disseminated efficiently, and review TEA's policies, procedures, and reporting requirements relating to grant programs administered by TEA to simplify and make more efficient certain processes. Provides that this section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. Requires TEA, not later than January 1, 2007, to provide the legislature with a status report concerning TEA's development of the grant system. Authorizes the report to suggest any statutory changes needed to facilitate a full transition to a performance-based grant system. Requires TEA, beginning with the 2009-2010 school year, to make the performance-based grant system fully available to school districts and charter schools. Provides that this section expires June 1, 2010.

SECTION 1.08. Amends Subchapter A, Chapter 8, Education Code, by adding Section 8.0031, as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. Requires the commissioner to adopt rules prescribing training requirements for members of regional education service center boards of directors. Authorizes specific curriculum to be included in the training curriculum. Requires a member of a regional education service center board of directors to complete any training required by commissioner rule.

SECTION 1.09. Amends Section 8.051(c), Education Code, to require each regional education service center to provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating best practices information as provided by Section 7.010 and identifying and providing information concerning successful grant programs to school districts as provided by Section 7.156.

SECTION 1.10. Amends Subchapter A, Chapter 12, Education Code, by adding Sections 12.004, 12.005, and 12.006, as follows:

Sec. 12.004. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. Requires the commissioner, if for three consecutive school years a charter school receives a rating indicating unacceptable performance as determined by commissioner rule under Subchapter D, Chapter 39, or under an alternative education accountability system for alternative education campuses, to close the charter school and revoke the school's charter or deny renewal of the school's charter if the school's charter is due for renewal.

Sec. 12.005. MONITORING OF CERTAIN CHARTER SCHOOLS. Provides that this section applies only to certain charter schools. Requires TEA to monitor a charter school to which this section applies to make certain assessments. Provides that this section expires September 1, 2007.

Sec. 12.006. FINANCIAL ACCOUNTABILITY. (a) Defines "parent" and "system."

(b) Requires the commissioner to develop and implement a financial accountability rating system for charter schools. Requires the system to include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) Requires the commissioner to develop, as part of the system, a specific reporting procedure.

(d) Requires the annual financial management report to include specific information.

(e) Authorizes the report to include specific information.

(f) Requires the governing body of each charter school to hold a public hearing on the report and to provide notice of the hearing to the parents of students enrolled in the school. Requires notice of the hearing, in addition to other notice required by law, to be provided through specific media.

(g) Requires the governing body of the charter school, after the hearing, to provide the report to the parents of students enrolled in the school.

(h) Requires the commissioner to adopt rules as necessary for the administration of this section.

SECTION 1.11. Amends Section 29.0161, Education Code, to require TEA and the State Office of Administrative Hearings to enter into an interagency contract under which the office conducts TEA's special education due process hearing under 20 U.S.C. Section 1415. Deletes existing text requiring TEA and the State Office of Administrative Hearings, not later than December 1, 2003, to jointly determine whether it would be cost-effective for TEA to enter an interagency contract with the office under which the office would conduct all or part of TEA's special education due process hearings under 20 U.S.C. 1415 and its subsequent amendments. Requires the contract to specify the manner in which TEA will transfer federal funds to the office to pay the costs of conducting the hearing.

SECTION 1.12. Amends Section 29.252(a-1), Education Code, to require TEA to use existing funds to contract with the Texas Workforce Commission for the development of a demand-driven workplace literacy and basic skills curriculum that complies with the requirements adopted under Section 301.172, rather than 301.152, Labor Code. Provides that this subsection expires September 1, 2007, rather than 2005.

SECTION 1.13. Amends Section 31.025, Education Code, by adding Subsection (a-1), to require TEA to recommend to the State Board of Education (SBOE) a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.14. Amends Sections 31.1011(a)-(c), Education Code, as follows:

(a) Requires the commissioner to implement a program that allows a school district or open-enrollment charter school, rather than a program to study the use of credits for textbooks, which is required to be designed to allow a participating school district or open-enrollment charter school, to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) and (c) Makes conforming changes.

SECTION 1.15. Amends Chapter 39, Education Code, by adding Subchapter A, as follows:

SUBCHAPTER A. GENERAL PROVISIONS

[Reserves Sections 39.001-39.004 for expansion.]

Sec. 39.005. APPEALS RELATING TO ACCREDITATION STANDARDS AND SANCTIONS. Requires the commissioner, by rule, to establish a procedure under which a school district or charter school may appeal a decision of TEA or the commissioner under Subchapter D or G.

SECTION 1.16. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.0232, as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. Requires TEA to makes every effort to decrease the incorrect and unfair administration of assessment instruments under Section 39.023.

SECTION 1.17. Amends Section 39.182, Education Code, by adding Subsections (b-1), (b-2), and (b-3), as follows:

(b-1) Requires the report to include an assessment of the status of the incorrect and unfair administration of assessment instruments under Section 39.023 and any progress TEA has made under Section 39.0232 in reducing the prevalence of the incorrect and unfair administration of assessment instruments.

(b-2) Requires the report to include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including specific analyses and recommendations.

(b-3) Provides that application of Subsection (b-2) begins January 1, 2009, and that this subsection expires February 1, 2009.

SECTION 1.18. Redesignates and amends Subchapter I, Chapter 301, Labor Code, as amended by Chapter 817, Acts of the 78th Legislature, Regular Session, 2003, as Subchapter J, Chapter 301, Labor Code, as follows:

SUBCHAPTER J. ADULT EDUCATION AND LITERACY

Sec. 301.171. COOPERATION WITH TEXAS EDUCATION AGENCY TO IMPROVE ADULT EDUCATION AND LITERACY SERVICES. Redesignated from existing Section 301.151, Labor Code.

Sec. 301.172. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. Redesignated from existing Section 301.152, Labor Code. Provides that this section expires September 1, 2007, rather than 2005.

SECTION 1.19. Repealers: Sections 8.010 (Sunset Provision) and 31.1011(d) and (e) (Textbook Credits), Education Code.

SECTION 1.20. (a) Requires TEA and the Texas Workforce Commission, not later than October 1, 2005, to enter into a contract for developing workplace literacy and basic skills curriculum as required by Section 29.252(a-1), Education Code, as amended by this Act, and Section 301.172, Labor Code, as redesignated and amended by this Act.

(b) Requires the Texas Workforce Commission, as soon as practicable after entering into the contract, to implement the requirements under Section 301.172, Labor Code, as redesignated and amended by this Act.

(c) Requires the Texas Workforce Commission, not later than September 1, 2007, to complete the requirements under Section 301.172, Labor Code, as redesignated and amended by this Act.

SECTION 1.21. Prohibits the commissioner of education from taking action under Section 12.004, Education Code, as added by this Act, based on the performance of a charter school for the 2004-2005 school year or an earlier school year

SECTION 1.22. Provides that this article takes effect immediately if this Act receives a vote of two-thirds of all members elected to each house, as provided by Section 39, Article III, Texas Constitution and that, if this Act does not receive the vote necessary for immediate effect, this article takes effect September 1, 2005.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Amends Section 1001.001, Education Code, by amending Subdivisions (2), (3), (4), and (5), and adding Subdivision (13-a), to redefine "approved driving safety course," "course provider," and "department" and define "commission" and "executive director."

SECTION 2.02. Amends Section 1001.002(c), Education Code, to provide that a driver education course is exempt from this chapter, other than Section 1001.005, if the course is conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the Texas Department of Licensing and Regulation (department), rather than the commissioner of education.

SECTION 2.03. Amends Sections 1001.003 and 1001.004, Education Code, as follows:

> Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. Provides that it is the intent of the legislature that the Texas Commission of Licensing and Regulation (commission), rather than TEA, rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.
>
> Sec. 1001.004. COST OF ADMINISTERING CHAPTER. Requires the cost of administering this chapter to be included in the state budget allowance for the department, rather than TEA.

SECTION 2.04. Amends Sections 1001.051 and 1001.052, Education Code, as follows:

> Sec. 1001.051. JURISDICTION OVER SCHOOLS. Makes conforming changes.
>
> Sec. 1001.052. RULES. Requires the commission, rather than TEA, to adopt, rather than adopt and administer, comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. Amends the heading to Section 1001.053, Education Code, to read as follows:

> Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT.

SECTION 2.06. Amends Section 1001.053(a), Education Code, to require the department, rather than the commissioner, to administer this chapter, rather than the policies of this chapter, enforce minimum standards for driver training schools under this chapter, and enforce rules adopted by the commission, rather than adopt and enforce rules, necessary to administer this chapter. Deletes existing text requiring a visit to and reexamination of a driver training school or course provider for compliance with this chapter.

SECTION 2.07. Amends the heading to Section 1001.054, Education Code, to read as follows:

> Sec. 1001.054. RULES RESTRICTING ADVERTISING.

SECTION 2.08. Amends Section 1001.054(c), Education Code, to authorize the commission, rather than commissioner, by rule, to restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Amends Section 1001.055, Education Code, to authorize the department to charge a fee, rather than a fee of not more than $4 for each certificate and make conforming changes.

SECTION 2.10. Amends Sections 1001.056(b), (c), (d), (e), and (g), Education Code, as follows:

(a)-(c) Makes conforming changes.

(d) Requires a certificate under this section to include an identifying number by which the department, a court, or the Department of Public Safety may verify its authenticity with the course provider and makes conforming changes.

(e) and (g) Makes conforming changes.

SECTION 2.11. Amends Section 1001.057, Education Code, to make a conforming change.

SECTION 2.12. Amends Subchapter B, Chapter 1001, Education Code, by adding Section 1001.058, as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. Authorizes the executive director to designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Amends Sections 1001.101 and 1001.102, Education Code, to make conforming changes.

SECTION 2.14. Amends Sections 1001.103(b), (d), and (e), to authorize the commission, rather than to authorize the commissioner, notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, to establish fees in connection with the programs under this section. Makes conforming changes.

SECTION 2.15. Amends Sections 1001.104 and 1001.105, Education Code, to make conforming changes.

SECTION 2.16. Amends Sections 1001.106(b), (c), and (d), Education Code, as follows:

(b) Makes a conforming changes.

(c) Provides that Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section 1001.456 of this code, rather than Sections 1001.454, 1001.456, and 1001.553, do not apply to a violation of this section or a rule adopted under this section.

(d) Provides that Section 51.352, Occupations Code, and Sections 1001.501 and 1001.554 of this code, rather than Sections 1001.455(a)(6), 1001.501, 1001.551, 1001.552, and 1001.554, do not apply to a violation of this section.

SECTION 2.17. Amends Section 1001.107, Education Code, to make conforming changes.

SECTION 2.18. Amends Sections 1001.108(a) and (c), Education Code, to require the commission, in developing rules under this section, to consult with the Department of State Health Services, rather than the Texas Department of Health, and to make conforming changes.

SECTION 2.19. Amends Section 1001.151, Education Code, as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) Requires the commission to establish, rather than collect, application, license, and registration fees. Requires the department to collect the application, license, and registration fees. Makes a conforming change.

(b) Requires the commission to establish a fee for an initial driver education school license and for each branch location, an initial driving safety school license, an initial course provider license, except that the commission may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider, the annual renewal for a course provider, driving safety school, driver education school, or branch location, except that the

commission may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure, a change of address for a driver education school, a driving safety school, or course provider, a change of name of a driver education school or course provider or an owner of a driver education school or course provider or a driving safety school or owner of a driving safety school, each additional driver education or driving safety course at a driver training school, an application of a director, assistant director, or administrative staff member, and an application for approval of a driving safety course that has not been evaluated by the department. Deletes existing text providing for a fee and establishing a specific dollar amount or maximum dollar amount for each fee and makes conforming changes.

(c) Deletes existing text establishing a specific dollar amount for each fee required under this subsection and makes a conforming change.

(d) Makes a conforming change.

SECTION 2.20. Amends Section 1001.153, Education Code, to make conforming changes.

SECTION 2.21. Amends Section 1001.202(b), Education Code, to make a conforming change.

SECTION 2.22. Amends Sections 1001.203, 1001.204, 1001.205, and 1001.206, Education Code, as follows:

Sec. 1001.203. APPLICATION. Makes conforming changes.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. Requires the department to approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school provides to each student before enrollment the department's name, mailing address, telephone number, and Internet website address, for the purpose of directing complaints to the department, and does not owe an administrative penalty for a violation of, rather than under, this chapter. Makes conforming changes.

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. Makes conforming changes.

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. Makes conforming changes.

SECTION 2.23. Amends Sections 1001.207(a) and (b), Education Code, to make conforming changes.

SECTION 2.24. Amends Section 1001.209(b), Education Code, to make conforming changes.

SECTION 2.25. Amends Section 1001.210, Education Code, to make a conforming change.

SECTION 2.26. Amends Sections 1001.211(a) and (b), Education Code, to make conforming changes.

SECTION 2.27. Amends Section 1001.212, Education Code, to make a conforming change.

SECTION 2.28. Amends Sections 1001.213(c) and (d), Education Code, to authorize the commission to establish fees for a new driver education school or course provider license under Subsection (b) and for each branch location that are different from the amounts established under Section 1001.151 if certain requirements are met. Deletes existing text providing that, instead of the fees required by Section 1001.151, the fee for a new driver education school or course provider license under Subsection (b) is $500, plus $200 for each branch location if certain requirements are met. Makes a conforming change.

SECTION 2.29. Amends Section 1001.214, Education Code, to make a conforming change.

SECTION 2.30. Amends Sections 1001.251, 1001.252, and 1001.253, Education Code, to make conforming changes.

SECTION 2.31. Amends Section 1001.254(a), Education Code, to make a conforming change.

SECTION 2.32. Amends Sections 1001.255(a), (b), and (c), Education Code, to make conforming changes.

SECTION 2.33. Amends Section 1001.256, Education Code, to make conforming changes.

SECTION 2.34. Amends the heading to Subchapter G, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION

SECTION 2.35. Amends Section 1001.351(b), Education Code, to make conforming changes.

SECTION 2.36. Amends Sections 1001.354(a) and (b), Education Code, to make conforming changes.

SECTION 2.37. Amends Sections 1001.404(b) and (c), Education Code, to make conforming changes.

SECTION 2.38. Amends Sections 1001.451 and 1001.452, Education Code, to make conforming changes.

SECTION 2.39. Amends Sections 1001.453(d) and (e), Education Code, to make conforming changes.

SECTION 2.40. Amends Section 1001.456, Education Code, to authorize the department to perform specific actions if the department believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director. Makes conforming changes.

SECTION 2.41. Amends the heading to Subchapter L, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER L. PENALTIES

SECTION 2.42. Amends Section 1001.555(b), Education Code, to make conforming changes.

SECTION 2.43. Amends Article 45.0511(b), Code of Criminal Procedure, to make a conforming change.

SECTION 2.44. Amends Section 51.308, Education Code, to make a conforming change.

SECTION 2.45. Amends Section 521.1655(a), Transportation Code, to authorize a driver education school licensed under Chapter 1001, Education Code, rather than the Texas Driver and Traffic Safety Education Act (Article 4413(29c), V.T.C.S.), to administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161, Transportation Code.

SECTION 2.46. Amends Section 521.203, Transportation Code, to make a conforming change.

SECTION 2.47. Amends Sections 521.205(b) and (d), Transportation Code, to make conforming changes.

SECTION 2.48. Repealers: Sections 1001.001(1) (Definitions), 1001.053(b) and (c) (Powers and Duties of Commissioner), 1001.054(a) and (b) (Rules Restricting Advertising or

Competitive Bidding), 1001.152 (Duty to Review and Recommend Adjustments in Fee Amounts), 1001.303 (Renewal of School or Course Provider License), 1001.304 (Renewal of Instructor License), 1001.454 (Revocation of or Placement of Conditions on School or Course Provider License), 1001.455 (Denial, Suspension, or Revocation of Instructor License), 1001.457 (Term of License Suspension), 1001.458 (Surrender of License), 1001.459 (Appeal and Request for Hearing), 1001.460 (Hearing), 1001.461 (Judicial Review), 1001.551 (Injunction in General), 1001.552 (Injunction Against School), and 1001.553 (Administrative Penalty), Education Code and Subchapter B, Chapter 543 (Dismissal of Certain Misdemeanor Charges on Completing Driving Safety Course), Transportation Code.

SECTION 2.49. (a) Requires the Texas Education Agency and the Texas Department of Licensing and Regulation, as soon as practicable after the effective date of this Act, to develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. Requires the transition plan to include a timetable with specific steps and deadlines needed to complete the transfer.

(b) Transfers all activities, functions, rules, proceedings, funds, property, and employees of the Texas Education Agency relating to Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation on November 1, 2005, in accordance with the transition plan required under Subsection (a).

(c) Authorizes the Texas Education Agency, before November 1, 2005, to agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(d) Requires the Texas Education Agency, in the period beginning September 1, 2005, and ending on November 1, 2005, to continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and provides that the former law is continued in effect for that purpose.

SECTION 2.50. Makes application of the changes in law made by this article, to a fee, prospective.

SECTION 2.51. Makes application of the changes in law made by this article, to a license, prospective.

SECTION 2.52. Provides that this article takes effect September 1, 2005.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. Provides that this Act takes effect according to its terms.

By: Jackson S.B. No. 422

(In the Senate - Filed March 11, 2005; March 21, 2005, read first time and referred to Committee on Government Organization; April 25, 2005, reported adversely, with favorable Committee Substitute by the following vote: Yeas 7, Nays 0; April 25, 2005, sent to printer.)

COMMITTEE SUBSTITUTE FOR S.B. No. 422 By: Jackson

A BILL TO BE ENTITLED
AN ACT

relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.

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

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Section 5.001, Education Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Charter school" means any school or program that is operating under a charter authorized by Chapter 12 or other law, including:

(A) a home-rule school district under Subchapter B, Chapter 12;

(B) a campus or campus program under Subchapter C, Chapter 12;

(C) an open-enrollment charter school under Subchapter D, Chapter 12; and

(D) a college or university charter school under Subchapter E, Chapter 12.

SECTION 1.02. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the agency is abolished September 1, 2017 [~~2005~~].

SECTION 1.03. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES. (a) The agency and the regional education service centers shall solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information and shall disseminate that information. The agency and the regional education service centers shall enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) The best practices information may include:

(1) information concerning available programs, products, and policies that have been successfully adopted or developed and used by school districts or open-enrollment charter schools;

(2) specific examples of successful best practices; and

(3) resources available to assist school districts and open-enrollment charter schools in complying with applicable state or federal education laws.

(c) The best practices information must include information collected by the agency or a regional education service center concerning the effective use of online courses, including:

(1) methods for using online courses to provide curriculum solutions;

(2) information to assist school districts and open-enrollment charter schools in investigating the quality of online courses; and

(3) a list of funding sources available for various types of online courses.

(d) The agency and the regional education service centers are not required to evaluate and may not endorse the best practices information collected under this section.

(e) The agency and the regional education service centers shall develop incentives for school districts and open-enrollment charter schools to implement best practices.

SECTION 1.04. Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Section 7.028, Education Code, and amended to read as follows:

Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING. (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~] or 39.075, the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section 38.003, and the use of funds provided for such a program under Subchapter C, Chapter 42, only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements; and

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapter 39.

(b) The board of trustees of a school district or the governing body of an open-enrollment charter school has primary responsibility for ensuring that the district or school complies with all applicable requirements of state educational programs.

SECTION 1.05. Subchapter B, Chapter 7, Education Code, is amended by adding Sections 7.032 and 7.033 to read as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. (a) The agency shall maintain a system to promptly and efficiently act on complaints filed with the agency that the agency has the authority to resolve. The agency shall maintain:

(1) information about the parties to the complaint and the subject matter of the complaint;

(2) a summary of the results of the review or investigation of the complaint; and

(3) information about the disposition of the complaint.

(b) The agency shall make information available describing its procedures for complaint investigation and resolution.

(c) The agency shall periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent permissible under Section 7.028, the agency shall develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. The system must incorporate performance and compliance information collected by various agency divisions for each school district and charter school, including information relating to:

(1) data integrity;

(2) the performance of district or school programs;

(3) financial accountability;

(4) academic accountability;

(5) previous history of compliance;

(6) complaints issues; and

(7) governance issues.

SECTION 1.06. Subsections (a) and (d), Section 7.057, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (e) or Section 7.0571, a person may appeal in writing to the commissioner if the person is aggrieved by:

(1) the school laws of this state; or

(2) actions or decisions of any school district board of trustees that violate:

(A) the school laws of this state; or

(B) a provision of a written employment contract between the school district and a school district employee, if a violation causes or would cause monetary harm to the employee.

(d) Except as provided by Section 7.0571, a [~~A~~] person aggrieved by an action of the agency or decision of the commissioner may appeal to a district court in Travis County. An appeal must be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. The petition must state the action or decision from which the appeal is taken. At trial, the court shall determine all issues of law and fact, except as provided by Section 33.081(g).

SECTION 1.07. Subchapter C, Chapter 7, Education Code, is amended by adding Sections 7.0571, 7.061, 7.062, and 7.063 to read as follows:

Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The commissioner shall adopt rules under which a school district, open-enrollment charter school, or other person that wishes to challenge an agency decision made under Chapter 39, 41, 42, or 46 must petition the commissioner for an informal review by the commissioner of the decision.

(b) The commissioner may limit a review under this section to a written submission of any issue identified by the commissioner.

(c) A final decision under this section is final and may not be appealed under Section 7.057 or any other law.

Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions. The policy must ensure that the public is able to interact with the agency on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. (a) The commissioner shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of agency rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the agency's jurisdiction.

(b) The agency's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commissioner shall designate a trained person to:

(1) coordinate the implementation of the policy developed under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the agency.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Before adopting a new rule, the commissioner shall assess whether the proposed rule will impose additional paperwork requirements on educators and attempt to minimize any such additional requirements.

SECTION 1.08. Chapter 7, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The agency shall implement a comprehensive performance-based grant system to collect and report grant performance and spending information and to use that information in making future grants.

(b) The grant system must:

(1) connect grant activities and funding to student

academic performance; and

(2) provide for efficient grant application and reporting procedures for grant programs administered by the agency.

Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall ensure that:

(1) the mission, purpose, and objectives of each agency grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002;

(2) each agency grant program coordinates with other grant programs administered by the agency;

(3) grant programs with similar objectives have common performance measures; and

(4) the most efficient methods for coordinating grant objectives, grant activities, academic performance measures, and funding are used in the agency's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The agency shall develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by the agency.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency shall ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The agency, in coordination with regional education service centers, shall use data relating to grant programs, including grant spending and performance information, to identify successful grant programs. Based on the identification of successful grant programs, each regional education service center shall provide information concerning those programs to the school districts in the service center's region.

(b) This section applies beginning with the 2009-2010 school year. This subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In developing the performance-based grant system, the agency shall:

(1) identify each area of data collected for grant programs and the method in which the agency collects the data;

(2) determine whether grant data that a school district or charter school is required to collect is useful and supports:

(A) a grant program's objectives; and

(B) the goals for academic performance and accountability or another public education mission, objective, or goal;

(3) determine whether grant data is analyzed and disseminated efficiently; and

(4) review the agency's policies, procedures, and reporting requirements relating to grant programs administered by the agency to simplify and make more efficient the grant application, award, and reporting processes for school districts and charter schools.

(b) This section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the agency shall provide the legislature with a status report concerning the agency's development of the grant system. The report may suggest any statutory changes needed to facilitate a full transition to a performance-based grant system.

(b) Beginning with the 2009-2010 school year, the agency shall make the performance-based grant system fully available to school districts and charter schools.

(c) This section expires June 1, 2010.

SECTION 1.09. Subchapter A, Chapter 8, Education Code, is amended by adding Section 8.0031 to read as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) The commissioner shall adopt rules prescribing training for members of regional education service center boards of directors. The training curriculum may include:

(1) an overview of this code and any rules adopted under this code;

(2) a review of recent state and federal education legislation, rules, and regulations;

(3) a review of the powers and duties of a regional education service center board of directors; and

(4) a review of any statewide or regional strategic planning applicable to regional education service centers.

(b) A member of a regional education service center board of directors must complete any training required by commissioner rule.

SECTION 1.10. Subsections (b), (c), and (d), Section 8.051, Education Code, are amended to read as follows:

(b) Each regional education service center shall annually develop and submit to the commissioner for approval a plan for improvement. Each plan must include the purposes and description of the services the center will provide to:

(1) campuses rated academically unacceptable [~~identified as low-performing based on the indicators adopted~~] under Section 39.072 [~~39.051~~];

(2) the lowest-performing campuses in the region; and

(3) other campuses.

(c) Each regional education service center shall provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating:

(1) best practices information as provided by Section 7.010; and

(2) information concerning successful grant programs to school districts as provided by Section 7.156.

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in teaching each subject area assessed under Section 39.023;

(2) training and assistance in providing each program that qualifies for a funding allotment under Section 42.151, 42.152, 42.153, or 42.156;

(3) assistance specifically designed for a school district or campus rated academically unacceptable under Section 39.072 [~~39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051~~];

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

(6) assistance in complying with state laws and rules.

SECTION 1.11. Subchapter A, Chapter 12, Education Code, is amended by adding Sections 12.004 and 12.005 to read as follows:

Sec. 12.004. MONITORING OF CERTAIN CHARTER SCHOOLS. (a) This section applies only to a charter school that does not receive an academic performance rating under Section 39.072 or under an alternative education accountability system for alternative education campuses for at least two consecutive school years.

(b) The agency shall monitor a charter school to which this section applies to assess:

(1) the quality of the school's data; and

(2) the school's compliance with assessment requirements under Chapter 39.

Sec. 12.005. FINANCIAL ACCOUNTABILITY. (a) In this section:

(1) "Parent" includes a guardian or other person having lawful control of a student.

(2) "System" means the financial accountability rating system.

(b) The commissioner shall develop and implement a financial accountability rating system for charter schools. The system must include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) The commissioner shall develop, as part of the system, a reporting procedure under which:

(1) each charter school is required to prepare and distribute an annual financial management report; and

(2) the public is provided an opportunity to comment on the report at a hearing.

(d) The annual financial management report must include:

(1) a description of the charter school's financial management performance based on a comparison, provided by the agency, of the school's performance on the indicators adopted under Subsection (b) to:

(A) state-established standards; and

(B) the school's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(e) The report may include:

(1) information concerning the charter school's:

(A) financial allocations;

(B) financial strengths;

(C) operating cost management;

(D) personnel management;

(E) debt management;

(F) cash management;

(G) budgetary planning;

(H) overall business management;

(I) compliance with rules; and

(J) data quality; and

(2) any other information the school's governing body determines to be necessary and useful.

(f) The governing body of each charter school shall hold a public hearing on the report. The governing body shall provide notice of the hearing to the parents of students enrolled in the school. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the school district in which the charter school is located; and

(2) through electronic mail to media serving the school district in which the charter school is located.

(g) After the hearing, the governing body of the charter school shall provide the report to the parents of students enrolled in the school.

(h) The commissioner shall adopt rules as necessary for the administration of this section.

SECTION 1.12. Subsection (b), Section 12.013, Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~];

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and G, Chapter 39;

(Q) equalized wealth under Chapter 41;

(R) a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(S) purchasing under Chapter 44.

SECTION 1.13. Section 12.115, Education Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the school's students, the severity of the violation, [~~and~~] any previous violation the school has committed, and the extent to which the school is in compliance with any state or federal programmatic or financial requirement applicable to the school.

(c) This section may not be construed to limit the commissioner's authority to impose a sanction under Subchapter G, Chapter 39.

SECTION 1.14. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. (a) The commissioner shall order the closure and shall revoke or deny the renewal of a charter of an open-enrollment charter school under Section 12.115 if:

(1) each campus operated under the charter has been closed under Section 39.1332; or

(2) for two consecutive school years at least half of the campuses operated under the charter have received academically unacceptable or other unsatisfactory performance ratings under Section 39.072 or under an alternative education accountability system for alternative education campuses, unless the charter holder received an academic performance rating of acceptable or higher under Section 39.072 for either of those school years.

(b) A hearing concerning the closure and revocation or denial of renewal of a charter of an open-enrollment charter school under this section:

(1) is limited to the issue of whether the open-enrollment charter school or a campus operated under the charter actually received a particular academic performance rating; and

(2) may not be used to challenge the commissioner's final academic performance rating for the open-enrollment charter school or a campus operated under the charter.

SECTION 1.15. Section 12.116, Education Code, is amended by amending Subsection (b) and adding Subsection (d) to read as

follows:

(b) The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at:

(1) the facility at which the program is operated;

(2) an alternative facility designated by the commissioner that is located in the same county as the facility at which the program is operated; or

(3) the regional education service center closest to the facility at which the program is operated.

(d) A decision by the commissioner under this section is final and may not be appealed.

SECTION 1.16. Subsection (b), Section 21.453, Education Code, is amended to read as follows:

(b) The commissioner may allocate funds from the account to regional education service centers to provide staff development resources to school districts that:

(1) are rated academically unacceptable;

(2) have one or more campuses rated academically unacceptable [~~as low-performing~~]; or

(3) are otherwise in need of assistance as indicated by the academic performance of students, as determined by the commissioner.

SECTION 1.17. Subchapter A, Chapter 29, Education Code, is amended by adding Sections 29.0162 and 29.0163 to read as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. (a) The agency shall make available to a parent, student, school district, attorney, or other interested person, and shall place on the agency's Internet website, comprehensive, easily understood information concerning the special education due process hearing process.

(b) The information described by Subsection (a) must include:

(1) a description of the steps in the due process hearing process;

(2) the text of any applicable administrative, procedural, or evidentiary rule;

(3) a description of any notice requirements;

(4) an explanation of options for alternative dispute resolution, including mediation;

(5) an explanation of a resolution session;

(6) answers to frequently asked questions; and

(7) other sources of information, including electronic sources of information, such as special education case law available on the Internet.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Section 7.032 applies to any complaint regarding the conduct of a special education hearing officer.

(b) The agency shall collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing:

(1) the effectiveness of the due process hearing process; and

(2) the performance of a special education hearing officer.

(c) The agency shall use the information described by Subsection (b) in determining whether to renew a contract with a special education hearing officer.

SECTION 1.18. Subsection (a), Section 29.202, Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered

under Section 39.023(a) or (c) in any two of the preceding three years; or

(2) that was, at any time in the preceding three years, rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~].

SECTION 1.19. Subchapter H, Chapter 29, Education Code, is amended by adding Section 29.258 to read as follows:

Sec. 29.258. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) In this section, "local workforce development board" means an entity formed under Chapter 2308, Government Code.

(b) The agency shall develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with the skills necessary to compete for current and emerging jobs in this state.

(c) In developing the general curriculum required by Subsection (b), the agency shall:

(1) evaluate existing efforts and potential cost savings resulting from designing specific curricula that address the needs of various industry sectors in the business community;

(2) contract for field work to solicit the assistance of workers, employers, providers, and local workforce development boards in developing industry sector curricula;

(3) target up to five industry sectors in the business community that are likely to benefit from the development of specific curricula; and

(4) pilot test the curricula within the targeted industry sectors and adjust the curricula based on feedback received from workers and employers in those sectors.

(d) Based on the curriculum developed under this section, the agency shall adopt workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curriculum developed under this section.

(e) In addition to the curriculum developed under this section, the agency shall develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary educational opportunities leading to certificates and degrees.

(f) The Texas Workforce Commission shall provide the agency with the resources, industry-specific information, and expertise needed by the agency in developing and implementing the curriculum under this section.

(g) This section expires September 1, 2007.

SECTION 1.20. Section 31.025, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The agency shall recommend to the State Board of Education a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.21. Subsections (a), (b), and (c), Section 31.1011, Education Code, are amended to read as follows:

(a) The commissioner shall implement a program that allows [~~to study the use of credits for textbooks. The program shall be designed to allow~~] a [~~participating~~] school district or open-enrollment charter school to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) The credit is an amount equal to the difference between the price paid for a textbook and the cost limit established under Section 31.025(a) for that textbook multiplied by the number of copies of that textbook the [~~participating~~] school district or open-enrollment charter school purchases.

(c) Fifty percent of the total textbook credit of a [~~participating~~] school district or open-enrollment charter school shall be credited to the state textbook fund, and 50 percent of the credit shall be credited to the [~~participating~~] district or school

to apply toward the requisition of additional textbooks or electronic textbooks on the conforming or nonconforming list.

SECTION 1.22. Chapter 33, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. This subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The commissioner by rule shall develop and adopt a safety training program as provided by this section. In developing the program, the commissioner may use materials available from the American Red Cross or another appropriate entity.

(b) The following persons must satisfactorily complete the safety training program:

(1) a coach, trainer, or sponsor for an extracurricular athletic activity;

(2) except as provided by Subsection (f), a physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity; and

(3) a director responsible for a school marching band.

(c) The safety training program must include:

(1) certification of participants by the American Red Cross, the American Heart Association, or a similar organization or the University Interscholastic League, as determined by the commissioner;

(2) annual training in:

(A) emergency action planning;

(B) cardiopulmonary resuscitation if the person is not required to obtain certification under Section 33.086;

(C) communicating effectively with 9-1-1 emergency service operators and other emergency personnel; and

(D) recognizing symptoms of potentially catastrophic injuries, including head and neck injuries, concussions, injuries related to second impact syndrome, asthma attacks, heatstroke, cardiac arrest, and injuries requiring use of a defibrillator; and

(3) at least once each school year, a safety drill that incorporates the training described by Subdivision (2) and simulates various injuries described by Subdivision (2)(D).

(d) A student participating in an extracurricular athletic activity must receive training related to:

(1) recognizing the symptoms of injuries described by Subsection (c)(2)(D); and

(2) the risks of using supplements designed or marketed to enhance athletic performance.

(e) The safety training program and the training under Subsection (d) may each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) A physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an extracurricular athletic activity must complete the University Interscholastic League forms entitled "Preparticipation Physical Evaluation--Medical History" and "Acknowledgment of Rules." Each form must be signed by both the student and the student's parent or guardian.

(b) Each form described by Subsection (a) must clearly state that failure to accurately and truthfully answer all questions on a form required by statute or by the University Interscholastic League as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by the University Interscholastic League.

(c) The "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) must contain the following statement:

"An individual answering in the affirmative to any question relating to a possible cardiovascular health issue, as identified on the form, should be restricted from further participation until the individual is examined by the individual's primary care physician. Ultimately, the individual may need to be evaluated by a cardiologist and/or undergo cardiac testing (including an echocardiogram and/or other heart-related examination) based on the assessment by the primary care physician."

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. A coach, trainer, or sponsor for an extracurricular athletic activity may not encourage or permit a student participating in the activity to engage in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A coach, trainer, or sponsor for an extracurricular athletic activity shall at each athletic practice or competition ensure that:

(1) each student participating in the activity is adequately hydrated;

(2) any prescribed asthma medication for a student participating in the activity is readily available to the student;

(3) emergency lanes providing access to the practice or competition area are open and clear; and

(4) heatstroke prevention materials are readily available.

(b) If a student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, the student may not:

(1) return to the practice or competition during which the student was rendered unconscious; or

(2) continue to participate in any extracurricular athletic activity until the student receives written authorization from a physician.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a school shall make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) The superintendent of a school district or the director of a school subject to this subchapter shall maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) A school campus that is determined by the school's superintendent or director to not be in compliance with Section 33.202, 33.204, or 33.205 shall discontinue all extracurricular athletic activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. (a) The commissioner shall maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Each school that offers an extracurricular athletic activity shall prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an extracurricular athletic activity shall provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the University Interscholastic League's parent information manual.

(b) A document required to be provided under this section may be provided in an electronic format unless otherwise requested

by a student, parent, or guardian.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The University Interscholastic League shall incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken under this subchapter is not considered to be a ministerial act for purposes of Section 22.0511.

SECTION 1.23. Subchapter D, Chapter 33, Education Code, is amended by adding Section 33.087 to read as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Using existing funds and other resources available for the purpose, the agency and the University Interscholastic League shall jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by University Interscholastic League member schools, and the possibility of receiving a bulk discount on such purchases.

(b) The agency and the University Interscholastic League shall submit a report describing the findings of the investigation to the legislature not later than June 1, 2006.

(c) This section expires July 1, 2006.

SECTION 1.24. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. The agency shall make every effort to ensure the appropriate administration of assessment instruments under Section 39.023 and to protect the integrity of the assessment program established under this subchapter.

SECTION 1.25. Subsection (a), Section 39.053, Education Code, is amended to read as follows:

(a) Each board of trustees shall publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. The annual report must also include:

(1) campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public;

(2) the academic performance rating for the district and each campus in the district as provided under Section 39.072 [~~39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c)~~];

(3) the district's current special education compliance status with the agency;

(4) a statement of the number, rate, and type of violent or criminal incidents that occurred on each district campus, to the extent permitted under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

(5) information concerning school violence prevention and violence intervention policies and procedures that the district is using to protect students; [~~and~~]

(6) the findings that result from evaluations conducted under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent amendments~~]; and

(7) information received under Section 51.403(e) for each high school campus in the district, presented in a form determined by the commissioner.

SECTION 1.26. Section 39.055, Education Code, is amended to read as follows:

Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT. (a) The commissioner shall develop a process for auditing school district dropout records electronically. The commissioner shall also develop a system and standards for review of the audit or use systems already available at the agency. The system must be designed to identify districts that are at high risk of having inaccurate dropout records and that, as a result, may be subject to

a special accreditation investigation under Section 39.075 [~~require on-site monitoring of dropout records. If the electronic audit of a district's dropout records indicates that a district is not at high risk of having inaccurate dropout records, the district may not be subject to on-site monitoring under this subsection. If the risk-based system indicates that a district is at high risk of having inaccurate dropout records, the district is entitled to an opportunity to respond to the commissioner's determination before on-site monitoring may be conducted. The district must respond not later than the 30th day after the date the commissioner notifies the district of the commissioner's determination. If the district's response does not change the commissioner's determination that the district is at high risk of having inaccurate dropout records or if the district does not respond in a timely manner, the commissioner shall order agency staff to conduct on-site monitoring of the district's dropout records~~].

(b) [~~(e)~~] The commissioner shall notify the superintendent [~~board of trustees~~] of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, or any recommendation by the commissioner concerning the data. If the data reflect that a penal law has been violated, the commissioner shall notify the county attorney, district attorney, or criminal district attorney, as appropriate, and the attorney general. The commissioner is entitled to access to all district records the commissioner considers necessary or appropriate for the review, analysis, or approval of district dropout data.

SECTION 1.27. Sections 39.071 and 39.072, Education Code, are amended to read as follows:

Sec. 39.071. ACCREDITATION. (a) Accreditation of a school district is determined in accordance with this section [~~subchapter~~].

(b) Each year, the commissioner shall determine the accreditation status of each school district. In determining accreditation status, the commissioner:

(1) shall evaluate and consider the performance of the district under:

(A) the academic accountability system under Section 39.072; and

(B) the applicable financial accountability system under Section 12.005 or Subchapter I;

(2) shall evaluate and consider:

(A) the results of any special accreditation investigation under Section 39.075; and

(B) the district's current special education monitoring or compliance status with the agency; and

(3) may consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

(c) Based on a school district's performance under Subsection (b), the commissioner shall:

(1) assign a district an accreditation status of:

(A) accredited;

(B) accredited-warned; or

(C) accredited-probation; or

(2) revoke the accreditation of the district and order

closure of the district under Section 39.1332.

(d) The commissioner shall notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. The commissioner shall require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) A school district that is not accredited may not receive funds from the agency or hold itself out as operating a public school of this state.

(f) This chapter may not be construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION STANDARDS~~]. (a) The commissioner [~~State Board of Education~~] shall adopt rules for assigning [~~to evaluate the performance of school districts and to assign~~] to each school district and campus a performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement or [~~and~~] within 10 percent of state exemplary standards);

(3) academically acceptable (below the exemplary and recognized standards but exceeds the academically unacceptable standards); or

(4) academically unacceptable (below the state clearly unacceptable performance standard and does not meet required improvement).

(b) The academic excellence indicators adopted under Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the district's current special education compliance status with the agency~~] shall be the main considerations of the agency in the rating of a school [~~the~~] district or campus under this section. [~~Additional criteria in the rules may include consideration of:~~

[~~(1) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under specific statutory authority that relate to:~~

[~~(A) reporting data through the Public Education Information Management System (PEIMS);~~

[~~(B) the high school graduation requirements under Section 28.025; or~~

[~~(C) an item listed in Sections 7.056(e)(3)(C)-(I) that applies to the district;~~

[~~(2) the effectiveness of the district's programs for special populations; and~~

[~~(3) the effectiveness of the district's career and technology programs.~~]

(c) The agency shall evaluate [~~against state standards~~] and [~~shall~~], not later than August 15 [~~1~~] of each year, report the performance of each school [~~campus in a~~] district and campus [~~each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (7). Consideration of the effectiveness of district programs under Subsection (b)(2) or (3) must be based on data collected through the Public Education Information Management System for purposes of accountability under this chapter and include the results of assessments required under Section 39.023~~].

(d) The agency shall annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. The commissioner may determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Each annual review shall include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to:

(1) state standards established for each indicator;

(2) required improvement as defined under Section 39.051(c); and

(3) comparable improvement as determined under Section 39.051(c).

(f) The academic performance rating of a school district may be raised or lowered based on the district's performance or may be lowered based on the unacceptable performance of one or more campuses in the district. The academic performance rating of a school district may also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) The commissioner shall notify a school district if the performance of the district or a campus in the district is below a standard required under this section. The commissioner shall require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating [~~accreditation status~~] of the district or school, a student attending a campus that is a [~~confined by court order in a residential program or~~] facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or open-enrollment charter school serving the student [~~in which the program or facility is physically located~~]. The performance of a student who attends such a campus [~~student~~] on an assessment instrument or other academic excellence indicator adopted under Section 39.051 shall be determined and[~~,~~] reported, but may not be used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school [~~and considered separately from the performance of students attending a school of the district in which the program or facility is physically located~~].

SECTION 1.28. Subsection (a), Section 39.075, Education Code, is amended to read as follows:

(a) The commissioner may [~~shall~~] authorize special accreditation investigations to be conducted:

(1) when excessive numbers of absences of students eligible to be tested on state assessment instruments are determined;

(2) when excessive numbers of allowable exemptions from the required state assessment instrument are determined;

(3) in response to complaints submitted to the agency with respect to alleged violations of civil rights or other requirements imposed on the state by federal law or court order;

(4) in response to established monitoring or compliance reviews of the district's financial accounting practices and state and federal program requirements;

(5) when extraordinary numbers of student placements in alternative education programs, other than placements under Sections 37.006 and 37.007, are determined;

(6) in response to an allegation involving a conflict between members of the board of trustees or between the board and the district administration if it appears that the conflict involves a violation of a role or duty of the board members or the administration clearly defined by this code;

(7) when excessive numbers of students in special education programs under Subchapter A, Chapter 29, are assessed through assessment instruments developed or adopted under Section 39.023(b); [~~or~~]

(8) in response to questions concerning a program, including special education, required by federal law or for which

the district receives federal funds;

(9) when an annual review indicates the academically unacceptable performance under Section 39.072 of one or more campuses in a district, except that the resulting investigation is limited to those campuses;

(10) in response to concerns regarding the integrity of data submitted to the agency;

(11) in response to allegations of a violation of student assessment procedures for assessment instruments adopted under Section 39.023; or

(12) as the commissioner otherwise determines necessary.

SECTION 1.29. Subsection (c), Section 39.075, Education Code, as amended by Chapters 396 and 931, Acts of the 76th Legislature, Regular Session, 1999, is reenacted and amended to read as follows:

(c) Based on the results of a special accreditation investigation, the commissioner may:

(1) take appropriate action under Subchapter G;

(2) raise or lower the district's accreditation status [~~rating~~]; or

(3) take action under both Subdivisions (1) and (2).

SECTION 1.30. Section 39.076, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c) to read as follows:

(a) The agency shall adopt written procedures for conducting [~~on-site~~] investigations under this subchapter. The agency shall make the procedures available to the complainant, the alleged violator, and the public. Agency staff must be trained in the procedures and must follow the procedures in conducting the investigation.

(a-1) An investigation conducted under this subchapter may be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) If conducting an on-site investigation, the investigators may obtain information from administrators, teachers, or parents of students enrolled in the school district. The commissioner 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 a campus or district from screening the information.

(a-3) The agency may give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) The investigators conducting an on-site investigation shall report the results of the investigation orally and in writing to the board of trustees of the district and, as appropriate, to campus administrators, and shall make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 1.31. Subchapter D, Chapter 39, Education Code, is amended by adding Sections 39.077 and 39.078 to read as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and may not be appealed.

Sec. 39.078. RULES. The commissioner may adopt rules as necessary to administer this subchapter.

SECTION 1.32. Sections 39.131, 39.132, and 39.133, Education Code, are amended to read as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section

39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve;

(3) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the district's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;

(5) arrange an on-site investigation of the district;

(6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;

(7) appoint a conservator to oversee the operations of the district;

(8) appoint a management team to direct the operations of the district in areas of unacceptable performance or require the district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is [~~been~~] rated [~~as~~] academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule [~~for a period of one year or more~~], appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and [~~been rated as academically unacceptable for a period of two years or more~~]:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has been rated [~~as~~] academically unacceptable for [~~a period of~~] two consecutive school years, including the current school year, [~~or more~~] due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

(b) This subsection applies regardless of whether a district has satisfied the accreditation criteria. If for two

consecutive school years, including the current school year, [~~a period of one year or more~~] a district has had a conservator or management team assigned, the commissioner may appoint a board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

Sec. 39.132. SANCTIONS FOR CAMPUSES. (a) If a campus receives an academic performance rating of academically unacceptable under Section 39.072 [~~is below any standard under Section 39.073(b)~~], the [~~campus is considered a low-performing campus. The~~] commissioner may permit the campus to participate in an innovative redesign of the campus to improve campus performance or may take any of the other following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees at the campus for the purpose of:

(A) notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve within a designated period of time; and

(B) soliciting public comment on the initial steps being taken to improve performance;

(3) order the preparation of a report regarding the parental involvement program at the campus and a plan describing strategies for improving parental involvement at the campus;

(4) order the preparation of a report regarding the effectiveness of the district- and campus-level planning and decision-making committees established under Subchapter F, Chapter 11, and a plan describing strategies for improving the effectiveness of those committees;

(5) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the campus's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(6) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees, the superintendent, and the campus principal shall appear and explain the campus's low performance, lack of improvement, and plans for improvement;

(7) appoint a special campus intervention team to:

(A) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;

(B) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;

(C) assist in the development of a campus plan for student achievement; and

(D) assist the commissioner in monitoring the progress of the campus in implementing the campus plan for improvement of student achievement; [~~or~~]

(8) appoint an agency monitor to participate in and report to the agency on activities relating to operation of the campus; or

(9) if a campus is currently rated academically unacceptable [~~has been a low-performing campus for a period of one year or more~~], appoint a board of managers composed of residents of the district to exercise the powers and duties of the board of trustees of the district in relation to the campus.

(b) If a campus has been rated academically unacceptable [~~a low-performing campus~~] for [~~a period of~~] two or more consecutive school years, including the current school year [~~or more~~], the commissioner shall order the closure of the district or charter

program on the campus or reconstitute the campus. In reconstituting the campus, a special campus intervention team shall be assembled for the purpose of deciding which educators may be retained at that campus. If an educator is not retained, the educator may be assigned to another position in the district.

Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. The determination shall take into account the number, severity, and duration of the problems identified [~~The commissioner must review at least annually the performance of a district for which the accreditation rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance~~]. If the review reveals a lack of improvement, the commissioner shall increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(b) The commissioner shall review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance.

SECTION 1.33. Subchapter G, Chapter 39, Education Code, is amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In addition to other sanctions authorized under Sections 39.131 and 39.132, the commissioner may order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. The commissioner's order may require the district or campus to:

(1) select an external auditor, data quality expert, professional authorized to monitor district assessment instrument administration, or curriculum or program expert; or

(2) provide for the appropriate training of district staff or board of trustees members in the case of a district, or campus staff, in the case of a campus.

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) The commissioner may revoke the accreditation of a school district and order the closure of the district or a campus, as appropriate, under the following circumstances:

(1) the commissioner is authorized to close the district or campus under Section 39.131(a)(10) or 39.132(b);

(2) the commissioner determines that the district is insolvent and unable to complete the school year; or

(3) the commissioner determines that the district has ceased operations for 11 or more instructional days during the current or most recent scheduled school year without the commissioner's authorization.

(b) The commissioner shall issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. An order of closure may:

(1) establish an effective date for accreditation revocation and closure that is not later than the first anniversary of the date of the order;

(2) provide for an interim board of managers to exercise the duties of the board of trustees of the district as designated by the commissioner;

(3) require enrollment or student services to be provided by another district as necessary to allow students enrolled in the closed district to complete a school year, and make adjustments in the state and federal funding to which the district would otherwise be entitled as determined by the commissioner; and

(4) require the preservation, transfer, or surrender of all student records and other records required for an audit of

any state and federal funding provided to the district.

(c) A person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) A board of managers exercising authority under Subsection (b)(2) may exercise the authority of the board of trustees with regard to financial management of the district and personnel actions. The board of managers is not required to be composed of residents of the district.

(e) An open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and may not be appealed.

(c) A school district may not collaterally contest an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 1.34. Section 39.134, Education Code, is amended to read as follows:

Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing a monitor, conservator, management team, [~~or~~] special campus intervention team, or service provider under Section 39.1331 shall be paid by the district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under Section 42.258.

SECTION 1.35. Section 39.182, Education Code, is amended by adding Subsections (b-1), (b-2), and (b-3) to read as follows:

(b-1) The report must include a summary of:

(1) investigations authorized by the agency into inappropriate administrations of assessment instruments under Section 39.023; and

(2) the efforts the agency has made under Section 39.0232 to ensure the appropriate administration of assessment instruments and to protect the integrity of the assessment program established under Subchapter B.

(b-2) The report must include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including:

(1) an analysis of performance and spending information relating to grants administered by the agency; and

(2) recommendations on any statutory changes needed for the agency to more effectively administer grant programs, including recommendations on whether to eliminate or modify inefficient grant programs, expand effective grant programs, or consolidate similar grant programs to maximize the effectiveness and efficiencies of those programs.

(b-3) Subsection (b-2) applies beginning January 1, 2009. This subsection expires February 1, 2009.

SECTION 1.36. Subchapter C, Chapter 45, Education Code, is amended by adding Section 45.0561 to read as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In determining which bonds to approve for guarantee under this subchapter, the commissioner shall give priority to a school district that has had bonds refunded and defeased under Subchapter

D, Chapter 46.

(b) The commissioner may adopt rules to administer this section.

SECTION 1.37. Chapter 46, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

Sec. 46.091. DEFINITIONS. In this subchapter:

(1) "Allocated revenue" means that portion of state assistance under Subchapter A or B equal to the scheduled debt service payments in effect immediately before the refunding on eligible bonds being refunded under this subchapter.

(2) "Authority" means the Texas Public Finance Authority.

(3) "Authority obligation" means any type of revenue obligation, including a bond, note, certificate, or other instrument issued under this subchapter. The term includes an obligation issued to refund an obligation issued under this subchapter.

(4) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(5) "Obligation administrative expenses" means expenses incurred in administering authority obligations, including fees for:

(A) paying agents, trustees, and attorneys;

(B) other professional services necessary to ensure compliance with applicable state or federal law; and

(C) for a school district with eligible bonds refunded under this subchapter, professional expenses in an amount approved by the commissioner.

Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the commissioner determines it is feasible to refund eligible school district bonds as provided by this subchapter, the commissioner may request that the authority issue authority obligations necessary to accomplish the refunding. On request of the commissioner, the authority shall issue authority obligations, in accordance with Title 9, Government Code, in an amount sufficient to:

(1) refund eligible bonds;

(2) pay all obligation administrative expenses;

(3) pay the costs of issuing the authority obligations;

(4) pay the costs of any credit agreement; and

(5) provide any reserve funds.

(b) Authority obligations and any related credit agreements must be secured by allocated revenue.

(c) The commissioner's request for the issuance of authority obligations must state:

(1) the maximum principal amount of bonds to be refunded under this subchapter;

(2) the maximum term of bonds to be refunded; and

(3) the amount of state assistance under Subchapter A or B to support the payment of the bonds to be refunded.

(d) To best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost, the authority may determine:

(1) the method of sale of authority obligations;

(2) the type and form of obligation;

(3) the maximum interest rates and other terms of authority obligations; and

(4) the need for related credit agreements.

(e) The authority shall certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School district bonds are eligible for refunding under this subchapter if:

(1) the district receives state assistance for payment of the bonds under Subchapter A or B; and

(2) the principal and interest of the bonds are guaranteed by the permanent school fund under Subchapter C, Chapter 45.

Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS. (a) If the commissioner determines it is feasible to refund eligible school district bonds as provided by this subchapter, the commissioner shall periodically identify which outstanding school bonds are eligible for refunding under this subchapter. The commissioner shall notify the school districts issuing the bonds that:

(1) the bonds are subject to being refunded and defeased through the issuance of authority obligations; and

(2) a school district whose bonds are refunded under this subchapter is entitled to priority in the allocation of resulting increases in the capacity of the permanent school fund to guarantee school district bonds under Subchapter C, Chapter 45, as provided by Section 45.0561.

(b) Not later than the 45th day after the date the commissioner notifies a school district under Subsection (a), the district may direct the commissioner to remove any of the district's eligible bonds from consideration for refunding under this subchapter. If the district does not direct the commissioner to remove the district's bonds from consideration for refunding within the time prescribed by this subsection, the district is deemed to have consented to having the bonds refunded.

(c) Notice under Subsection (a) must:

(1) identify the bonds the commissioner proposes to refund under this subchapter;

(2) state that the school district may direct the commissioner to remove any of the district's bonds from consideration for refunding;

(3) state the date by which the district must direct the commissioner to remove the district's bonds from consideration for refunding;

(4) state that the district's failure to timely direct the commissioner to remove the district's bonds from consideration for refunding is deemed to be consent to having the bonds refunded; and

(5) advise the district of:

(A) the effect of consenting, or being deemed to have consented, to having the bonds considered for refunding; and

(B) the effect of directing the commissioner to remove the bonds from consideration for refunding.

Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. (a) To permit the authority to pledge allocated revenue to the payment of authority obligations, the commissioner shall enter into an agreement with the authority under which:

(1) the commissioner, acting on behalf of each school district whose bonds are being refunded under this subchapter, may pledge the allocated revenue to secure the payment of the principal of and interest and premium on authority obligations; and

(2) each school year, the commissioner shall allocate and distribute to the authority allocated revenue equal to the scheduled debt service payments for that year on the bonds being refunded.

(b) An agreement under this section must state that the funding for allocated revenue is subject to legislative appropriation. A distribution to the authority under the agreement is considered to be a distribution for purposes of Section 46.009. If the commissioner determines that the amount appropriated for any year for allocated revenue is insufficient, the commissioner may act under Section 46.009(b) to ensure the sufficiency of allocated revenue.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a) The authority shall use the proceeds of authority obligations, less the cost of issuing those obligations, to refund and defease eligible bonds as requested by the commissioner. To accomplish the refunding and defeasance:

(1) the commissioner, on behalf of the school

districts issuing the bonds, may:

(A) exercise any reserved right of optional redemption; and

(B) issue any required notice of redemption and defeasance; and

(2) the authority, on behalf of the districts issuing the bonds, may enter into escrow agreements and purchase escrow securities as provided by Chapter 1207, Government Code, with the same effect under that chapter as if the authority were the issuer of the bonds being refunded and defeased.

(b) The authority shall provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. After paying the current debt service on authority obligations, the authority may use allocated revenue to pay obligation administrative expenses.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the commissioner allocates and distributes to the authority allocated revenue for a school district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds, the district shall reimburse the commissioner in the amount of the excess.

(b) If a school district elects not to reimburse the commissioner in the amount of excess state assistance as required under Subsection (a), the commissioner shall direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made.

(c) A school may reimburse the commissioner under this section from any lawfully available source.

(d) A reimbursement by a school district under this section is considered to be debt service attributable to the debt originally created by the school district's bonds that were refunded by the authority obligations.

(e) On a pledge of allocated revenue to the authority obligations issued for the purpose of refunding school district bonds, the commissioner is subrogated to the rights of the holders of the refunded bonds as to entitlement to payment by each district that issued refunded bonds, notwithstanding the defeasance of the refunded bonds.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The authority may issue authority obligations to refund any previously issued authority obligations if the authority by resolution determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. (a) Authority obligations and any related credit agreements are not:

(1) a debt of the state, a state agency, or a political subdivision of the state; or

(2) a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state.

(b) Authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations.

(c) Subject to the limitations of Subsection (a), as long as authority obligations are outstanding, the state may not:

(1) take any action to limit or restrict the authority's responsibility to pay the authority obligations; or

(2) in any way impair the rights and remedies of the owners of authority obligations.

(d) The reallocation of allocated revenue to secure authority obligations to refund school district bonds is:

(1) consistent with the original authorization,

allocation, and application of state assistance under Subchapter A or B;

(2) in furtherance of any covenants, agreements, or undertakings by school districts or the commissioner to cause allocated revenue to be credited to debt service funds for school district bonds; and

(3) consistent with all statutory and regulatory dedications and restrictions on the allocated revenue.

SECTION 1.38. Subsection (c), Section 2175.304, Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, the system, institution, or agency shall give preference to a public school that is rated academically unacceptable under Section 39.072, Education Code, [~~considered low-performing by the commissioner of education~~] or to a school district that has a taxable wealth per student that entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code, or to the assistance organization designated by such a school district.

SECTION 1.39. Subsection (c), Section 302.006, Labor Code, is amended to read as follows:

(c) To be eligible to receive a scholarship awarded under this section, a person must:

(1) be employed in a child-care facility, as defined by Section 42.002, Human Resources Code;

(2) intend to obtain a credential, certificate, or degree specified in Subsection (b);

(3) agree to work for at least 18 additional months in a child-care facility, as defined by Section 42.002, Human Resources Code, that accepts federal Child Care Development Fund subsidies and that, at the time the person begins to fulfill the work requirement imposed by this subdivision, is located:

(A) within the attendance zone of a public school campus that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~], Education Code; or

(B) in an economically disadvantaged community, as determined by the commission; and

(4) satisfy any other requirements adopted by the commission.

SECTION 1.40. Section 8.010, Subsections (d) and (e), Section 31.1011, Subsection (d), Section 39.051, and Sections 39.073 and 39.074, Education Code, are repealed.

SECTION 1.41. Not later than September 1, 2007, the Texas Education Agency shall complete the requirements under Section 29.258, Education Code, as added by this Act.

SECTION 1.42. (a) Except as otherwise provided by this section, this article applies beginning with the 2005-2006 school year.

(b) Subchapter F, Chapter 33, Education Code, as added by this article, applies beginning with the 2006-2007 school year.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Section 1001.001, Education Code, is amended by amending Subdivisions (2) through (5) and adding Subdivision (13-a) to read as follows:

(2) "Approved driving safety course" means a driving safety course approved by the department [~~commissioner~~].

(3) "Commission" [~~"Commissioner"~~] means the Texas Commission of Licensing and Regulation [~~commissioner of education~~].

(4) "Course provider" means an enterprise that:

(A) maintains a place of business or solicits business in this state;

(B) is operated by an individual, association, partnership, or corporation; and

(C) has received an approval for a driving safety course from the department [~~commissioner~~] or has been designated by a person who has received that approval to conduct business and represent the person in this state.

(5) "Department" means the Texas Department of Licensing and Regulation [~~Public Safety~~].

(13-a) "Executive director" means the executive director of the department.

SECTION 2.02. Subsection (c), Section 1001.002, Education Code, is amended to read as follows:

(c) A driver education course is exempt from this chapter, other than Section 1001.055, if the course is:

(1) conducted by a vocational driver training school operated to train or prepare a person for a field of endeavor in a business, trade, technical, or industrial occupation;

(2) conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the department [~~commissioner~~];

(3) sponsored by an employer to train its own employees without charging tuition;

(4) sponsored by a recognized trade, business, or professional organization with a closed membership to instruct the members of the organization; or

(5) conducted by a school regulated and approved under another law of this state.

SECTION 2.03. Sections 1001.003 and 1001.004, Education Code, are amended to read as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. It is the intent of the legislature that commission [~~agency~~] rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of administering this chapter shall be included in the state budget allowance for the department [~~agency~~].

SECTION 2.04. Sections 1001.051 and 1001.052, Education Code, are amended to read as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department [~~agency~~] has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt [~~and administer~~] comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. The heading to Section 1001.053, Education Code, is amended to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSIONER~~].

SECTION 2.06. Subsection (a), Section 1001.053, Education Code, is amended to read as follows:

(a) The department [~~commissioner~~] shall:

(1) administer [~~the policies of~~] this chapter;

(2) enforce minimum standards for driver training schools under this chapter;

(3) [~~adopt and~~] enforce rules adopted by the commission necessary to administer this chapter; and

(4) inspect [~~visit~~] a driver training school or course provider and reexamine the school or course provider for compliance with this chapter.

SECTION 2.07. The heading to Section 1001.054, Education Code, is amended to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR COMPETITIVE BIDDING~~].

SECTION 2.08. Subsection (c), Section 1001.054, Education Code, is amended to read as follows:

(c) The commission [~~commissioner~~] by rule may restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Section 1001.055, Education Code, is amended to read as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The department [~~agency~~] shall print and supply to each licensed or exempt driver education school driver education certificates to be used for certifying completion of an approved driver education course to satisfy the requirements of Section 521.204(a)(2), Transportation Code. The certificates must be numbered serially.

(b) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized reproduction or misuse of the certificates.

(c) The department [~~agency~~] may charge a fee of not more than $4 for each certificate.

SECTION 2.10. Subsections (b) through (e) and (g), Section 1001.056, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall print and supply to each licensed course provider uniform certificates of course completion. The certificates must be numbered serially.

(c) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized production or misuse of the certificates.

(d) A certificate under this section must:

(1) be in a form required by the department [~~agency~~]; and

(2) include an identifying number by which the department [~~agency~~], a court, or the Department of Public Safety [~~department~~] may verify its authenticity with the course provider.

(e) The department [~~agency~~] may charge a fee of not more than $4 for each certificate. A course provider shall charge an operator a fee equal to the amount of the fee paid to the department [~~agency~~] for a certificate.

(g) The department [~~agency~~] shall issue duplicate certificates. The commission [~~commissioner~~] by rule shall determine the amount of the fee for issuance of a duplicate certificate.

SECTION 2.11. Section 1001.057, Education Code, is amended to read as follows:

Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY COURSE INFORMATION. The department [~~agency~~] shall investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 2.12. Subchapter B, Chapter 1001, Education Code, is amended by adding Section 1001.058 to read as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. The executive director may designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Sections 1001.101 and 1001.102, Education Code, are amended to read as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish the curriculum and designate the textbooks to be used in a driver education course.

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The commission [~~agency~~] by rule shall require that information relating to alcohol awareness and the effect of alcohol on the effective operation of a motor vehicle be included in the curriculum of any driver education course or driving safety course.

(b) In developing rules under this section, the commission [~~agency~~] shall consult with the Department of Public Safety [~~department~~].

SECTION 2.14. Subsections (b), (d), and (e), Section 1001.103, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs that include one or more

courses. Except as provided by commission [~~agency~~] rule, a program must be offered in the same manner as a driving safety course.

(d) In accordance with Section 461.013(b), Health and Safety Code, the department [~~agency~~] and the Texas Commission on Alcohol and Drug Abuse shall enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) The commission [~~Notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~] may establish fees in connection with the programs under this section. The fees must be in amounts reasonable and necessary to administer the department's [~~agency's~~] duties under this section.

SECTION 2.15. Sections 1001.104 and 1001.105, Education Code, are amended to read as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) The department [~~agency~~] shall enter into a memorandum of understanding with the Texas Rehabilitation Commission and the Department of Public Safety [~~department~~] for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education.

(b) The department [~~agency~~] shall administer comprehensive rules governing driver education courses adopted by mutual agreement among the commission [~~agency~~], the Texas Rehabilitation Commission, and the Department of Public Safety [~~department~~].

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The commission [~~agency~~] shall enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 2.16. Subsections (b), (c), and (d), Section 1001.106, Education Code, are amended to read as follows:

(b) The commission [~~commissioner~~] by rule shall provide minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456 of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(d) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.17. Section 1001.107, Education Code, is amended to read as follows:

Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION. (a) The commission [~~commissioner~~] by rule shall require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course.

(b) In developing rules under this section, the commission [~~commissioner~~] shall consult the Department of Public Safety [~~department~~].

SECTION 2.18. Subsections (a) and (c), Section 1001.108, Education Code, are amended to read as follows:

(a) The commission [~~commissioner~~] by rule shall require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course.

(c) In developing rules under this section, the commission [~~commissioner~~] shall consult with the Department of Public Safety [~~department~~] and the [~~Texas~~] Department of State Health Services.

SECTION 2.19. Section 1001.151, Education Code, is amended to read as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) The commission [~~commissioner~~] shall establish [~~collect~~] application, license, and registration fees. The fees must be in amounts sufficient to cover administrative costs and are nonrefundable. The department shall collect the application, license, and registration fees.

(b) The commission shall establish a fee for:

(1) an initial driver education school license and [~~is $1,000 plus $850~~] for each branch location;[~~.~~]

(2) [~~(c) The fee for~~] an initial driving safety school license; [~~is an appropriate amount established by the commissioner not to exceed $200.~~]

(3) [~~(d) The fee for~~] an initial course provider license [~~is an appropriate amount established by the commissioner not to exceed $2,000~~], except that the commission [~~agency~~] may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider; [~~.~~]

(4) the [~~(e) The~~] annual renewal [~~fee~~] for a course provider, driving safety school, driver education school, or branch location [~~is an appropriate amount established by the commissioner not to exceed $200~~], except that the commission [~~agency~~] may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure; [~~.~~]

(5) [~~(f) The fee for~~] a change of address of [~~:~~

[~~(1)~~] a driver education school, [~~is $180; and~~

[~~(2)~~] a driving safety school, or course provider; [~~is $50.~~]

(6) [~~(g) The fee for~~] a change of name of:

(A) [~~(1)~~] a driver education school or course provider or an owner of a driver education school or course provider [~~is $100~~]; or [~~and~~]

(B) [~~(2)~~] a driving safety school or owner of a driving safety school; [~~is $50.~~]

(7) [~~(h) The application fee for~~] each additional driver education or driving safety course at a driver training school; [~~is $25.~~]

(8) an [~~(i) The~~] application of a [~~fee for:~~

[~~(1) each~~] director, [~~is $30; and~~

[~~(2) each~~] assistant director, or administrative staff member; and [~~is $15.~~]

(9) an [~~(j) Each~~] application for approval of a driving safety course that has not been evaluated by the department [~~commissioner must be accompanied by a nonrefundable fee of $9,000~~].

(c) [~~(k)~~] An application for an original driver education or driving safety instructor license must be accompanied by a processing fee [~~of $50~~] and an annual license fee [~~of $25~~], except that the department [~~commissioner~~] may not collect the processing fee from an applicant for a driver education instructor license who is currently teaching a driver education course in a public school in this state.

(d) [~~(l)~~] The commission [~~commissioner~~] shall establish the amount of the fee for a duplicate license.

SECTION 2.20. Section 1001.153, Education Code, is amended to read as follows:

Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The commission [~~commissioner~~] shall establish the amount of the fee to investigate a driver training school or course provider to resolve a complaint against the school or course provider.

(b) The fee may be charged only if:

(1) the complaint could not have been resolved solely by telephone or in writing;

(2) a representative of the department [~~agency~~] visited the school or course provider as a part of the complaint resolution process; and

(3) the school or course provider was found to be at fault.

SECTION 2.21. Subsection (b), Section 1001.202, Education Code, is amended to read as follows:

(b) A driving safety school may use multiple classroom locations to teach a driving safety course if each location:

(1) is approved by the parent school and the department [~~agency~~];

(2) has the same name as the parent school; and

(3) has the same ownership as the parent school.

SECTION 2.22. Sections 1001.203 through 1001.206,

Education Code, are amended to read as follows:

Sec. 1001.203. APPLICATION. To operate or do business in this state, a driver training school must apply to the department [~~commissioner~~] for the appropriate license. The application must:

(1) be in writing;

(2) be in the form prescribed by the department [~~commissioner~~];

(3) include all required information; and

(4) be verified.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school:

(1) has courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the courses, curricula, and instruction are offered;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality in the classroom and behind the wheel;

(3) has directors, instructors, and administrators who have adequate educational qualifications and experience;

(4) provides to each student before enrollment:

(A) a copy of:

(i) the refund policy;

(ii) the schedule of tuition, fees, and other charges; and

(iii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(5) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(6) on completion of training, issues each student a certificate indicating the course name and satisfactory completion;

(7) complies with all county, municipal, state, and federal regulations, including fire, building, and sanitation codes and assumed name registration;

(8) is financially sound and capable of fulfilling its commitments for training;

(9) has administrators, directors, owners, and instructors who are of good reputation and character;

(10) maintains and publishes as part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) submits to the department [~~agency~~] for approval the applicable course hour lengths and curriculum content for each course offered by the school;

(14) does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(15) meets any additional criteria required by the department [~~agency~~].

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. The department [~~commissioner~~] shall approve an

application for a driving safety school license if on investigation the department [~~agency~~] determines that the school:

(1) has driving safety courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the course, curricula, and instruction are developed by the course provider;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality;

(3) has instructors and administrators who have adequate educational qualifications and experience;

(4) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(5) complies with all county, municipal, state, and federal laws, including fire, building, and sanitation codes and assumed name registration;

(6) has administrators, owners, and instructors who are of good reputation and character;

(7) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(8) does not use a name similar to the name of another existing school or tax-supported educational establishment in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(9) maintains and uses the approved contract and policies developed by the course provider;

(10) does not owe an administrative penalty for a violation of [~~under~~] this chapter;

(11) will not provide a driving safety course to a person for less than $25; and

(12) meets additional criteria required by the department [~~commissioner~~].

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. The department [~~commissioner~~] shall approve an application for a course provider license if on investigation the department [~~agency~~] determines that:

(1) the course provider has an approved course that at least one licensed driving safety school is willing to offer;

(2) the course provider has adequate educational qualifications and experience;

(3) the course provider will:

(A) develop and provide to each driving safety school that offers the approved course a copy of:

(i) the refund policy; and

(ii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) provide to the driving safety school the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(4) a copy of the information provided to each driving safety school under Subdivision (3) will be provided to each student by the school before enrollment;

(5) not later than the 15th working day after the date the person successfully completes the course, the course provider will mail a uniform certificate of course completion to the person indicating the course name and successful completion;

(6) the course provider maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(7) the course provider complies with all county, municipal, state, and federal laws, including assumed name registration and other applicable requirements;

(8) the course provider is financially sound and capable of fulfilling its commitments for training;

(9) the course provider is of good reputation and

character;

(10) the course provider maintains and publishes as a part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) the course provider does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) the course provider does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) the course provider does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(14) the course provider meets additional criteria required by the department [~~commissioner~~].

SECTION 2.23. Subsections (a) and (b), Section 1001.207, Education Code, are amended to read as follows:

(a) Before a driver education school may be issued a license, the school must file a corporate surety bond with the department [~~commissioner~~] in the amount of:

(1) $10,000 for the primary location of the school; and

(2) $5,000 for each branch location.

(b) A bond issued under Subsection (a) must be:

(1) issued in a form approved by the department [~~commissioner~~];

(2) issued by a company authorized to do business in this state;

(3) payable to the state to be used only for payment of a refund due to a student or potential student;

(4) conditioned on the compliance of the school and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(5) issued for a period corresponding to the term of the license.

SECTION 2.24. Subsection (b), Section 1001.209, Education Code, is amended to read as follows:

(b) A bond issued under Subsection (a) must be:

(1) issued by a company authorized to do business in this state;

(2) payable to the state to be used:

(A) for payment of a refund due a student of the course provider's approved course;

(B) to cover the payment of unpaid fees or penalties assessed by the department [~~agency~~]; or

(C) to recover the cost of uniform certificates of course completion the department [~~agency~~] demands be returned or any cost associated with the certificates;

(3) conditioned on the compliance of the course provider and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(4) issued for a period corresponding to the term of the license.

SECTION 2.25. Section 1001.210, Education Code, is amended to read as follows:

Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the bond required by Section 1001.207 or 1001.209, a driver education school or course provider may provide another form of security that is:

(1) [~~(A)~~] approved by the department [~~commissioner~~]; and

(2) [~~(B)~~] in the amount required for a comparable bond under Section 1001.207 or 1001.209.

SECTION 2.26. Subsections (a) and (b), Section 1001.211, Education Code, are amended to read as follows:

(a) The department [~~commissioner~~] shall issue a license to an applicant for a license under this subchapter if:

(1) the application is submitted in accordance with this subchapter; and

(2) the applicant meets the requirements of this chapter.

(b) A license must be in a form determined by the department [~~commissioner~~] and must show in a clear and conspicuous manner:

(1) the date of issuance, effective date, and term of the license;

(2) the name and address of the driver training school or course provider;

(3) the authority for and conditions of approval;

(4) the executive director's [~~commissioner's~~] signature; and

(5) any other fair and reasonable representation that is consistent with this chapter and that the department [~~commissioner~~] considers necessary.

SECTION 2.27. Section 1001.212, Education Code, is amended to read as follows:

Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department [~~commissioner~~] shall provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 2.28. Subsections (c) and (d), Section 1001.213, Education Code, are amended to read as follows:

(c) The commission may establish [~~Instead of the~~] fees [~~required by Section 1001.151, the fee~~] for a new driver education school or course provider license under Subsection (b) and [~~is $500, plus $200~~] for each branch location that are different from the amounts established under Section 1001.151[~~,~~] if:

(1) the new owner is substantially similar to the previous owner; and

(2) there is no significant change in the management or control of the driver education school or course provider.

(d) The department [~~commissioner~~] is not required to reinspect a school or a branch location after a change of ownership.

SECTION 2.29. Section 1001.214, Education Code, is amended to read as follows:

Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may be issued to a driver training school or course provider if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253, Education Code, are amended to read as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A person may not teach or provide driver education, either as an individual or in a driver education school, or conduct any phase of driver education, unless the person holds a driver education instructor license issued by the department [~~agency~~].

(b) A person may not teach or provide driving safety training, either as an individual or in a driving safety school, or conduct any phase of driving safety education, unless the person holds a driving safety instructor license issued by the department [~~agency~~]. This subsection does not apply to an instructor of a driving safety course that does not provide a uniform certificate of course completion to its graduates.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A license under this subchapter must be signed by the executive director [~~commissioner~~].

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. (a) The department [~~commissioner~~] shall establish standards for certification of professional and paraprofessional personnel who conduct driver education programs in driver education schools.

(b) A driver education instructor license authorizing a person to teach or provide behind-the-wheel training may not be issued unless the person has successfully completed six semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school.

(c) A person who holds a driver education instructor license authorizing behind-the-wheel training may not be approved to assist a classroom instructor in the classroom phase of driver education unless the person has successfully completed the three additional semester hours of training required for a classroom instructor or a program of study in driver education approved by the department [~~commissioner~~].

(d) Except as provided by Section 1001.254, a driver education instructor license authorizing a person to teach or provide classroom training may not be issued unless the person:

(1) has completed nine semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school; and

(2) holds a teaching certificate and any additional certification required to teach driver education.

(e) A driver education instructor who has completed the educational requirements prescribed by Subsection (d)(1) may not teach instructor training classes unless the instructor has successfully completed a supervising instructor development program consisting of at least six additional semester hours or a program of study in driver education approved by the department [~~commissioner~~] that includes administering driver education programs and supervising and administering traffic safety education.

(f) A driver education school may submit for department [~~agency~~] approval a curriculum for an instructor development program for driver education instructors. The program must:

(1) be taught by a person who has completed a supervising instructor development program under Subsection (e); and

(2) satisfy the requirements of this section for the particular program or type of training to be provided.

SECTION 2.31. Subsection (a), Section 1001.254, Education Code, is amended to read as follows:

(a) A temporary driver education instructor license may be issued authorizing a person to teach or provide classroom driver education training if the person:

(1) has completed the educational requirements prescribed by Section 1001.253(d)(1);

(2) holds a Texas teaching certificate with an effective date before February 1, 1986;

(3) meets all license requirements, other than successful completion of the examination required under rules adopted by the State Board for Educator Certification to revalidate the teaching certificate; and

(4) demonstrates, in a manner prescribed by the department [~~commissioner~~], the intention to comply with the examination requirement at the first available opportunity.

SECTION 2.32. Subsections (a), (b), and (c), Section 1001.255, Education Code, are amended to read as follows:

(a) The department [~~agency~~] shall regulate as a driver education school a driver education instructor who:

(1) teaches driver education courses in a county having a population of 50,000 or less; and

(2) does not teach more than 200 students annually.

(b) An instructor described by Subsection (a) must submit to the department [~~agency~~] an application for an initial or renewal driver education school license, together with all required documentation and information.

(c) The department [~~commissioner~~] may waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 2.33. Section 1001.256, Education Code, is amended to read as follows:

Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may be issued to a driver education instructor or driving safety instructor if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.34. The heading to Subchapter G, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

SECTION 2.35. Subsection (b), Section 1001.351, Education Code, is amended to read as follows:

(b) A course provider shall electronically submit to the department [~~agency~~] in the manner established by the department [~~agency~~] data identified by the department [~~agency~~] relating to uniform certificates of course completion.

SECTION 2.36. Subsections (a) and (b), Section 1001.354, Education Code, are amended to read as follows:

(a) A driving safety course may be taught at a driving safety school if the school is approved by the department [~~agency~~].

(b) A driving safety school may teach an approved driving safety course by an alternative method that does not require students to be present in a classroom if the department [~~commissioner~~] approves the alternative method. The department [~~commissioner~~] may approve the alternative method if:

(1) the department [~~commissioner~~] determines that the approved driving safety course can be taught by the alternative method; and

(2) the alternative method includes testing and security measures that are at least as secure as the measures available in the usual classroom setting.

SECTION 2.37. Subsections (b) and (c), Section 1001.404, Education Code, are amended to read as follows:

(b) The department [~~commissioner~~] shall establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) The department [~~agency~~] may except a driver education school or course provider from the payment of interest if the school or course provider makes a good-faith effort to refund tuition, fees, and other charges but is unable to locate the student to whom the refund is owed. On request of the department [~~agency~~], the school or course provider shall document the effort to locate a student.

SECTION 2.38. Sections 1001.451 and 1001.452, Education Code, are amended to read as follows:

Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

(1) use advertising designed to mislead or deceive a prospective student;

(2) fail to notify the department [~~commissioner~~] of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records as required by this chapter;

(3) issue, sell, trade, or transfer:

(A) a uniform certificate of course completion or driver education certificate to a person or driver training school not authorized to possess the certificate;

(B) a uniform certificate of course completion to a person who has not successfully completed an approved, six-hour driving safety course; or

(C) a driver education certificate to a person who has not successfully completed a department-approved [~~commissioner-approved~~] driver education course;

(4) negotiate a promissory instrument received as payment of tuition or another charge before the student completes 75 percent of the course, except that before that time the instrument may be assigned to a purchaser who becomes subject to any defense available against the school named as payee; or

(5) conduct any part of an approved driver education course or driving safety course without having an instructor physically present in appropriate proximity to the student for the type of instruction being given.

Sec. 1001.452. COURSE OF INSTRUCTION. A driver training school may not maintain, advertise, solicit for, or conduct a course of instruction in this state before the later of:

(1) the 30th day after the date the school applies for a driver training school license; or

(2) the date the school receives a driver training school license from the department [~~commissioner~~].

SECTION 2.39. Subsections (d) and (e), Section 1001.453, Education Code, are amended to read as follows:

(d) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456(a) of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(e) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.40. Section 1001.456, Education Code, is amended to read as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the department [~~agency~~] believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase driver education certificates.

(b) If the department [~~agency~~] believes that a course provider, driving safety school, or driving safety instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review of the course provider, driving safety school, or driving safety instructor;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase uniform certificates of course completion.

(c) A peer review ordered under this section must be conducted by a team of knowledgeable persons selected by the department [~~agency~~]. The team shall provide the department [~~agency~~] with an objective assessment of the content of the school's or course provider's curriculum and its application. The school or course provider shall pay the costs of the peer review.

(d) A suspension of enrollment under Subsection (a)(2) or (b)(2) means a ruling by the executive director [~~commissioner~~] that restricts a school from:

(1) accepting enrollments or reenrollments;

(2) advertising;

(3) soliciting; or

(4) directly or indirectly advising prospective students of its program or course offerings.

SECTION 2.41. The heading to Subchapter L, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

SECTION 2.42. Subsection (b), Section 1001.555, Education Code, is amended to read as follows:

(b) The department [~~agency~~] shall contract with the Department of Public Safety [~~department~~] to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 2.43. Subsection (b), Article 45.0511, Code of Criminal Procedure, is amended to read as follows:

(b) The judge shall require the defendant to successfully complete a driving safety course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~] or a course under the motorcycle operator training and safety program approved by the designated state agency under Chapter 662, Transportation Code, if:

(1) the defendant elects driving safety course or motorcycle operator training course dismissal under this article;

(2) the defendant has not completed an approved driving safety course or motorcycle operator training course, as

appropriate, within the 12 months preceding the date of the offense;

(3) the defendant enters a plea under Article 45.021 in person or in writing of no contest or guilty on or before the answer date on the notice to appear and:

(A) presents in person or by counsel to the court a request to take a course; or

(B) sends to the court by certified mail, return receipt requested, postmarked on or before the answer date on the notice to appear, a written request to take a course;

(4) the defendant has a valid Texas driver's license or permit;

(5) the defendant is charged with an offense to which this article applies, other than speeding 25 miles per hour or more over the posted speed limit; and

(6) the defendant provides evidence of financial responsibility as required by Chapter 601, Transportation Code.

SECTION 2.44. Section 51.308, Education Code, is amended to read as follows:

Sec. 51.308. DRIVER EDUCATION. A driver education course for the purpose of preparing students to obtain a driver's license may be offered by an institution of higher education, as defined by Section 61.003, with the approval of the Texas Department of Licensing and Regulation [~~Central Education Agency~~].

SECTION 2.45. Subsection (a), Section 521.1655, Transportation Code, is amended to read as follows:

(a) A driver education school licensed under Chapter 1001, Education Code, [~~the Texas Driver and Traffic Safety Education Act (Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161.

SECTION 2.46. Section 521.203, Transportation Code, is amended to read as follows:

Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The department may not issue a Class A or Class B driver's license to a person who:

(1) is under 17 years of age;

(2) is under 18 years of age unless the person has completed a driver training course approved by the Texas Department of Licensing and Regulation [~~Central Education Agency~~]; or

(3) has not provided the department with an affidavit, on a form prescribed by the department, that states that no vehicle that the person will drive that requires a Class A or Class B license is a commercial motor vehicle as defined by Section 522.003.

SECTION 2.47. Subsections (b) and (d), Section 521.205, Transportation Code, are amended to read as follows:

(b) The department may not approve a course unless it determines that the course materials are at least equal to those required in a course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~], except that the department may not require that:

(1) the classroom instruction be provided in a room with particular characteristics or equipment; or

(2) the vehicle used for the behind-the-wheel instruction have equipment other than the equipment otherwise required by law for operation of the vehicle on a highway while the vehicle is not being used for driver training.

(d) Completion of a driver education course approved under this section has the same effect under this chapter as completion of a driver education course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~].

SECTION 2.48. Subdivision (1), Section 1001.001, Subsections (b) and (c), Section 1001.053, Subsections (a) and (b), Section 1001.054, and Sections 1001.152, 1001.303, 1001.304, 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460, 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and Subchapter B, Chapter 543, Transportation Code, are repealed.

SECTION 2.49. (a) As soon as practicable after the

effective date of this Act, the Texas Education Agency and the Texas Department of Licensing and Regulation shall develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. The transition plan must include a timetable with specific steps and deadlines needed to complete the transfer.

(b) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005:

(1) all functions and activities relating to Chapter 1001, Education Code, performed by the Texas Education Agency immediately before that date are transferred to the Texas Department of Licensing and Regulation;

(2) a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or department;

(3) a reference in law to or an administrative rule of the Texas Education Agency that relates to Chapter 1001, Education Code, means the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Education Agency that is related to Chapter 1001, Education Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Education Agency in an action or proceeding to which the Texas Education Agency is a party;

(5) all money, contracts, leases, property, and obligations of the Texas Education Agency related to Chapter 1001, Education Code, are transferred to the Texas Department of Licensing and Regulation;

(6) all property in the custody of the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation; and

(7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation.

(c) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005, all full-time equivalent employee positions at the Texas Education Agency that primarily concern the administration of Chapter 1001, Education Code, become positions at the Texas Department of Licensing and Regulation. When filling the positions, the Texas Department of Licensing and Regulation shall give first consideration to an applicant who, as of August 31, 2005, was a full-time employee at the Texas Education Agency primarily involved in administering Chapter 1001, Education Code.

(d) Before September 1, 2005, the Texas Education Agency may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(e) In the period beginning with the effective date of this Act and ending on September 1, 2005, the Texas Education Agency shall continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and the former law is continued in effect for that purpose.

(f) If this Act does not take effect immediately, an action required to be taken under this section on or before September 1, 2005, by the Texas Education Agency or the Texas Department of

Licensing and Regulation shall be taken as soon as practicable after the effective date of this Act, but not later than November 1, 2005.

SECTION 2.50. The changes in law made by this article apply only to a fee charged on or after September 1, 2005. A fee charged before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.51. The changes in law made by this article apply only to a license issued or renewed on or after September 1, 2005. An issuance or renewal that occurs before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

* * * * *

FAVORABLY AS SUBSTITUTED
SENATE COMMITTEE REPORT ON

(SB) SCR SJR SR HB HCR HJR 422

By Jackson
(Author/Senate Sponsor)

4-25-05
(date)

We, your Committee on GOVERNMENT ORGANIZATION, to which was referred the attached measure, have on 4/20/05 (date of hearing), had the same under consideration and I am instructed to report it back with the recommendation (s) that it:

(✓) 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. (✓) yes ( ) no

A revised fiscal note was requested. (✓) yes ( ) no

An actuarial analysis was requested. ( ) yes (✓) no

Considered by subcommittee. ( ) yes (✓) no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Ellis, Chair	✓			
Senator Eltife, Vice-Chair	✓			
Senator Gallegos	✓			
Senator Harris	✓			
Senator Jackson	✓			
Senator Nelson	✓			
Senator Whitmire	✓			
TOTAL VOTES	7	0	0	0

COMMITTEE ACTION

(S260) Considered in public hearing
(S270) Testimony taken

Vanessa McMahan
COMMITTEE CLERK

R Ellis
CHAIR

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute
Retain one copy of this form for Committee files

WITNESS LIST

SB 422

SENATE COMMITTEE REPORT

Government Organization

April 4, 2005 - 1:30PM

FOR: Pharr, Dianna Mother (Self; my children), Austin, TX
Rummel, Leah Executive Director Texas Association of health plans (Self; myself), Austin, TX
Statman, Rona Advocate/ Attorney (The Arc of Texas), Austin, TX

ON: Beneski, Amy Associate Executive Director (Texas Association of School Administrators), Austin, TX
Borreca, Chris Attorney, Bracewell and Giuliani, LLP (TCASE (Texas Council of Administration of Special Education), Houston, TX
Bruno, Tina Public Relations (Texans for Traditional School Year), San Antonio, TX
Eaton, Holly Attorney (Texas Classroom Teachers Association), Austin, TX
Kouri, Richard Director Public Affairs (TSTA), Austin, TX
Lambert, Kay Education Policy Specialist (Advocay, Inc.), Austin, TX
Lara, Rene Legislative Liaison (Texas Federatoion of Teachers), Austin, TX
LaVallo, Richard attorney (Advocay, Inc.), Austin, TX
Maxwell, Susan Public Policy (Texas Council for Developmental Disabilities), Austin, TX
Neeley, Shirley Commissioner of Education (Texas Education Agency), Austin, TX
Nichols, J. Erik Attorney (TASB/ TCASE), Austin, TX
Perry, Mary Director Division of Charter Schools (TEA), Austin, TX
Sartain, Cathy Director of Special Programs (Texas Council of Administrators of Special Education), Houston, TX
Walsh, Jim Attorney (Walsh, Anderson, Brown, Schulz, and Aldridge Law Firm), Austin, TX
Whitsett, Jo-Hannah Lobbyist (Association Texas Professional Educators), Austin, TX
Winkler, Sarah Alief ISD and TASB Trustee (Texas Association of School Boards), Austin, TX
Wisnoski, Joe Deputy Associate Commissioner (Texas Education Agency), Austin, TX
Yeaman, Karen parent (students with special needs), Dripping Springs, TX

Registering, but not testifying:

For: Bresnen, Steve Attorney (USA Training Inc.), Austin, TX
Hall, Pennie Program Director (National Alliance for the Mentally Ill of Texas), Austin, TX

On: Bailey Taylor, Shelia Chief Administrative Law Judge (State Office of Administrative Hearings), Austin, TX
Jones, Jennifer Policy Analyst (Sunset Advisory Commission), Austin, TX

Levine, Ken (Sunset Commission), Austin, TX

April 12, 2005 - 8:30AM

ON: Anderson, David Lawyer (Texas Education Agency), Austin, TX
Eaton, Holly Attorney/ Lobbyist (TX Classroom Teachers Association), Austin, TX
Jones, Jennifer Policy Analyst (Sunset Advisory Commission), Austin, TX
Kouri, Richard Director Public Affairs (TSTA), Austin, TX
Lambert, Kay Education Policy Specialist (Advocacy, Inc.), Austin, TX
Lara, Rene Legislative Liaison (Texas Federation of Teachers), Austin, TX
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BILL ANALYSIS

Senate Research Center
79R14376 E

C.S.S.B. 422
By: Jackson, Mike
Government Organization
4/25/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The 51st Legislature created the Central Education Agency in 1949, consisting of the State Board of Education (SBOE), the state commissioner of education (commissioner), and the state department of education (department). In 1995, the 74th Legislature abolished the Central Education Agency and transferred its duties to the Texas Education Agency (TEA) and specified powers and duties for the commissioner and SBOE separately. TEA's current mission is to provide leadership, guidance, and resources to help schools meet the educational needs of all students.

TEA and the regional education service centers are subject to the Sunset Act and will be abolished on September 1, 2005, unless continued by the legislature.

C.S.S.B. 422 contains the Sunset Advisory Commission's recommendations to continue TEA and several statutory recommendations that address areas needing improvement. In addition, C.S.S.B. 422 includes the Sunset Advisory Commission's recommendations to continue the regional education service centers and require training for the boards of directors.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1.07 (Section 7.0571, Education Code), SECTION 1.09 (Section 8.0031, Education Code), SECTION 1.11 (Section 12.005, Education Code), SECTION 1.22 (Section 33.202, Education Code), SECTION 1.30 (Section 39.076, Education Code), SECTION 1.31 (Section 39.078, Education Code), and SECTION 1.36 (Section 45.0561, Education Code) of this bill.

Rulemaking authority previously granted to the State Board of Education is transferred to the commissioner of education in SECTION 1.27 (Section 39.072, Education Code) of this bill.

Rulemaking authority previously granted to the Texas Education Agency is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.04 (Section 1001.052, Education Code), SECTION 2.09 (Section 1001.055, Education Code), SECTION 2.10 (Section 1001.056, Education Code), and SECTION 2.13 (Section 1001.102, Education Code) of this bill.

Rulemaking authority previously granted to the commissioner of education is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.08 (Section 1001.054, Education Code), SECTION 2.10 (Section 1001.056, Education Code), SECTION 2.13 (Section 1001.101, Education Code), SECTION 2.16 (Section 1001.106, Education Code), SECTION 2.17 (Section 1001.107, Education Code), and SECTION 2.18 (Section 1001.108, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Amends Section 5.001, Education Code, by adding Subdivision (1-a), to define "charter school."

SECTION 1.02. Amends Section 7.004, Education Code, as follows:

Sec. 7.004. SUNSET PROVISION. Provides that the Texas Education Agency (TEA) is subject to Chapter 325, Government Code (Texas Sunset Act), and, unless continued in existence as provided by that chapter, TEA is abolished on September 1, 2017, rather than 2005.

SECTION 1.03. Amends Subchapter A, Chapter 7, Education Code, by adding Section 7.010, as follows:

Sec. 7.010. BEST PRACTICES. (a) Requires TEA and the regional education service centers to solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information, and to disseminate that information. Requires TEA and the regional education service centers to enter into a memorandum of understanding that establishes the respective duties of TEA and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) Sets forth specific best practices information which is authorized to be included.

(c) Requires the best practices information to include information collected by TEA or a regional education service center concerning the effective use of online courses and sets forth specific information which must be included.

(d) Provides that TEA and the regional education service centers are not required to evaluate and are prohibited from endorsing the best practices information collected under this section.

(e) Requires TEA and the regional education service centers to develop incentives for school districts and open-enrollment charter schools to implement best practices.

SECTION 1.04. Redesignates and amends Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, as Section 7.028, Education Code, as follows:

Sec. 7.028. LIMITATION ON COMPLIANCE MONITORING. Redesignated from existing text of Section 7.027. Deletes existing text relating to an exception to this section provided by Section 39.074.

SECTION 1.05. Amends Subchapter B, Chapter 7, Education Code, by adding Sections 7.032 and 7.033, as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. Requires TEA to maintain a system to promptly and efficiently act on complaints filed with TEA that TEA has the authority to resolve. Sets forth specific information which must be maintained by TEA. Requires TEA to make information available describing its procedures for complaint investigation and resolution and to periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. Requires TEA, to the extent permissible under Section 7.028, to develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. Requires the system to incorporate performance and compliance information collected by various TEA divisions for each school district and charter school, including information relating to specific issues.

SECTION 1.06. Amends Sections 7.057(a) and (d), Education Code, as follows:

(a) Authorizes a person, except as provided by Subsection (e) or Section 7.0571, to appeal in writing to the commissioner if the person is aggrieved by certain laws or actions.

(d) Authorizes a person aggrieved by an action of TEA or decision of the commissioner, except as provided by Section 7.0571, Education Code, to appeal to a district court in Travis County.

SECTION 1.07. Amends Subchapter C, Chapter 7, Education Code, by adding Sections 7.0571, 7.061, 7.062, and 7.063, as follows:

Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. Requires the commissioner to adopt rules under which a school district, open-enrollment charter school, or other person that wishes to challenge an agency decision made under Chapter 39, 41, 42, or 46, must petition the commissioner for an informal review by the commissioner of the decision. Authorizes the commissioner to limit a review under this section to a written submission of any issue identified by the commissioner. Provides that a final decision under this section is final and is prohibited from being appealed under Section 7.057 or any other law.

Sec. 7.061. TECHNOLOGY POLICY. Requires the commissioner to implement a policy requiring TEA to use appropriate technological solutions to improve TEA's ability to perform its functions. Requires said policy to ensure that the public is able to interact with TEA on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION. Requires the commissioner to develop and implement a policy to encourage the use of negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of TEA rules, and appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under TEA's jurisdiction. Requires TEA's procedures relating to alternative dispute resolution to conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies. Requires the commissioner to designate a trained person to perform specific functions relating to the policy adopted under this section.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Requires the commissioner, before adopting a new rule, to assess whether the proposed rule will impose additional paperwork requirements on educators and to attempt to minimize any such additional requirements.

SECTION 1.08. Amends Chapter 7, Education Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. Requires TEA to implement a comprehensive, performance-based grant system to collect and report grant performance and spending information in making future grants. Sets forth specific requirements for the grant system.

Sec. 7.152. GRANT PROGRAM PROCEDURES. Requires TEA to ensure that the mission, purpose, and objectives of each TEA grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002, Education Code, each TEA grant program coordinates with other grant programs administered by TEA, grant programs with similar objectives have common performance measures, and the most efficient method for coordinating grant objectives, grant activities, academic performance measures, and funding are used in TEA's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. Authorizes TEA to use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. Requires TEA to develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by TEA.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. Requires TEA to ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. Requires TEA, in coordination with regional education service centers, to use data relating to grant programs, including grant spending and performance information, to identify successful grant programs. Requires each regional education service center, based on the identification of successful grant programs, to provide information concerning those programs to the school districts in the service center's region. Provides that application of this section begins with the 2009-2010 school year and that this subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. Requires TEA, in developing the performance-based grant system, to identify each area of data collected for grant programs and the method in which TEA collects the data, determine whether grant data that a school district or charter school is required to collect is useful and supports certain objectives and goals, determine whether grant data is analyzed and disseminated efficiently, and review TEA's policies, procedures, and reporting requirements relating to grant programs administered by TEA to simplify and make more efficient certain processes. Provides that this section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. Requires TEA, not later than January 1, 2007, to provide the legislature with a status report concerning TEA's development of the grant system. Authorizes the report to suggest any statutory changes needed to facilitate a full transition to a performance-based grant system. Requires TEA, beginning with the 2009-2010 school year, to make the performance-based grant system fully available to school districts and charter schools. Provides that this section expires June 1, 2010.

SECTION 1.09. Amends Subchapter A, Chapter 8, Education Code, by adding Section 8.0031, as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. Requires the commissioner to adopt rules prescribing training requirements for members of regional education service center boards of directors. Authorizes specific curriculum to be included in the training curriculum. Requires a member of a regional education service center board of directors to complete any training required by commissioner rule.

SECTION 1.10. Amends Section 8.051(b), (c), and (d), Education Code, as follows:

(b) Requires each plan submitted under this subsection to include the purposes and description of the services a regional education service center will provide to campuses rated academically unacceptable under Section 39.072, rather than campuses identified as low-performing based on the indicators adopted under Section 39.051.

(c) Requires each regional education service center to provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating best practices information as provided by Section 7.010 and information concerning successful grant programs to school districts as provided by Section 7.156.

(d) Requires each regional education service center to maintain core services for purchase by school districts and campuses, including assistance specifically designed for a school district or campus rated academically unacceptable under Section 39.072, rather

than 39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051.

SECTION 1.11. Amends Subchapter A, Chapter 12, Education Code, by adding Sections 12.004 and 12.005, as follows:

Sec. 12.004. MONITORING OF CERTAIN CHARTER SCHOOLS. Provides that this section applies only to certain charter schools. Requires TEA to monitor a charter school to which this section applies to make certain assessments.

Sec. 12.005. FINANCIAL ACCOUNTABILITY. (a) Defines "parent" and "system."

(b) Requires the commissioner to develop and implement a financial accountability rating system for charter schools. Requires the system to include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) Requires the commissioner to develop, as part of the system, a specific reporting procedure.

(d) Requires the annual financial management report to include specific information.

(e) Authorizes the report to include specific information.

(f) Requires the governing body of each charter school to hold a public hearing on the report and to provide notice of the hearing to the parents of students enrolled in the school. Requires notice of the hearing, in addition to other notice required by law, to be provided through specific media.

(g) Requires the governing body of the charter school, after the hearing, to provide the report to the parents of students enrolled in the school.

(h) Requires the commissioner to adopt rules as necessary for the administration of this section.

SECTION 1.12. Amends Section 12.013(b), Education Code, to provide that a home-rule school district is subject to elementary class size limits under Section 25.112, in the case of any campus in the district that is rated academically unacceptable under Section 39.072, rather than considered low-performing under Section 39.132.

SECTION 1.13. Amends Section 12.115, Education Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires the action the commissioner takes under Subsection (a) to be based on specific factors, including the extent to which the school is in compliance with any state or federal programmatic or financial requirements applicable to the school.

(c) Prohibits this section from being construed to limit the commissioner's authority to impose a sanction under Subchapter G, Chapter 39.

SECTION 1.14. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.1151, as follows:

Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. Requires the commissioner to order the closure and revoke or deny the renewal of a charter of an open-enrollment charter school under Section 12.115 in certain circumstances. Provides that a hearing concerning the closure and revocation or denial of renewal of a charter of an open-enrollment charter school under this section is limited to specific issues and is prohibited

from being used to challenge the commissioner's final academic performance rating for the open-enrollment charter school or a campus operated under the charter.

SECTION 1.15. Amends Section 12.116, Education Code, by amending Subsection (b) and adding Subsection (d), as follows:

(b) Amends the specific requirements for the location of a hearing under this subsection.

(d) Provides that a decision by the commissioner under this section is final and is prohibited from being appealed.

SECTION 1.16. Amends Section 21.453(b), Education Code, to make a conforming change.

SECTION 1.17. Amends Subchapter A, Chapter 29, Education Code, by adding Sections 29.0162 and 29.0163, as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. Requires TEA to make available to a parent, student, school district, attorney, or other interested person, and to place on TEA's Internet website, comprehensive, easily understood information concerning the special education due process hearing process. Sets forth specific items to be included in the information.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. Provides that Section 7.032 applies to any complaint regarding the conduct of a special education hearing officer. Requires TEA to collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing the effectiveness of the due process hearing process and the performance of a special education hearing officer. Requires TEA to use the information described by Subsection (b) in determining whether to renew a contract with a special education hearing officer.

SECTION 1.18. Amends Section 29.202(a), Education Code, to make conforming changes.

SECTION 1.19. Amends Subchapter H, Chapter 29, Education Code, by adding Section 29.258, as follows:

Sec. 29.258. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) Defines "local workforce development board."

(b) Requires TEA to develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with the skills necessary to compete for current and emerging jobs in this state.

(c) Sets forth specific requirements for TEA in developing the general curriculum required by Subsection (b).

(d) Requires TEA, based on the curriculum developed under this section, to adopt workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curriculum developed under this section.

(e) Requires TEA, in addition to the curriculum developed under this section, to develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary educational opportunities leading to certificates and degrees.

(f) Requires the Texas Workforce Commission to provide TEA with the resources, industry-specific information, and expertise needed by TEA in developing and implementing the curriculum under this section.

(g) Provides that this section expires September 1, 2007.

SECTION 1.20. Amends Section 31.025, Education Code, by adding Subsection (a-1), to require TEA to recommend to the State Board of Education (SBOE) a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.21. Amends Sections 31.1011(a)-(c), Education Code, as follows:

(a) Requires the commissioner to implement a program that allows a school district or open-enrollment charter school, rather than a program to study the use of credits for textbooks, which is required to be designed to allow a participating school district or open-enrollment charter school, to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) and (c) Makes conforming changes.

SECTION 1.22. Amends Chapter 33, Education Code, by adding Subchapter F, as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. Provides that this subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) Requires the commissioner, by rule, to develop and adopt a safety training program as provided by this section. Authorizes the commissioner, in developing the program, to use materials available from the American Red Cross or another appropriate entity.

(b) Sets forth specific persons who must satisfactorily complete the safety training program.

(c) Sets forth specific certifications and training which must be included in the safety training program.

(d) Requires a student participating in an extracurricular athletic activity to receive specific training.

(e) Authorizes the safety training program and the training under Subsection (d) to each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) Provides that a physician who is employed by a school or school district, or who volunteers to assist with an extracurricular activity, is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. Requires each student participating in an extracurricular athletic activity to complete specific University Interscholastic League (UIL) forms, which must be signed by both the student and the student's parent or guardian. Requires each of those forms to clearly state that failure to accurately and truthfully answer all questions on a form required by statute or by UIL as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by UIL. Requires the "Preparticipation Physical Evaluation--Medical History" form to contain a specific statement.

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. Prohibits a coach, trainer, or sponsor for an extracurricular athletic activity from encouraging or permitting a student participating in the activity to engage in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. Requires a coach, trainer, or sponsor for an extracurricular athletic activity, at each athletic practice or competition, to ensure that certain safety precautions are met. Prohibits a student who is participating in any extracurricular athletic activity, including a practice or competition, if the student is rendered unconscious during the activity, from returning to the practice or competition during which the student was rendered unconscious or continuing to participate in any extracurricular athletic activity until the student receives written authorization from a physician.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. Requires a school, on request, to make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202. Requires the superintendent of a school district or the director of a school subject to this subchapter to maintain complete and accurate records of the district's or school's compliance with Section 33.202. Requires a school campus that is determined by the school's superintendent or director not to be in compliance with Section 33.202, 33.204, or 33.205, to discontinue all extracurricular activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. Requires the commissioner to maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter. Requires each school that offers an extracurricular athletic activity to prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. Requires a school that offers an extracurricular athletic activity to provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of UIL's parent information manual.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. Requires UIL to incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. Provides that an action taken under this subchapter is not considered to be a ministerial act for purposes of Section 22.0511.

SECTION 1.23. Amends Subchapter D, Chapter 33, Education Code, by adding Section 33.087, as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. Requires TEA and UIL, using existing funds and other resources available for the purpose, to jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by UIL member schools, and the possibility of receiving a bulk discount on such purchases. Requires TEA and UIL to submit a report describing the findings of the investigation to the legislature not later than June 1, 2006. Provides that this section expires July 1, 2006.

SECTION 1.24. Amends Subchapter B, Chapter 39, Education Code, by adding Section 39.0232, as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. Requires TEA to makes every effort to ensure the appropriate administration of assessment instruments under Section 39.023 and to protect the integrity of the assessment program established under this subchapter.

SECTION 1.25. Amends Section 39.053(a), Education Code, to require the annual report required under this section to include the academic performance rating for a district and each campus in the district as provided under Section 39.072, rather than 39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c) and to make nonsubstantive changes.

SECTION 1.26. Amends Section 39.055, Education Code, as follows:

Sec. 39.055. New heading: AUDIT OF DROPOUT RECORDS; REPORT. Authorizes the system developed by the commissioner under this section to be subject to a special accreditation investigation under Section 39.075. Deletes existing text relating to specific requirements for on-site monitoring of dropout records. Requires the commissioner to notify the superintendent, rather than board of trustees, of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, or any recommendation by the commissioner concerning the data.

SECTION 1.27. Amends Sections 39.071 and 39.072, Education Code, as follows:

Sec. 39.071. ACCREDITATION. (a) Creates this subsection from existing text. Provides that accreditation of a school district is determined in accordance with this section, rather than subchapter.

(b) Requires the commissioner, each year, to determine the accreditation status of each school district. Requires the commissioner to evaluate and consider specific factors in making such a determination.

(c) Requires the commissioner, based on a school district's performance under Subsection (b), to assign a district an accreditation status of accredited, accredited-warned, or accredited-probation, or revoke the accreditation of the district and order closure of the district under Section 39.1332.

(d) Requires the commissioner to notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. Requires the commissioner to require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) Prohibits a school district that is not accredited from receiving funds from the agency or holding itself out as operating a public school of this state.

(f) Prohibits this chapter from being construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. New heading: ACADEMIC ACCOUNTABILITY SYSTEM. (a) Requires the commissioner to adopt rules for assigning to each school district and campus a specific performance rating. Deletes existing text requiring the State Board of Education to adopt rules to evaluate the performance of school districts and to assign to each district a specific performance rating.

(b) Requires the academic excellence indicators adopted under Section 39.051(b), rather than Sections 39.051(b)(1) through (7) and the district's current special education compliance status with TEA, to be the main considerations of a school district or campus under this section. Deletes existing text authorizing additional

criteria in the rules to include consideration of certain other requirements and data.

(c) Requires TEA to evaluate and, not later than August 15 of each year, report the performance of each school district and campus. Deletes existing text relating to an evaluation of open-enrollment charter schools on the basis of specific performance indicators and makes conforming changes.

(d) Requires TEA to annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. Authorizes the commissioner to determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgement.

(e) Requires each annual review to include an analysis of the indicators under Section 39.051 to determine district and campus performance in relation to state standards established for each indicator, required improvement as defined under Section 39.051(c), and comparable improvement as determined under Section 39.051(c).

(f) Authorizes the academic performance rating of a school district to be raised or lowered based on the district's performance or to be lowered based on the unacceptable performance of one or more campuses in the district. Authorizes the academic performance rating of a school district to also be lowered based on a determination that data provided to TEA by the district that is necessary for conducting an annual review under this section is unreliable.

(g) Requires the commissioner to notify a school district if the performance of the district or a campus in the district is below a standard required under this section. Requires the commissioner to require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Provides that, notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating, rather than accreditation status , of the district or school, a student attending a campus that is a facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility, rather than a student confined by court order in a residential program or facility operated by or under contract with the Texas Youth Commission, is not considered to be a student of the school district or open-enrollment charter school serving the student, rather than of the school district in which the program or facility is physically located. Prohibits the performance of a student who attends such a campus from being used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school. Deletes existing text providing that the performance of such a student is considered separately from the performance of students attending a school of the district in which the program or facility is physically located.

SECTION 1.28. Amends Section 39.075(a), Education Code, to authorize, rather than require, the commissioner to authorize special accreditation investigations to be conducted in certain circumstances. Amends the specific circumstances in which such investigations are authorized to be conducted.

SECTION 1.29. Reenacts and amends Section 39.075(c), Education Code, as amended by Chapters 396 and 931, Acts of the 77th Legislature, Regular Session, 1999, to authorize the

commissioner, based on the results of a special accreditation investigation, to raise or lower the district's accreditation status, rather than rating.

SECTION 1.30. Amends Section 39.076, Education Code, by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c), as follows:

(a) Requires TEA to adopt written procedures for conducting investigations, rather than on-site investigations, under this subchapter.

(a-1) Authorizes an investigation conducted under this subchapter to be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) Authorizes the investigators, if conducting an on-site investigation, to obtain information from administrators, teachers, or parents of students enrolled in the school district. Requires the commissioner to adopt rules for obtaining information from parents and using that information in the investigator's report and obtaining information from teachers in a manner that prevents a campus or district from screening the information.

(a-3) Authorizes TEA to give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) Requires the investigators conducting an on-site investigation to report the results of the investigation orally and in writing to the board of trustees of the district and, as appropriate, to campus administrators, and to make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 1.31. Amends Subchapter D, Chapter 39, Education Code, by adding Sections 39.077 and 39.078, as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. Requires a school district, open-enrollment charter school, or other person that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating to petition for an informal review as provided by Section 7.0571. Provides that a final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and is prohibited from being appealed.

Sec. 39.078. RULES. Authorizes the commissioner to adopt rules as necessary to administer this subchapter.

SECTION 1.32. Amends Sections 39.131, 39.132, and 39.133, as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. Requires the commissioner, if a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, to take any of several specific actions. Amends the list of specific actions the commissioner is required to take under this section.

Sec. 39.132. SANCTIONS FOR CAMPUSES. Authorizes the commissioner, if a campus receives an academic performance rating of academically unacceptable under Section 39.072, to permit the campus to participate in an innovative redesign of the campus or take certain other actions. Deletes existing text providing that, if a campus performance is below any standard under Section 39.073(b), the campus is considered a low-performing campus. Requires the commissioner, if a campus has been rated academically unacceptable for two or more consecutive school years, including the current school year, to order the closure of the district or charter program on the campus or reconstitute the campus. Makes conforming changes.

Sec. 39.133. ANNUAL REVIEW. Requires the commissioner to review annually the performance of a district or campus subject to sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. Requires the

determination to take into account the number, severity, and duration of the problems identified. Deletes existing text requiring the commissioner to conduct an annual performance review of a district for which the accreditation rating has been lowered due to certain circumstances. Requires the commissioner to review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and prohibits the commissioner from raising the rating until the district has demonstrated improved student performance.

SECTION 1.33. Amends Subchapter G, Chapter 39, Education Code, by adding Sections 39.1331, 39.1332, and 39.1333, as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. Authorizes the commissioner, in addition to other sanctions authorized under Sections 39.131 and 39.132, to order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. Authorizes the commissioner's order to require the district or campus to take specific actions.

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) Authorizes the commissioner to revoke the accreditation of a school district and order the closure of the district or campus, as appropriate, under certain circumstances.

(b) Requires the commissioner to issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. Authorizes an order of closure to include specific provisions and make specific requirements.

(c) Provides that a person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) Authorizes a board of managers exercising authority under Subsection (b)(2) to exercise the authority of the board of trustees with regard to financial management of the district and personnel actions. Provides that the board of managers is not required to be composed of residents of the district.

(e) Provides that an open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. Requires a school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, to petition for an informal review as provided by Section 7.0571. Provides that a final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and may not be appealed. Prohibits a school district from collaterally contesting an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 1.34. Amends Section 39.134, Education Code, to require the costs of providing a service provider under Section 39.1331 to be paid by the district.

SECTION 1.35. Amends Section 39.182, Education Code, by adding Subsections (b-1), (b-2), and (b-3), as follows:

(b-1) Requires the report to include a summary of specific investigations and efforts made by TEA regarding the administration of assessment instruments.

(b-2) Requires the report to include an assessment of the impact of the performance based grant system developed under Subchapter E, Chapter 7, on student academic performance, including specific analyses and recommendations.

(b-3) Provides that Subsection (b-2) applies beginning January 1, 2009 and that this subsection expires February 1, 2009.

SECTION 1.36. Amends Subchapter C, Chapter 45, Education Code, by adding Section 45.0561, as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. Requires the commissioner, in determining which bonds to approve for guarantee under this subchapter, to give priority to a school district that has had bonds refunded and defeased under Subchapter D, Chapter 46. Authorizes the commissioner to adopt rules to administer this section.

SECTION 1.37. Amends Chapter 46, Education Code, by adding Subchapter D, as follows:

SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

Sec. 46.091. DEFINITIONS. Defines "allocated revenue," "authority," "authority obligation," "credit agreement," and "obligation administrative expenses."

Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) Authorizes the commissioner, if the commissioner determines it is feasible to refund eligible school district bonds as provided by this subchapter, to request that the Texas Public Finance Authority (authority) issue authority obligations necessary to accomplish the refunding. Requires the authority, on request of the commissioner, to issue authority obligations, in accordance with Title 9, Government Code, in a certain amount.

(b) Requires authority obligations and any related credit agreements to be secured by allocated revenue.

(c) Requires the commissioner's request for the issuance of authority obligations to state the maximum principal amount of bonds to be refunded under this subchapter, the maximum term of bonds to be refunded, and the amount of state assistance under Subchapter A or B to support the payment of the bonds to be refunded.

(d) Authorizes the authority to make certain determinations in order to best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost.

(e) Requires the authority to certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Provides that Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. Provides that school district bonds are eligible for refunding under this subchapter if the district receives state assistance for payment of the bonds under Subchapter A or B and the principal and interest of the bonds are guaranteed by the permanent school fund under Subchapter C, Chapter 45.

Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS. (a) Requires the commissioner, if the commissioner determines it is

feasible to refund eligible school district bonds as provided by this subchapter, to periodically identify which outstanding bonds are eligible for refunding under this subchapter. Requires the commissioner to notify the school districts issuing the bonds of certain information relating to refunding of the bonds.

(b) Authorizes a school district, not later than the 45th day after the date the commissioner notifies the district under Subsection (a), to direct the commissioner to remove any of the district's eligible bonds from consideration for refunding under this subchapter. Provides that, if the district does not direct the commissioner to remove the district's bonds from consideration for refunding within the time prescribed by this subsection, the district is deemed to have consented to having the bonds refunded.

(c) Sets forth requirements for the notice under Subsection (a).

Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. Requires the commissioner, to permit the authority to pledge allocated revenue to the payment of authority obligations, to enter into a specific agreement with the authority. Requires an agreement under this section to state that funding for allocated revenue is subject to legislative appropriation. Provides that a distribution to the authority under the agreement is considered to be a distribution for purposes of Section 46.009. Authorizes the commissioner, if the commissioner determines that the amount appropriated for any for allocated revenue is insufficient, to act under Section 46.009(b), to ensure the sufficiency of allocated revenue.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. Requires the authority to use the proceeds of authority obligations, less the cost of issuing those obligations, to refund and defease eligible bonds as requested by the commissioner. Authorizes the commissioner and the authority, on behalf of the districts issuing the bonds, to take certain actions. Requires the authority to provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. Authorizes the authority, after paying the current debt service on authority obligations, to use allocated revenue to pay obligation administrative expenses.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) Requires a school district, if the commissioner allocates and distributes to the authority allocated revenue for the district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds, to reimburse the commissioner in the amount of the excess.

(b) Requires the commissioner, if a school district elects not to reimburse the commissioner in the amount of the excess state assistance as required under Subsection (a), to direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made.

(c) Authorizes a school to reimburse the commissioner under this section from any lawfully available source.

(d) Provides that a reimbursement by a school district under this section is considered to be debt service attributable to the debt originally created by the school district's bonds that were refunded by the authority obligations.

(e) Provides that, on a pledge of allocated revenue to the authority obligations issued for the purpose of refunding school district bonds, the commissioner is subrogated to the rights of the holders of the refunded bonds as to entitlement to

payment by each district that issued refunded bonds, notwithstanding the defeasance of the refunded bonds.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. Authorizes the authority to issue authority obligations to refund any previously issued authority obligations if the authority by resolution determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. Provides that authority obligations and any related credit agreements are not a debt of the state, a state agency, or a political subdivision of the state, or a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state. Provides that authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations. Prohibits the state from taking certain actions, subject to the limitations of this section and as long as authority obligations are outstanding. Provides that the reallocation of allocated revenue to secure authority obligations to refund school district bonds is consistent and in agreement with certain authorizations, restrictions, and statutory obligations.

SECTION 1.38. Amends Section 2175.304(c), Government Code, to make a conforming change.

SECTION 1.39. Amends Section 302.006(c), Labor Code, to make a conforming change.

SECTION 1.40. Repealer: Sections 8.010 (Sunset Provision), 31.1011(d) and (e) (Textbook Credits), 39.051(d) (Academic Excellence Indicators), 39.073 (Determining Accreditation Status), and 39.074 (On-Site Investigations), Education Code.

SECTION 1.41. Requires TEA, not later than September 1, 2007, to complete the requirements under Section 29.258, Education Code, as added by this Act.

SECTION 1.42. (a) Provides that, except as otherwise provided by this section, this article applies beginning with the 2005-2006 school year.

(b) Provides that Subchapter F, Chapter 33, Education Code, as added by this article, applies beginning with the 2006-2007 school year.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Amends Section 1001.001, Education Code, by amending Subdivisions (2), (3), (4), and (5), and adding Subdivision (13-a), to redefine "approved driving safety course," "course provider," and "department" and define "commission" and "executive director."

SECTION 2.02. Amends Section 1001.002(c), Education Code, to provide that a driver education course is exempt from this chapter, other than Section 1001.005, if the course is conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the Texas Department of Licensing and Regulation (department), rather than the commissioner of education.

SECTION 2.03. Amends Sections 1001.003 and 1001.004, Education Code, as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. Provides that it is the intent of the legislature that the Texas Commission of Licensing and Regulation (commission), rather than TEA, rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. Requires the cost of administering this chapter to be included in the state budget allowance for the department, rather than TEA.

SECTION 2.04. Amends Sections 1001.051 and 1001.052, Education Code, as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. Makes conforming changes.

Sec. 1001.052. RULES. Requires the commission, rather than TEA, to adopt, rather than adopt and administer, comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. Amends the heading to Section 1001.053, Education Code, to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT.

SECTION 2.06. Amends Section 1001.053(a), Education Code, to require the department, rather than the commissioner, to administer this chapter, rather than the policies of this chapter, enforce minimum standards for driver training schools under this chapter, enforce rules adopted by the commission, rather than adopt and enforce rules, necessary to administer this chapter, and inspect, rather than visit, a driver training school or course provider. Deletes existing text requiring a visit to and reexamination of a driver training school or course provider for compliance with this chapter.

SECTION 2.07. Amends the heading to Section 1001.054, Education Code, to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING.

SECTION 2.08. Amends Section 1001.054(c), Education Code, to authorize the commission, rather than commissioner, by rule, to restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Amends Section 1001.055, Education Code, to make conforming changes.

SECTION 2.10. Amends Sections 1001.056(b), (c), (d), (e), and (g), Education Code, as follows:

(b) and (c) Makes conforming changes.

(d) Requires a certificate under this section to include an identifying number by which the department, a court, or the Department of Public Safety may verify its authenticity with the course provider and makes conforming changes.

(e) and (g) Makes conforming changes.

SECTION 2.11. Amends Section 1001.057, Education Code, to make a conforming change.

SECTION 2.12. Amends Subchapter B, Chapter 1001, Education Code, by adding Section 1001.058, as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. Authorizes the executive director to designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Amends Sections 1001.101 and 1001.102, Education Code, to make conforming changes.

SECTION 2.14. Amends Sections 1001.103(b), (d), and (e), to authorize the commission, rather than to authorize the commissioner, notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, to establish fees in connection with the programs under this section. Makes conforming changes.

SECTION 2.15. Amends Sections 1001.104 and 1001.105, Education Code, to make conforming changes.

SECTION 2.16. Amends Sections 1001.106(b), (c), and (d), Education Code, as follows:

(b) Makes a conforming changes.

(c) Provides that Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section 1001.456 of this code, rather than Sections 1001.454, 1001.456, and 1001.553, do not apply to a violation of this section or a rule adopted under this section.

(d) Provides that Section 51.352, Occupations Code, and Sections 1001.501 and 1001.554 of this code, rather than Sections 1001.455(a)(6), 1001.501, 1001.551, 1001.552, and 1001.554, do not apply to a violation of this section.

SECTION 2.17. Amends Section 1001.107, Education Code, to make conforming changes.

SECTION 2.18. Amends Sections 1001.108(a) and (c), Education Code, to require the commission, in developing rules under this section, to consult with the Department of State Health Services, rather than the Texas Department of Health, and to make conforming changes.

SECTION 2.19. Amends Section 1001.151, Education Code, as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) Requires the commission to establish, rather than collect, application, license, and registration fees. Requires the department to collect the application, license, and registration fees. Makes a conforming change.

(b) Requires the commission to establish a fee for an initial driver education school license and for each branch location, an initial driving safety school license, an initial course provider license, except that the commission may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider, the annual renewal for a course provider, driving safety school, driver education school, or branch location, except that the commission may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure, a change of address for a driver education school, a driving safety school, or course provider, a change of name of a driver education school or course provider or an owner of a driver education school or course provider or a driving safety school or owner of a driving safety school, each additional driver education or driving safety course at a driver training school, an application of a director, assistant director, or administrative staff member, and an application for approval of a driving safety course that has not been evaluated by the department. Deletes existing text providing for a fee and establishing a specific dollar amount or maximum dollar amount for each fee and makes conforming changes.

(c) Deletes existing text establishing a specific dollar amount for each fee required under this subsection and makes a conforming change.

(d) Makes a conforming change.

SECTION 2.20. Amends Section 1001.153, Education Code, to make conforming changes.

SECTION 2.21. Amends Section 1001.202(b), Education Code, to make a conforming change.

SECTION 2.22. Amends Sections 1001.203, 1001.204, 1001.205, and 1001.206, Education Code, as follows:

Sec. 1001.203. APPLICATION. Makes conforming changes.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. Requires the department to approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school provides to each student before enrollment the department's name, mailing address, telephone number, and Internet website address, for the purpose of directing complaints to the department, and does not owe an administrative penalty for a violation of, rather than under, this chapter. Makes conforming changes.

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. Makes conforming changes.

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. Makes conforming changes.

SECTION 2.23. Amends Sections 1001.207(a) and (b), Education Code, to make conforming changes.

SECTION 2.24. Amends Section 1001.209(b), Education Code, to make conforming changes.

SECTION 2.25. Amends Section 1001.210, Education Code, to make a conforming change.

SECTION 2.26. Amends Sections 1001.211(a) and (b), Education Code, to make conforming changes.

SECTION 2.27. Amends Section 1001.212, Education Code, to make a conforming change.

SECTION 2.28. Amends Sections 1001.213(c) and (d), Education Code, to authorize the commission to establish fees for a new driver education school or course provider license under Subsection (b) and for each branch location that are different from the amounts established under Section 1001.151 if certain requirements are met. Deletes existing text providing that, instead of the fees required by Section 1001.151, the fee for a new driver education school or course provider license under Subsection (b) is $500, plus $200 for each branch location if certain requirements are met. Makes a conforming change.

SECTION 2.29. Amends Section 1001.214, Education Code, to make a conforming change.

SECTION 2.30. Amends Sections 1001.251, 1001.252, and 1001.253, Education Code, to make conforming changes.

SECTION 2.31. Amends Section 1001.254(a), Education Code, to make a conforming change.

SECTION 2.32. Amends Sections 1001.255(a), (b), and (c), Education Code, to make conforming changes.

SECTION 2.33. Amends Section 1001.256, Education Code, to make conforming changes.

SECTION 2.34. Amends the heading to Subchapter G, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION

SECTION 2.35. Amends Section 1001.351(b), Education Code, to make conforming changes.

SECTION 2.36. Amends Sections 1001.354(a) and (b), Education Code, to make conforming changes.

SECTION 2.37. Amends Sections 1001.404(b) and (c), Education Code, to make conforming changes.

SECTION 2.38. Amends Sections 1001.451 and 1001.452, Education Code, to make conforming changes.

SECTION 2.39. Amends Sections 1001.453(d) and (e), Education Code, to make conforming changes.

SECTION 2.40. Amends Section 1001.456, Education Code, to authorize the department to perform specific actions if the department believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director. Makes conforming changes.

SECTION 2.41. Amends the heading to Subchapter L, Chapter 1001, Education Code, to read as follows:

SUBCHAPTER L. PENALTIES

SECTION 2.42. Amends Section 1001.555(b), Education Code, to make conforming changes.

SECTION 2.43. Amends Article 45.0511(b), Code of Criminal Procedure, to make a conforming change.

SECTION 2.44. Amends Section 51.308, Education Code, to make a conforming change.

SECTION 2.45. Amends Section 521.1655(a), Transportation Code, to authorize a driver education school licensed under Chapter 1001, Education Code, rather than the Texas Driver and Traffic Safety Education Act (Article 4413(29c), V.T.C.S.), to administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161, Transportation Code.

SECTION 2.46. Amends Section 521.203, Transportation Code, to make a conforming change.

SECTION 2.47. Amends Sections 521.205(b) and (d), Transportation Code, to make conforming changes.

SECTION 2.48. Repealers: Sections 1001.001(1) (Definitions), 1001.053(b) and (c) (Powers and Duties of Commissioner), 1001.054(a) and (b) (Rules Restricting Advertising or Competitive Bidding), 1001.152 (Duty to Review and Recommend Adjustments in Fee Amounts), 1001.303 (Renewal of School or Course Provider License), 1001.304 (Renewal of Instructor License), 1001.454 (Revocation of or Placement of Conditions on School or Course Provider License), 1001.455 (Denial, Suspension, or Revocation of Instructor License), 1001.457 (Term of License Suspension), 1001.458 (Surrender of License), 1001.459 (Appeal and Request for Hearing), 1001.460 (Hearing), 1001.461 (Judicial Review), 1001.551 (Injunction in General), 1001.552 (Injunction Against School), and 1001.553 (Administrative Penalty), Education Code and Subchapter B, Chapter 543 (Dismissal of Certain Misdemeanor Charges on Completing Driving Safety Course), Transportation Code.

SECTION 2.49. (a) Requires the Texas Education Agency and the Texas Department of Licensing and Regulation, as soon as practicable after the effective date of this Act, to develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. Requires the transition plan to include a timetable with specific steps and deadlines needed to complete the transfer.

(b) Transfers all activities, functions, rules, proceedings, funds, and property of the Texas Education Agency relating to Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation on September 1, 2005, in accordance with the transition plan required under Subsection (a).

(c) Provides that, in accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005, all full-time equivalent employee

positions at the Texas Education Agency that primarily concern the administration of Chapter 1001, Education Code, become positions at the Texas Department of Licensing and Regulation. Requires the Texas Department of Licensing and Regulation, when filling the positions, to give first consideration to an applicant who, as of August 31, 2005, was a full-time employee at the Texas Education Agency primarily involved in administering Chapter 1001, Education Code.

(d) Authorizes the Texas Education Agency, before September 1, 2005, to agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(e) Requires the Texas Education Agency, in the period beginning with the effective date of this Act and ending on September 1, 2005, to continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and provides that the former law is continued in effect for that purpose.

(f) Requires that if this Act does not take effect immediately, an action required to be taken under this section on or before September 1, 2005, by the Texas Education Agency or the Texas Department of Licensing and Regulation, be taken as soon as practicable after the effective date of this Act, but not later than November 1, 2005.

SECTION 2.50. Makes application of the changes in law made by this article, to a fee, prospective.

SECTION 2.51. Makes application of the changes in law made by this article, to a license, prospective.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. Effective date: upon passage or September 1, 2005.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, Committee Report 1st House, Substituted: a positive impact of $3,022,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$3,636,000
2007	($614,000)
2008	$6,886,000
2009	$8,236,000
2010	$8,236,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($4,164,000)	$7,800,000	4.0
2007	($614,000)	$0	4.0
2008	($2,114,000)	$9,000,000	4.0
2009	($764,000)	$9,000,000	4.0
2010	($764,000)	$9,000,000	4.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to solicit, collect and disseminate best practices information from districts and charters rated exemplary and recognized, including the effective use of online courses, and to develop incentives for school districts and charter schools to implement best practices.

Section 1.05 would require TEA to develop and implement a comprehensive, integrated monitoring system to address school district performance and compliance under federal and state education laws.

Section 1.08 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year. The agency also is required to identify successful grant programs.

Section 1.17 would require that TEA make available information concerning the special education due process hearing process, and place the information on their website. The agency also would be required to collect and analyze at least biennially information on the performance of special education hearing officers.

Section 1.19 directs TEA, with resources provided by the Texas Workforce Commission, to develop a demand-driven workplace literacy and basic skills curriculum.

Section 1.20 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.21 (with the repealing provisions of section 1.40) would make the textbook credit pilot program a permanent and statewide program.

Section 1.22 would require the commissioner of education to develop and adopt a safety training program, and require of school districts training for certain staff and students.

Section 1.26-1.34 would revise the methods by which the agency assigns districts an accreditation status, conducts performance reviews and investigations, implements sanctions for low-performing districts, and orders the closure of a district or campus.

Section 1.36 would require the commissioner to give priority, under the Permanent School Fund bond guarantee program, to districts that have had bonds refunded and defeased, under the bill's provisions in section 1.37.

Section 1.37 would add new provisions to Chapter 46 related to the potential refunding of certain school district debts to be state debt as a mechanism for reducing the bonds outstanding guaranteed by the Permanent School Fund. The bill would require the commissioner to determine whether it is feasible to eligible school district bonds in order to instruct the Texas Public Finance Authority (TPFA) to issue obligations to accomplish a refinancing. The commissioner is required to state the principal amount of bonds to be refunded, the maximum term of the bonds to be refunded, and the amount of state assistance in the IFA or EDA programs supporting the debts to be refunded in the request to the TPFA. If the commissioner determines it is feasible to refund bonds, the commissioner is required to periodically identify outstanding bonds and notify the affected school districts. The commissioner would be required to enter into agreements with the TPFA to pledge appropriations of IFA and EDA state aid to support the TPFA's obligations.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. For the purpose of this fiscal note, it is assumed that the agency would be obligated to evaluate in some way the information collected in order to establish the quality of the information and make it useful for districts. TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

The bill specifically notes that evaluation of the practices is not required. If it is assumed that no evaluation takes place, TEA could absorb the cost of a basic web-based presentation of best practices information.

Section 1.05: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative, and it is assumed that the initiative would satisfy the requirements of the bill as substituted. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.08: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public. It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.17: The collection and analysis of information on special education hearing officers is not expected to have a significant fiscal impact on TEA.

Section 1.19: For the purposes of this fiscal note, it is assumed that federal funds would be available to support the development of the workplace literacy and basic skills curriculum, and so there would be no significant fiscal impact to the state.

Section 1.20: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.21: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Section 1.22: It is estimated that the agency would require approximately $50,000 in 2006 only to contract for the development of a safety training course meeting the requirements of the bill.

Sections 1.36 and 1.37: The Texas Public Finance Authority (TPFA) estimates that the agency can fulfill the requirements of the bill using existing resources. Therefore, these sections would have no significant fiscal impact to TPFA.

For TEA, it is estimated that the refunding of certain guaranteed debt will require additional staff support and expertise not readily available inside the agency. It is expected that the agency will need to expend approximately $300,000 to purchase consulting services to thoroughly analyze school district debt data to make the determination of feasibility and identify the relevant debts that could be refinanced in preparation for notifying school districts. There would be ongoing expenses estimated at $150,000 per year after the initial identification. In addition, the agency will need to employ at least

three additional FTEs to both manage contracts for consultants and appropriately modify data concerning the IFA and EDA should debts be refinanced. The agency will also need to notify districts, mediate their responses, answer questions, and provide any supplemental information. In addition to these responsibilities, the commissioner is given certain rights on behalf of school districts that may require the acquisition of outside legal counsel and financial advice; these costs are estimated at about $200,000 for 2006 only.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

It is estimated that the requirement for every school coach, trainer, band director and physician involved in certain extra-curricular activites to complete a safety training course would be approximately $554,000 annually for local school districts statewide.

To the extent that section 1.23 requires the agency to expend additional set-aside funds from the compensatory education allotment, districts would see this allotment decreased accordingly.

It is assumed that the bond refunding and defeasement provisions of the bill would enhance the Permanent School Fund's capacity for school bond guarantee, which would likely lower the costs of bond issuances for districts.

Source Agencies: 116 Sunset Advisory Commission, 320 Texas Workforce Commission, 347 Public Finance Authority, 701 Central Education Agency, UIL University Interscholastic League

LBB Staff: JOB, LB, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, As Introduced: a positive impact of $3,722,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$4,186,000
2007	($464,000)
2008	$7,036,000
2009	$8,386,000
2010	$8,386,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($3,614,000)	$7,800,000	1.0
2007	($464,000)	$0	1.0
2008	($1,964,000)	$9,000,000	1.0
2009	($614,000)	$9,000,000	1.0
2010	($614,000)	$9,000,000	1.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to collect and disseminate best practices information, including the effective use of online courses, and to develop incentives for school districts to implement best practices.

Section 1.04 would require TEA to develop and implement a comprehensive, integrated monitoring

system to address school district performance and compliance under federal and state education laws. The agency would be required to develop a system of performance standards, as well as interventions and sanctions should district fails to meet those standards.

Section 1.07 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year.

Section 1.11 would direct TEA to enter into an interagency contract with the State Office of Administraive Hearings to provide special education due process hearings.

Section 1.13 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.14 (with section 1.19) would make the textbook credit pilot program a permanent and statewide program.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. It is further assumed that TEA would be obligated to evaluate in some way the information collected, in order to establish the quality of the information and make it useful for districts. Because the bill would direct TEA to provide incentives for districts to implement the best practices, it is assumed that the agency would provide the best practices information for free over the internet to maximize availability.

TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

Section 1.04: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative. The section notes that the system be in compliance with other provisions of this title; therefore, it is assumed that the agency's monitoring activities still would be governed by Education Code section 7.027, which limits compliance monitoring on state programs with exceptions for federal law, financial accountability and data integrity. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.07: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public.

It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.11: Special education due process hearings are funded with federal funds, and thus this section is not expected to have a financial impact to the state.

Section 1.13: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook

fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.14: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

Source Agencies: 116 Sunset Advisory Commission, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 701 Central Education Agency

LBB Staff: JOB, LB, UP, JGM

ADOPTED
31-0
MAY 09 2005
as amended
Patsy Spaw
Secretary of the Senate

By: JACKSON S.B. No. 422

Substitute the following for S.B. No. 422:

By: Mike Jackson C.S. S.B. No. 422

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.

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

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Section 5.001, Education Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Charter school" means any school or program that is operating under a charter authorized by Chapter 12 or other law, including:

(A) a home-rule school district under Subchapter B, Chapter 12;

(B) a campus or campus program under Subchapter C, Chapter 12;

(C) an open-enrollment charter school under Subchapter D, Chapter 12; and

(D) a college or university charter school under Subchapter E, Chapter 12.

SECTION 1.02. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the

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~~5-21-05~~

agency is abolished September 1, 2017 [~~2005~~].

SECTION 1.03. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES. (a) The agency and the regional education service centers shall solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information and shall disseminate that information. The agency and the regional education service centers shall enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) The best practices information may include:

(1) information concerning available programs, products, and policies that have been successfully adopted or developed and used by school districts or open-enrollment charter schools;

(2) specific examples of successful best practices; and

(3) resources available to assist school districts and open-enrollment charter schools in complying with applicable state or federal education laws.

(c) The best practices information must include information collected by the agency or a regional education service center concerning the effective use of online courses, including:

(1) methods for using online courses to provide

curriculum solutions;

(2) information to assist school districts and open-enrollment charter schools in investigating the quality of online courses; and

(3) a list of funding sources available for various types of online courses.

(d) The agency and the regional education service centers are not required to evaluate and may not endorse the best practices information collected under this section.

(e) The agency and the regional education service centers shall develop incentives for school districts and open-enrollment charter schools to implement best practices.

SECTION 1.04. Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Section 7.028, Education Code, and amended to read as follows:

Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING. (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~] or 39.075, the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section 38.003, and the use of funds provided for such a program under Subchapter C, Chapter 42, only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements; and

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapter 39.

(b) The board of trustees of a school district or the governing body of an open-enrollment charter school has primary responsibility for ensuring that the district or school complies with all applicable requirements of state educational programs.

SECTION 1.05. Subchapter B, Chapter 7, Education Code, is amended by adding Sections 7.032 and 7.033 to read as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. (a) The agency shall maintain a system to promptly and efficiently act on complaints filed with the agency that the agency has the authority to resolve. The agency shall maintain:

(1) information about the parties to the complaint and the subject matter of the complaint;

(2) a summary of the results of the review or investigation of the complaint; and

(3) information about the disposition of the complaint.

(b) The agency shall make information available describing its procedures for complaint investigation and resolution.

(c) The agency shall periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent

permissible under Section 7.028, the agency shall develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. The system must incorporate performance and compliance information collected by various agency divisions for each school district and charter school, including information relating to:

(1) data integrity;

(2) the performance of district or school programs;

(3) financial accountability;

(4) academic accountability;

(5) previous history of compliance;

(6) complaints issues; and

(7) governance issues.

SECTION 1.06. Subsections (a) and (d), Section~~s~~ 7.057~~(a) and (d)~~, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (e) or Section 7.0571, a person may appeal in writing to the commissioner if the person is aggrieved by:

(1) the school laws of this state; or

(2) actions or decisions of any school district board of trustees that violate:

(A) the school laws of this state; or

(B) a provision of a written employment contract between the school district and a school district employee, if a violation causes or would cause monetary harm to the employee.

(d) Except as provided by Section 7.0571, a [~~A~~] person

aggrieved by an action of the agency or decision of the commissioner may appeal to a district court in Travis County. An appeal must be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. The petition must state the action or decision from which the appeal is taken. At trial, the court shall determine all issues of law and fact, except as provided by Section 33.081(g).

SECTION 1.07. Subchapter C, Chapter 7, Education Code, is amended by adding Sections 7.0571, 7.061, 7.062, and 7.063 to read as follows:

Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The commissioner shall adopt rules under which a school district, open-enrollment charter school, or other person that wishes to challenge an agency decision made under Chapter 39, 41, 42, or 46 must petition the commissioner for an informal review by the commissioner of the decision.

(b) The commissioner may limit a review under this section to a written submission of any issue identified by the commissioner.

(c) A final decision under this section is final and may not be appealed under Section 7.057 or any other law.

Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions. The policy must ensure that the public is able to interact with the agency on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE

RESOLUTION. (a) The commissioner shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of agency rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the agency's jurisdiction.

(b) The agency's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commissioner shall designate a trained person to:

(1) coordinate the implementation of the policy developed under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the agency.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Before adopting a new rule, the commissioner shall assess whether the proposed rule will impose additional paperwork requirements on educators and attempt to minimize any such additional requirements.

SECTION 1.08. Chapter 7, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The agency shall implement a comprehensive performance-based grant system to collect and report grant performance and spending information and to use that information in making future grants.

(b) The grant system must:

(1) connect grant activities and funding to student academic performance; and

(2) provide for efficient grant application and reporting procedures for grant programs administered by the agency.

Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall ensure that:

(1) the mission, purpose, and objectives of each agency grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002;

(2) each agency grant program coordinates with other grant programs administered by the agency;

(3) grant programs with similar objectives have common performance measures; and

(4) the most efficient methods for coordinating grant objectives, grant activities, academic performance measures, and funding are used in the agency's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a

state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The agency shall develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by the agency.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency shall ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The agency, in coordination with regional education service centers, shall use data relating to grant programs, including grant spending and performance information, to identify successful grant programs. Based on the identification of successful grant programs, each regional education service center shall provide information concerning those programs to the school districts in the service center's region.

(b) This section applies beginning with the 2009-2010 school year. This subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In developing the performance-based grant system, the agency shall:

(1) identify each area of data collected for grant programs and the method in which the agency collects the data;

(2) determine whether grant data that a school district or charter school is required to collect is useful and supports:

(A) a grant program's objectives; and

(B) the goals for academic performance and

accountability or another public education mission, objective, or goal;

(3) determine whether grant data is analyzed and disseminated efficiently; and

(4) review the agency's policies, procedures, and reporting requirements relating to grant programs administered by the agency to simplify and make more efficient the grant application, award, and reporting processes for school districts and charter schools.

(b) This section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the agency shall provide the legislature with a status report concerning the agency's development of the grant system. The report may suggest any statutory changes needed to facilitate a full transition to a performance-based grant system.

(b) Beginning with the 2009-2010 school year, the agency shall make the performance-based grant system fully available to school districts and charter schools.

(c) This section expires June 1, 2010.

SECTION 1.09. Subchapter A, Chapter 8, Education Code, is amended by adding Section 8.0031 to read as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) The commissioner shall adopt rules prescribing training for members of regional education service center boards of directors. The training curriculum may include:

(1) an overview of this code and any rules adopted

under this code;

(2) a review of recent state and federal education legislation, rules, and regulations;

(3) a review of the powers and duties of a regional education service center board of directors; and

(4) a review of any statewide or regional strategic planning applicable to regional education service centers.

(b) A member of a regional education service center board of directors must complete any training required by commissioner rule.

SECTION 1.10. Subsections (b), (c), and (d), Section~~s~~ 8.051(~~b), (c), and (d)~~, Education Code, are amended to read as follows:

(b) Each regional education service center shall annually develop and submit to the commissioner for approval a plan for improvement. Each plan must include the purposes and description of the services the center will provide to:

(1) campuses rated [~~identified as~~] academically unacceptable [~~low-performing based on the indicators adopted~~] under Section 39.072 [~~39.051~~];

(2) the lowest-performing campuses in the region; and

(3) other campuses.

(c) Each regional education service center shall provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating:

(1) best practices information as provided by Section 7.010; and

(2) information concerning successful grant programs to school districts as provided by Section 7.156.

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in teaching each subject area assessed under Section 39.023;

(2) training and assistance in providing each program that qualifies for a funding allotment under Section 42.151, 42.152, 42.153, or 42.156;

(3) assistance specifically designed for a school district or campus rated academically unacceptable under Section 39.072 [~~39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051~~];

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

(6) assistance in complying with state laws and rules.

SECTION 1.11. Subchapter A, Chapter 12, Education Code, is amended by adding Sections 12.004 and 12.005 to read as follows:

Sec. 12.004. MONITORING OF CERTAIN CHARTER SCHOOLS. (a) This section applies only to a charter school that does not receive an academic performance rating under Section 39.072 or under an alternative education accountability system for alternative education campuses for at least two consecutive school years. 12/13

(b) The agency shall monitor a charter school to which this section applies to assess:

(1) the quality of the school's data; and

(2) the school's compliance with assessment requirements under Chapter 39.

Sec. 12.005. FINANCIAL ACCOUNTABILITY. (a) In this section:

(1) "Parent" includes a guardian or other person having lawful control of a student.

(2) "System" means the financial accountability rating system.

(b) The commissioner shall develop and implement a financial accountability rating system for charter schools. The system must include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) The commissioner shall develop, as part of the system, a reporting procedure under which:

(1) each charter school is required to prepare and distribute an annual financial management report; and

(2) the public is provided an opportunity to comment on the report at a hearing.

(d) The annual financial management report must include:

(1) a description of the charter school's financial management performance based on a comparison, provided by the agency, of the school's performance on the indicators adopted under Subsection (b) to:

13/14

(A) state-established standards; and

(B) the school's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(e) The report may include:

(1) information concerning the charter school's:

(A) financial allocations;

(B) financial strengths;

(C) operating cost management;

(D) personnel management;

(E) debt management;

(F) cash management;

(G) budgetary planning;

(H) overall business management;

(I) compliance with rules; and

(J) data quality; and

(2) any other information the school's governing body determines to be necessary and useful.

(f) The governing body of each charter school shall hold a public hearing on the report. The governing body shall provide notice of the hearing to the parents of students enrolled in the school. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the school district in which the charter school is located; and 14/15

(2) through electronic mail to media serving the

school district in which the charter school is located.

(g) After the hearing, the governing body of the charter school shall provide the report to the parents of students enrolled in the school.

(h) The commissioner shall adopt rules as necessary for the administration of this section.

SECTION 1.12. Subsection (b), Section 12.013 ~~(b)~~, Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087; 15/16

(F) inter-district or inter-county transfers of

students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~];

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and G, Chapter 39;

(Q) equalized wealth under Chapter 41;

(R) a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(S) purchasing under Chapter 44.

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SECTION 1.13. Section 12.115, Education Code, is amended by

amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the school's students, the severity of the violation, [~~and~~] any previous violation the school has committed, and the extent to which the school is in compliance with any state or federal programmatic or financial requirement applicable to the school.

(c) This section may not be construed to limit the commissioner's authority to impose a sanction under Subchapter G, Chapter 39.

SECTION 1.14. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. (a) The commissioner shall order the closure and shall revoke or deny the renewal of a charter of an open-enrollment charter school under Section 12.115 if:

(1) each campus operated under the charter has been closed under Section 39.1332; or

(2) for two consecutive school years at least half of the campuses operated under the charter have received academically unacceptable or other unsatisfactory performance ratings under Section 39.072 or under an alternative education accountability system for alternative education campuses, unless the charter holder received an academic performance rating of acceptable or higher under Section 39.072 for either of those school years.

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(b) A hearing concerning the closure and revocation or

denial of renewal of a charter of an open-enrollment charter school under this section:

(1) is limited to the issue of whether the open-enrollment charter school or a campus operated under the charter actually received a particular academic performance rating; and

(2) may not be used to challenge the commissioner's final academic performance rating for the open-enrollment charter school or a campus operated under the charter.

SECTION 1.15. Section 12.116, Education Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at:

(1) the facility at which the program is operated;

(2) an alternative facility designated by the commissioner that is located in the same county as the facility at which the program is operated; or

(3) the regional education service center closest to the facility at which the program is operated.

(d) A decision by the commissioner under this section is final and may not be appealed.

SECTION 1.16. Subsection (b), Section 21.453 ~~(b)~~, Education Code, is amended to read as follows:

(b) The commissioner may allocate funds from the account to

regional education service centers to provide staff development resources to school districts that:

(1) are rated academically unacceptable;

(2) have one or more campuses rated academically unacceptable [~~as low-performing~~]; or

(3) are otherwise in need of assistance as indicated by the academic performance of students, as determined by the commissioner.

SECTION 1.17. Subchapter A, Chapter 29, Education Code, is amended by adding Sections 29.0162 and 29.0163 to read as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. (a) The agency shall make available to a parent, student, school district, attorney, or other interested person, and shall place on the agency's Internet website, comprehensive, easily understood information concerning the special education due process hearing process.

(b) The information described by Subsection (a) must include:

(1) a description of the steps in the due process hearing process;

(2) the text of any applicable administrative, procedural, or evidentiary rule;

(3) a description of any notice requirements;

(4) an explanation of options for alternative dispute resolution, including mediation; 19/20

(5) an explanation of a resolution session;

(6) answers to frequently asked questions; and

(7) other sources of information, including electronic sources of information, such as special education case law available on the Internet.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Section 7.032 applies to any complaint regarding the conduct of a special education hearing officer.

(b) The agency shall collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing:

(1) the effectiveness of the due process hearing process; and

(2) the performance of a special education hearing officer.

(c) The agency shall use the information described by Subsection (b) in determining whether to renew a contract with a special education hearing officer.

SECTION 1.18. Subsection (a), Section 29.202~~(a)~~, Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (c) in any two of the preceding three

years; or

(2) that was, at any time in the preceding three years, rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~].

SECTION 1.19. Subchapter H, Chapter 29, Education Code, is amended by adding Section 29.258 to read as follows:

Sec. 29.258. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) In this section, "local workforce development board" means an entity formed under Chapter 2308, Government Code.

(b) The agency shall develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with the skills necessary to compete for current and emerging jobs in this state.

(c) In developing the general curriculum required by Subsection (b), the agency shall:

(1) evaluate existing efforts and potential cost savings resulting from designing specific curricula that address the needs of various industry sectors in the business community;

(2) contract for field work to solicit the assistance of workers, employers, providers, and local workforce development boards in developing industry sector curricula;

(3) target up to five industry sectors in the business community that are likely to benefit from the development of specific curricula; and 21/22

(4) pilot test the curricula within the targeted

industry sectors and adjust the curricula based on feedback received from workers and employers in those sectors.

(d) Based on the curriculum developed under this section, the agency shall adopt workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curriculum developed under this section.

(e) In addition to the curriculum developed under this section, the agency shall develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary educational opportunities leading to certificates and degrees.

(f) The Texas Workforce Commission shall provide the agency with the resources, industry-specific information, and expertise needed by the agency in developing and implementing the curriculum under this section.

(g) This section expires September 1, 2007.

SECTION 1.20. Section 31.025, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The agency shall recommend to the State Board of Education a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.21. Subsections (a), (b), and (c), Section~~s~~ 31.1011~~(a)-(e)~~, Education Code, are amended to read as follows: 22/23

(a) The commissioner shall implement a program that allows

[~~to study the use of credits for textbooks. The program shall be designed to allow~~] a [~~participating~~] school district or open-enrollment charter school to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) The credit is an amount equal to the difference between the price paid for a textbook and the cost limit established under Section 31.025(a) for that textbook multiplied by the number of copies of that textbook the [~~participating~~] school district or open-enrollment charter school purchases.

(c) Fifty percent of the total textbook credit of a [~~participating~~] school district or open-enrollment charter school shall be credited to the state textbook fund, and 50 percent of the credit shall be credited to the [~~participating~~] district or school to apply toward the requisition of additional textbooks or electronic textbooks on the conforming or nonconforming list.

SECTION 1.22. Chapter 33, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. This subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The commissioner by rule shall develop and adopt a safety training program as provided by this section. In developing the program, the commissioner may use materials available from the American Red

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Cross or another appropriate entity.

(b) The following persons must satisfactorily complete the safety training program:

(1) a coach, trainer, or sponsor for an extracurricular athletic activity;

(2) except as provided by Subsection (f), a physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity; and

(3) a director responsible for a school marching band.

(c) The safety training program must include:

(1) certification of participants by the American Red Cross, the American Heart Association, or a similar organization or the University Interscholastic League, as determined by the commissioner;

(2) annual training in:

(A) emergency action planning;

(B) cardiopulmonary resuscitation if the person is not required to obtain certification under Section 33.086;

(C) communicating effectively with 9-1-1 emergency service operators and other emergency personnel; and

(D) recognizing symptoms of potentially catastrophic injuries, including head and neck injuries, concussions, injuries related to second impact syndrome, asthma attacks, heatstroke, cardiac arrest, and injuries requiring use of a defibrillator; and 24/25

(3) at least once each school year, a safety drill that incorporates the training described by Subdivision (2) and

simulates various injuries described by Subdivision (2)(D).

(d) A student participating in an extracurricular athletic activity must receive training related to:

(1) recognizing the symptoms of injuries described by Subsection (c)(2)(D); and

(2) the risks of using supplements designed or marketed to enhance athletic performance.

(e) The safety training program and the training under Subsection (d) may each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) A physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an extracurricular athletic activity must complete the University Interscholastic League forms entitled "Preparticipation Physical Evaluation--Medical History" and "Acknowledgment of Rules." Each form must be signed by both the student and the student's parent or guardian.

(b) Each form described by Subsection (a) must clearly state that failure to accurately and truthfully answer all questions on a /25/26 form required by statute or by the University Interscholastic League as a condition for participation in an extracurricular

athletic activity subjects a signer of the form to penalties determined by the University Interscholastic League.

(c) The "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) must contain the following statement:

> "An individual answering in the affirmative to any question relating to a possible cardiovascular health issue, as identified on the form, should be restricted from further participation until the individual is examined by the individual's primary care physician. Ultimately, the individual may need to be evaluated by a cardiologist and/or undergo cardiac testing (including an echocardiogram and/or other heart-related examination) based on the assessment by the primary care physician."

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. A coach, trainer, or sponsor for an extracurricular athletic activity may not encourage or permit a student participating in the activity to engage in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A coach, trainer, or sponsor for an extracurricular athletic activity shall at each athletic practice or competition ensure that: / 26/27

(1) each student participating in the activity is adequately hydrated;

(2) any prescribed asthma medication for a student participating in the activity is readily available to the student;

(3) emergency lanes providing access to the practice or competition area are open and clear; and

(4) heatstroke prevention materials are readily available.

(b) If a student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, the student may not:

(1) return to the practice or competition during which the student was rendered unconscious; or

(2) continue to participate in any extracurricular athletic activity until the student receives written authorization from a physician.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a school shall make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) The superintendent of a school district or the director of a school subject to this subchapter shall maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) A school campus that is determined by the school's superintendent or director to not be in compliance with Section 33.202, 33.204, or 33.205 shall discontinue all extracurricular athletic activities offered by the school campus, including all

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practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. (a) The commissioner shall maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Each school that offers an extracurricular athletic activity shall prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an extracurricular athletic activity shall provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the University Interscholastic League's parent information manual.

(b) A document required to be provided under this section may be provided in an electronic format unless otherwise requested by a student, parent, or guardian.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The University Interscholastic League shall incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken under this subchapter is not considered to be a ministerial act for purposes of Section 22.0511. 28/29

SECTION 1.23. Subchapter D, Chapter 33, Education Code, is amended by adding Section 33.087 to read as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Using existing funds and other resources available for the purpose, the agency and the University Interscholastic League shall jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by University Interscholastic League member schools, and the possibility of receiving a bulk discount on such purchases.

(b) The agency and the University Interscholastic League shall submit a report describing the findings of the investigation to the legislature not later than June 1, 2006.

(c) This section expires July 1, 2006.

SECTION 1.24. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. The agency shall make every effort to ensure the appropriate administration of assessment instruments under Section 39.023 and to protect the integrity of the assessment program established under this subchapter.

SECTION 1.25. Subsection (a), Section 39.053~~(a)~~, Education Code, is amended to read as follows:

(a) Each board of trustees shall publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. The annual report must also include:

(1) campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public;

(2) the academic performance rating for the district and each campus in the district as provided under Section 39.072 [~~39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c)~~];

(3) the district's current special education compliance status with the agency;

(4) a statement of the number, rate, and type of violent or criminal incidents that occurred on each district campus, to the extent permitted under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

(5) information concerning school violence prevention and violence intervention policies and procedures that the district is using to protect students; [~~and~~]

(6) the findings that result from evaluations conducted under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent amendments~~]; and

(7) information received under Section 51.403(e) for each high school campus in the district, presented in a form determined by the commissioner.

SECTION 1.26. Section 39.055, Education Code, is amended to read as follows: 30/31

Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT. (a) The commissioner shall develop a process for auditing school

district dropout records electronically. The commissioner shall also develop a system and standards for review of the audit or use systems already available at the agency. The system must be designed to identify districts that are at high risk of having inaccurate dropout records and that, as a result, may be subject to a special accreditation investigation under Section 39.075 [~~require on-site monitoring of dropout records. If the electronic audit of a district's dropout records indicates that a district is not at high risk of having inaccurate dropout records, the district may not be subject to on-site monitoring under this subsection. If the risk-based system indicates that a district is at high risk of having inaccurate dropout records, the district is entitled to an opportunity to respond to the commissioner's determination before on-site monitoring may be conducted. The district must respond not later than the 30th day after the date the commissioner notifies the district of the commissioner's determination. If the district's response does not change the commissioner's determination that the district is at high risk of having inaccurate dropout records or if the district does not respond in a timely manner, the commissioner shall order agency staff to conduct on-site monitoring of the district's dropout records~~].

(b) [~~(c)~~] The commissioner shall notify the superintendent [~~board of trustees~~] of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, 31/32 or any recommendation by the commissioner concerning the data. If the data reflect that a penal law has been violated, the

commissioner shall notify the county attorney, district attorney, or criminal district attorney, as appropriate, and the attorney general. The commissioner is entitled to access to all district records the commissioner considers necessary or appropriate for the review, analysis, or approval of district dropout data.

SECTION 1.27. Sections 39.071 and 39.072, Education Code, are amended to read as follows:

Sec. 39.071. ACCREDITATION. (a) Accreditation of a school district is determined in accordance with this section [~~subchapter~~].

(b) Each year, the commissioner shall determine the accreditation status of each school district. In determining accreditation status, the commissioner:

(1) shall evaluate and consider the performance of the district under:

(A) the academic accountability system under Section 39.072; and

(B) the applicable financial accountability system under Section 12.005 or Subchapter I;

(2) shall evaluate and consider:

(A) the results of any special accreditation investigation under Section 39.075; and

(B) the district's current special education monitoring or compliance status with the agency; and

(3) may consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner

or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

(c) Based on a school district's performance under Subsection (b), the commissioner shall:

(1) assign a district an accreditation status of:

(A) accredited;

(B) accredited-warned; or

(C) accredited-probation; or

(2) revoke the accreditation of the district and order closure of the district under Section 39.1332.

(d) The commissioner shall notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. The commissioner shall require the district to notify the parents of students enrolled in the district and property owners in the district of the district's

accreditation status and the implications of that accreditation status.

(e) A school district that is not accredited may not receive funds from the agency or hold itself out as operating a public school of this state.

(f) This chapter may not be construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION STANDARDS~~]. (a) The commissioner [~~State Board of Education~~] shall adopt rules for assigning [~~to evaluate the performance of school districts and to assign~~] to each school district and campus a performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement or [~~and~~] within 10 percent of state exemplary standards);

(3) academically acceptable (below the exemplary and recognized standards but exceeds the academically unacceptable standards); or

(4) academically unacceptable (below the state clearly unacceptable performance standard and does not meet required improvement).

(b) The academic excellence indicators adopted under Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the district's current special education compliance status with the~~ 34/35

~~agency~~] shall be the main considerations of the agency in the rating of a school [~~the~~] district or campus under this section. [~~Additional criteria in the rules may include consideration of:~~

[~~(1) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under specific statutory authority that relate to:~~

[~~(A) reporting data through the Public Education Information Management System (PEIMS);~~

[~~(B) the high school graduation requirements under Section 28.025; or~~

[~~(C) an item listed in Sections 7.056(e)(3)(C)-(I) that applies to the district;~~

[~~(2) the effectiveness of the district's programs for special populations; and~~

[~~(3) the effectiveness of the district's career and technology programs.~~]

(c) The agency shall evaluate [~~against state standards~~] and [~~shall~~], not later than August 15 [~~1~~] of each year, report the performance of each school [~~campus in a~~] district and campus [~~each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (7). Consideration of the effectiveness of district programs under Subsection (b)(2) or (3) must be based on data collected through the Public Education Information Management System for purposes of accountability under this chapter and include the results of assessments required under Section 39.023.~~]

(d) The agency shall annually review the performance of each

school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. The commissioner may determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Each annual review shall include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to:

(1) state standards established for each indicator;

(2) required improvement as defined under Section 39.051(c); and

(3) comparable improvement as determined under Section 39.051(c).

(f) The academic performance rating of a school district may be raised or lowered based on the district's performance or may be lowered based on the unacceptable performance of one or more campuses in the district. The academic performance rating of a school district may also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) The commissioner shall notify a school district if the performance of the district or a campus in the district is below a standard required under this section. The commissioner shall require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating [~~accreditation status~~] of the district or school, a student attending a campus that is a [~~confined by court order in a residential program or~~] facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or open-enrollment charter school serving the student [~~in which the program or facility is physically located~~]. The performance of a student who attends such a campus [~~student~~] on an assessment instrument or other academic excellence indicator adopted under Section 39.051 shall be determined and[~~,~~] reported, but may not be used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school. [~~and considered separately from the performance of students attending a school of the district in which the program or facility is physically located.~~]

SECTION 1.28. Subsection (a), Section 39.075~~(a)~~, Education Code, is amended to read as follows:

(a) The commissioner may [~~shall~~] authorize special accreditation investigations to be conducted:

(1) when excessive numbers of absences of students eligible to be tested on state assessment instruments are

determined;

(2) when excessive numbers of allowable exemptions from the required state assessment instrument are determined;

(3) in response to complaints submitted to the agency with respect to alleged violations of civil rights or other requirements imposed on the state by federal law or court order;

(4) in response to established monitoring or compliance reviews of the district's financial accounting practices and state and federal program requirements;

(5) when extraordinary numbers of student placements in alternative education programs, other than placements under Sections 37.006 and 37.007, are determined;

(6) in response to an allegation involving a conflict between members of the board of trustees or between the board and the district administration if it appears that the conflict involves a violation of a role or duty of the board members or the administration clearly defined by this code;

(7) when excessive numbers of students in special education programs under Subchapter A, Chapter 29, are assessed through assessment instruments developed or adopted under Section 39.023(b); [~~or~~]

(8) in response to questions concerning a program, including special education, required by federal law or for which the district receives federal funds;

(9) when an annual review indicates the academically unacceptable performance under Section 39.072 of one or more campuses in a district, except that the resulting investigation is

limited to those campuses;

(10) in response to concerns regarding the integrity of data submitted to the agency;

(11) in response to allegations of a violation of student assessment procedures for assessment instruments adopted under Section 39.023; or

(12) as the commissioner otherwise determines necessary.

SECTION 1.29. Subsection (c), Section 39.075 ~~(c)~~, Education Code, as amended by Chapters 396 and 931, Acts of the 76th Legislature, Regular Session, 1999, is reenacted and amended to read as follows:

(c) Based on the results of a special accreditation investigation, the commissioner may:

(1) take appropriate action under Subchapter G;

(2) raise or lower the district's accreditation status [~~rating~~]; or

(3) take action under both Subdivisions (1) and (2).

SECTION 1.30. Section 39.076, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c) to read as follows:

(a) The agency shall adopt written procedures for conducting [~~on-site~~] investigations under this subchapter. The agency shall make the procedures available to the complainant, the alleged violator, and the public. Agency staff must be trained in the procedures and must follow the procedures in conducting the investigation. 37/40

(a-1) An investigation conducted under this subchapter may

be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) If conducting an on-site investigation, the investigators may obtain information from administrators, teachers, or parents of students enrolled in the school district. The commissioner 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 a campus or district from screening the information.

(a-3) The agency may give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) The investigators conducting an on-site investigation shall report the results of the investigation orally and in writing to the board of trustees of the district and, as appropriate, to campus administrators, and shall make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 1.31. Subchapter D, Chapter 39, Education Code, is amended by adding Sections 39.077 and 39.078 to read as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating must petition for an informal review as provided by Section 7.0571. 40/41

(b) A final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and may not be appealed.

Sec. 39.078. RULES. The commissioner may adopt rules as necessary to administer this subchapter.

SECTION 1.32. Sections 39.131, 39.132, and 39.133, Education Code, are amended to read as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve;

(3) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the district's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;

(5) arrange an on-site investigation of the district;

(6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;

(7) appoint a conservator to oversee the operations of the district;

(8) appoint a management team to direct the operations of the district in areas of unacceptable performance or require the district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is [~~been~~] rated [~~as~~] academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule [~~for a period of one year or more~~], appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and [~~been rated as academically~~

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~~unacceptable for a period of two years or more~~]:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has been rated [~~as~~] academically unacceptable for [~~a period of~~] two consecutive school years, including the current school year, [~~or more~~] due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

(b) This subsection applies regardless of whether a 43/44 district has satisfied the accreditation criteria. If for two consecutive school years, including the current school year, [~~a period of one year or more~~] a district has had a conservator or

management team assigned, the commissioner may appoint a board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

Sec. 39.132. SANCTIONS FOR CAMPUSES. (a) If a campus receives an academic performance rating of academically unacceptable under Section 39.072 [~~is below any standard under Section 39.073(b)~~], the [~~campus is considered a low-performing campus. The~~] commissioner may permit the campus to participate in an innovative redesign of the campus to improve campus performance or may take any of the other following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees at the campus for the purpose of:

(A) notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve within a designated period of time; and

(B) soliciting public comment on the initial steps being taken to improve performance;

(3) order the preparation of a report regarding the parental involvement program at the campus and a plan describing 44/45 strategies for improving parental involvement at the campus;

(4) order the preparation of a report regarding the effectiveness of the district- and campus-level planning and

decision-making committees established under Subchapter F, Chapter 11, and a plan describing strategies for improving the effectiveness of those committees;

(5) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the campus's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(6) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees, the superintendent, and the campus principal shall appear and explain the campus's low performance, lack of improvement, and plans for improvement;

(7) appoint a special campus intervention team to:

(A) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;

(B) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;

(C) assist in the development of a campus plan for student achievement; and

(D) assist the commissioner in monitoring the progress of the campus in implementing the campus plan for

improvement of student achievement; [~~or~~]

(8) appoint an agency monitor to participate in and report to the agency on activities relating to operation of the campus; or

(9) if a campus is currently rated academically unacceptable [~~has been a low-performing campus for a period of one year or more~~], appoint a board of managers composed of residents of the district to exercise the powers and duties of the board of trustees of the district in relation to the campus.

(b) If a campus has been rated academically unacceptable [~~a low-performing campus~~] for [~~a period of~~] two or more consecutive school years, including the current school year [~~or more~~], the commissioner shall order the closure of the district or charter program on the campus or reconstitute the campus. In reconstituting the campus, a special campus intervention team shall be assembled for the purpose of deciding which educators may be retained at that campus. If an educator is not retained, the educator may be assigned to another position in the district.

Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. The determination shall take into account the number, severity, and duration of the problems identified. [~~The commissioner must review at least annually the performance of a district for which the accreditation rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated~~

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~~improved student performance.~~] If the review reveals a lack of improvement, the commissioner shall increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(b) The commissioner shall review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance.

SECTION 1.33. Subchapter G, Chapter 39, Education Code, is amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In addition to other sanctions authorized under Sections 39.131 and 39.132, the commissioner may order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. The commissioner's order may require the district or campus to:

(1) select an external auditor, data quality expert, professional authorized to monitor district assessment instrument administration, or curriculum or program expert; or

(2) provide for the appropriate training of district staff or board of trustees members in the case of a district, or campus staff, in the case of a campus. /47/48

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) The commissioner may revoke the accreditation of a school district

and order the closure of the district or a campus, as appropriate, under the following circumstances:

(1) the commissioner is authorized to close the district or campus under Section 39.131(a)(10) or 39.132(b);

(2) the commissioner determines that the district is insolvent and unable to complete the school year; or

(3) the commissioner determines that the district has ceased operations for 11 or more instructional days during the current or most recent scheduled school year without the commissioner's authorization.

(b) The commissioner shall issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. An order of closure may:

(1) establish an effective date for accreditation revocation and closure that is not later than the first anniversary of the date of the order;

(2) provide for an interim board of managers to exercise the duties of the board of trustees of the district as designated by the commissioner;

(3) require enrollment or student services to be provided by another district as necessary to allow students enrolled in the closed district to complete a school year, and make adjustments in the state and federal funding to which the district would otherwise be entitled as determined by the commissioner; and

(4) require the preservation, transfer, or surrender

of all student records and other records required for an audit of any state and federal funding provided to the district.

(c) A person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) A board of managers exercising authority under Subsection (b)(2) may exercise the authority of the board of trustees with regard to financial management of the district and personnel actions. The board of managers is not required to be composed of residents of the district.

(e) An open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and may not be appealed. 49/50

(c) A school district may not collaterally contest an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review

opportunity has already been provided for the academic performance rating.

SECTION 1.34. Section 39.134, Education Code, is amended to read as follows:

Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing a monitor, conservator, management team, [~~or~~] special campus intervention team, or service provider under Section 39.1331 shall be paid by the district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under Section 42.258.

SECTION 1.35. Section 39.182, Education Code, is amended by adding Subsections (b-1), (b-2), and (b-3) to read as follows:

(b-1) The report must include a summary of:

(1) investigations authorized by the agency into inappropriate administrations of assessment instruments under Section 39.023; and

(2) the efforts the agency has made under Section 39.0232 to ensure the appropriate administration of assessment instruments and to protect the integrity of the assessment program established under Subchapter B. 52/51

(b-2) The report must include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including:

(1) an analysis of performance and spending information relating to grants administered by the agency; and

(2) recommendations on any statutory changes needed for the agency to more effectively administer grant programs, including recommendations on whether to eliminate or modify inefficient grant programs, expand effective grant programs, or consolidate similar grant programs to maximize the effectiveness and efficiencies of those programs.

(b-3) Subsection (b-2) applies beginning January 1, 2009. This subsection expires February 1, 2009.

Insert F.A.#1 (1)

SECTION 1.36. Subchapter C, Chapter 45, Education Code, is amended by adding Section 45.0561 to read as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In determining which bonds to approve for guarantee under this subchapter, the commissioner shall give priority to a school district that has had bonds refunded and defeased under Subchapter D, Chapter 46.

(b) The commissioner may adopt rules to administer this section.

Insert F.A.#1 (2)

SECTION 1.37. Chapter 46, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

Sec. 46.091. DEFINITIONS. In this subchapter:

(1) "Allocated revenue" means that portion of state assistance under Subchapter A or B equal to the scheduled debt service payments in effect immediately before the refunding on eligible bonds being refunded under this subchapter.

(2) "Authority" means the Texas Public Finance Authority.

(3) "Authority obligation" means any type of revenue obligation, including a bond, note, certificate, or other instrument issued under this subchapter. The term includes an obligation issued to refund an obligation issued under this subchapter.

(4) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(5) "Obligation administrative expenses" means expenses incurred in administering authority obligations, including fees for:

(A) paying agents, trustees, and attorneys;

(B) other professional services necessary to ensure compliance with applicable state or federal law; and

(C) for a school district with eligible bonds refunded under this subchapter, professional expenses in an amount approved by the commissioner.

Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the commissioner determines it is feasible to refund eligible school district bonds as provided by this subchapter, the commissioner may request that the authority issue authority obligations necessary to accomplish the refunding. On request of the commissioner, the authority shall issue authority obligations, in accordance with Title 9, Government Code, in an amount sufficient to:

(1) refund eligible bonds;

(2) pay all obligation administrative expenses;

(3) pay the costs of issuing the authority obligations;

(4) pay the costs of any credit agreement; and

(5) provide any reserve funds.

(b) Authority obligations and any related credit agreements must be secured by allocated revenue.

(c) The commissioner's request for the issuance of authority obligations must state:

(1) the maximum principal amount of bonds to be refunded under this subchapter;

(2) the maximum term of bonds to be refunded; and

(3) the amount of state assistance under Subchapter A or B to support the payment of the bonds to be refunded.

(d) To best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost, the authority may determine:

(1) the method of sale of authority obligations;

(2) the type and form of obligation;

(3) the maximum interest rates and other terms of authority obligations; and

(4) the need for related credit agreements.

(e) The authority shall certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School

district bonds are eligible for refunding under this subchapter if:

(1) the district receives state assistance for payment of the bonds under Subchapter A or B; and

(2) the principal and interest of the bonds are guaranteed by the permanent school fund under Subchapter C, Chapter 45.

Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS. (a) If the commissioner determines it is feasible to refund eligible school district bonds as provided by this subchapter, the commissioner shall periodically identify which outstanding school bonds are eligible for refunding under this subchapter. The commissioner shall notify the school districts issuing the bonds that:

(1) the bonds are subject to being refunded and defeased through the issuance of authority obligations; and

(2) a school district whose bonds are refunded under this subchapter is entitled to priority in the allocation of resulting increases in the capacity of the permanent school fund to guarantee school district bonds under Subchapter C, Chapter 45, as provided by Section 45.0561.

(b) Not later than the 45th day after the date the commissioner notifies a school district under Subsection (a), the district may direct the commissioner to remove any of the district's eligible bonds from consideration for refunding under this subchapter. If the district does not direct the commissioner to remove the district's bonds from consideration for refunding within the time prescribed by this subsection, the district is

deemed to have consented to having the bonds refunded.

(c) Notice under Subsection (a) must:

(1) identify the bonds the commissioner proposes to refund under this subchapter;

(2) state that the school district may direct the commissioner to remove any of the district's bonds from consideration for refunding;

(3) state the date by which the district must direct the commissioner to remove the district's bonds from consideration for refunding;

(4) state that the district's failure to timely direct the commissioner to remove the district's bonds from consideration for refunding is deemed to be consent to having the bonds refunded; and

(5) advise the district of:

(A) the effect of consenting, or being deemed to have consented, to having the bonds considered for refunding; and

(B) the effect of directing the commissioner to remove the bonds from consideration for refunding.

Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. (a) To permit the authority to pledge allocated revenue to the payment of authority obligations, the commissioner shall enter into an agreement with the authority under which:

(1) the commissioner, acting on behalf of each school district whose bonds are being refunded under this subchapter, may pledge the allocated revenue to secure the payment of the principal of and interest ~~and premium on authority obligations~~; and

(2) each school year, the commissioner shall allocate and distribute to the authority allocated revenue equal to the scheduled debt service payments for that year on the bonds being refunded.

(b) An agreement under this section must state that the funding for allocated revenue is subject to legislative appropriation. A distribution to the authority under the agreement is considered to be a distribution for purposes of Section 46.009. If the commissioner determines that the amount appropriated for any year for allocated revenue is insufficient, the commissioner may act under Section 46.009(b) to ensure the sufficiency of allocated revenue.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a) The authority shall use the proceeds of authority obligations, less the cost of issuing those obligations, to refund and defease eligible bonds as requested by the commissioner. To accomplish the refunding and defeasance:

(1) the commissioner, on behalf of the school districts issuing the bonds, may:

(A) exercise any reserved right of optional redemption; and

(B) issue any required notice of redemption and defeasance; and

(2) the authority, on behalf of the districts issuing the bonds, may enter into escrow agreements and purchase escrow securities as provided by Chapter 1207, Government Code, with the same effect under that chapter as if the authority were the issuer

of the bonds being refunded and defeased.

(b) The authority shall provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. After paying the current debt service on authority obligations, the authority may use allocated revenue to pay obligation administrative expenses.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the commissioner allocates and distributes to the authority allocated revenue for a school district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds, the district shall reimburse the commissioner in the amount of the excess.

(b) If a school district elects not to reimburse the commissioner in the amount of excess state assistance as required under Subsection (a), the commissioner shall direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made.

(c) A school may reimburse the commissioner under this section from any lawfully available source.

(d) A reimbursement by a school district under this section is considered to be debt service attributable to the debt

originally created by the school district's bonds that were refunded by the authority obligations.

(e) On a pledge of allocated revenue to the authority obligations issued for the purpose of refunding school district bonds, the commissioner is subrogated to the rights of the holders of the refunded bonds as to entitlement to payment by each district that issued refunded bonds, notwithstanding the defeasance of the refunded bonds.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The authority may issue authority obligations to refund any previously issued authority obligations if the authority by resolution determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. (a) Authority obligations and any related credit agreements are not:

(1) a debt of the state, a state agency, or a political subdivision of the state; or

(2) a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state.

(b) Authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations.

(c) Subject to the limitations of Subsection (a), as long as authority obligations are outstanding, the state may not:

(1) take any action to limit or restrict the

authority's responsibility to pay the authority obligations; or

(2) in any way impair the rights and remedies of the owners of authority obligations.

(d) The reallocation of allocated revenue to secure authority obligations to refund school district bonds is:

(1) consistent with the original authorization, allocation, and application of state assistance under Subchapter A or B;

(2) in furtherance of any covenants, agreements, or undertakings by school districts or the commissioner to cause allocated revenue to be credited to debt service funds for school district bonds; and

(3) consistent with all statutory and regulatory ~~dedications and restrictions on the allocated revenue.~~

SECTION 1.38. Subsection (c), Section 2175.304 ~~(c)~~, Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, the system, institution, or agency shall give preference to a public school that is rated academically unacceptable under Section 39.072, Education Code, [~~considered low-performing by the commissioner of education~~] or to a school district that has a taxable wealth per student that

entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code, or to the assistance organization designated by such a school district.

SECTION 1.39. Subsection (c), Section 302.006~~(c)~~, Labor Code, is amended to read as follows:

(c) To be eligible to receive a scholarship awarded under this section, a person must:

(1) be employed in a child-care facility, as defined by Section 42.002, Human Resources Code; 59/60

(2) intend to obtain a credential, certificate, or degree specified in Subsection (b);

(3) agree to work for at least 18 additional months in a child-care facility, as defined by Section 42.002, Human Resources Code, that accepts federal Child Care Development Fund subsidies and that, at the time the person begins to fulfill the work requirement imposed by this subdivision, is located:

(A) within the attendance zone of a public school campus that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~], Education Code; or

(B) in an economically disadvantaged community, as determined by the commission; and

(4) satisfy any other requirements adopted by the commission.

SECTION 1.40. Sections 8.010, 31.1011~~(d) and (e)~~, Subsection (d), Section 39.051~~(d)~~, Subsections (d) and (e), Section 39.073, and Sections ~~and~~ 39.074, Education Code, are repealed.

SECTION 1.41. Not later than September 1, 2007, the Texas Education Agency shall complete the requirements under Section

29.258, Education Code, as added by this Act.

SECTION 1.42. (a) Except as otherwise provided by this section, this article applies beginning with the 2005-2006 school year.

(b) Subchapter F, Chapter 33, Education Code, as added by this article, applies beginning with the 2006-2007 school year.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Section 1001.001, Education Code, is amended by amending Subdivisions (2) through ~~(3), (4), and~~ (5) and adding Subdivision (13-a) to read as follows:

(2) "Approved driving safety course" means a driving safety course approved by the department [~~commissioner~~].

(3) "Commission" [~~"Commissioner"~~] means the Texas Commission of Licensing and Regulation [~~commissioner of education~~].

(4) "Course provider" means an enterprise that:

(A) maintains a place of business or solicits business in this state;

(B) is operated by an individual, association, partnership, or corporation; and

(C) has received an approval for a driving safety course from the department [~~commissioner~~] or has been designated by a person who has received that approval to conduct business and represent the person in this state.

(5) "Department" means the Texas Department of Licensing and Regulation [~~Public Safety~~].

(13-a) "Executive director" means the executive

director of the department.

SECTION 2.02. Subsection (c), Section 1001.002~~(c)~~, Education Code, is amended to read as follows:

(c) A driver education course is exempt from this chapter, other than Section 1001.055, if the course is:

(1) conducted by a vocational driver training school operated to train or prepare a person for a field of endeavor in a business, trade, technical, or industrial occupation; 61/62

(2) conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the department [~~commissioner~~];

(3) sponsored by an employer to train its own employees without charging tuition;

(4) sponsored by a recognized trade, business, or professional organization with a closed membership to instruct the members of the organization; or

(5) conducted by a school regulated and approved under another law of this state.

SECTION 2.03. Sections 1001.003 and 1001.004, Education Code, are amended to read as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. It is the intent of the legislature that commission [~~agency~~] rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of administering this chapter shall be included in the state budget

allowance for the department [~~agency~~].

SECTION 2.04. Sections 1001.051 and 1001.052, Education Code, are amended to read as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department [~~agency~~] has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt [~~and administer~~] comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. The heading to Section 1001.053, Education Code, is amended to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSIONER~~].

SECTION 2.06. Subsection (a), Section 1001.053~~(a)~~, Education Code, is amended to read as follows:

(a) The department [~~commissioner~~] shall:

(1) administer [~~the policies of~~] this chapter;

(2) enforce minimum standards for driver training schools under this chapter;

(3) [~~adopt and~~] enforce rules adopted by the commission necessary to administer this chapter; and

(4) inspect [~~visit~~] a driver training school or course provider and reexamine the school or course provider for compliance with this chapter.

SECTION 2.07. The heading to Section 1001.054, Education Code, is amended to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR COMPETITIVE BIDDING~~].

SECTION 2.08. Subsection (c), Section 1001.054~~(c)~~, Education Code, is amended to read as follows:

(c) The <u>commission</u> [~~commissioner~~] by rule may restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation. 63/64

SECTION 2.09. Section 1001.055, Education Code, is amended to read as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The <u>department</u> [~~agency~~] shall print and supply to each licensed or exempt driver education school driver education certificates to be used for certifying completion of an approved driver education course to satisfy the requirements of Section 521.204(a)(2), Transportation Code. The certificates must be numbered serially.

(b) The <u>commission</u> [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized reproduction or misuse of the certificates.

(c) The <u>department</u> [~~agency~~] may charge a fee of not more than $4 for each certificate.

SECTION 2.10. Subsections (b) through (e) and (g), Section~~s~~ 1001.056(~~b), (c), (d), (e), and (g)~~, Education Code, are amended to read as follows:

(b) The <u>department</u> [~~agency~~] shall print and supply to each licensed course provider uniform certificates of course completion. The certificates must be numbered serially.

(c) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized production or misuse of the certificates.

(d) A certificate under this section must:

(1) be in a form required by the department [~~agency~~]; and

(2) include an identifying number by which the department [~~agency~~], a court, or the Department of Public Safety [~~department~~] may verify its authenticity with the course provider.

(e) The department [~~agency~~] may charge a fee of not more than $4 for each certificate. A course provider shall charge an operator a fee equal to the amount of the fee paid to the department [~~agency~~] for a certificate.

(g) The department [~~agency~~] shall issue duplicate certificates. The commission [~~commissioner~~] by rule shall determine the amount of the fee for issuance of a duplicate certificate.

SECTION 2.11. Section 1001.057, Education Code, is amended to read as follows:

Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY COURSE INFORMATION. The department [~~agency~~] shall investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 2.12. Subchapter B, Chapter 1001, Education Code, is amended by adding Section 1001.058 to read as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. The executive director may designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Sections 1001.101 and 1001.102, Education Code, are amended to read as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish the curriculum and designate the textbooks to be used in a driver education course. 65/66

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The commission [~~agency~~] by rule shall require that information relating to alcohol awareness and the effect of alcohol on the effective operation of a motor vehicle be included in the curriculum of any driver education course or driving safety course.

(b) In developing rules under this section, the commission [~~agency~~] shall consult with the Department of Public Safety [~~department~~].

SECTION 2.14. Subsections (b), (d), and (e), Section 1001.103(~~b), (d), and (e)~~), Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs that include one or more courses. Except as provided by commission [~~agency~~] rule, a program must be offered in the same manner as a driving safety course.

(d) In accordance with Section 461.013(b), Health and Safety Code, the department [~~agency~~] and the Texas Commission on

Alcohol and Drug Abuse shall enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) The commission [~~Notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~] may establish fees in connection with the programs under this section. The fees must be in amounts reasonable and necessary to administer the department's [~~agency's~~] duties under this section. 66/67

SECTION 2.15. Sections 1001.104 and 1001.105, Education Code, are amended to read as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) The department [~~agency~~] shall enter into a memorandum of understanding with the Texas Rehabilitation Commission and the Department of Public Safety [~~department~~] for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education.

(b) The department [~~agency~~] shall administer comprehensive rules governing driver education courses adopted by mutual agreement among the commission [~~agency~~], the Texas Rehabilitation Commission, and the Department of Public Safety [~~department~~].

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The commission [~~agency~~] shall enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 2.16. Subsections (b), (c), and (d), Section~~s~~ 1001.106 ~~(b), (c), and (d)~~, Education Code, are amended to read as follows:

(b) The commission [~~commissioner~~] by rule shall provide

minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456 of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(d) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of 67/68 this code do not apply to a violation of this section.

SECTION 2.17. Section 1001.107, Education Code, is amended to read as follows:

Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION. (a) The commission [~~commissioner~~] by rule shall require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course.

(b) In developing rules under this section, the commission [~~commissioner~~] shall consult the Department of Public Safety [~~department~~].

SECTION 2.18. Subsections (a) and (c), Section~~s~~ 1001.108 ~~(a) and (c)~~, Education Code, are amended to read as follows:

(a) The commission [~~commissioner~~] by rule shall require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course.

(c) In developing rules under this section, the commission [~~commissioner~~] shall consult with the Department of Public Safety [~~department~~] and the [~~Texas~~] Department of State Health Services.

SECTION 2.19. Section 1001.151, Education Code, is amended to read as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) The commission [~~commissioner~~] shall establish [~~collect~~] application, license, and registration fees. The fees must be in amounts sufficient to cover administrative costs and are nonrefundable. The department shall collect the application, license, and registration fees. 68/69

(b) The commission shall establish a fee for:

(1) an initial driver education school license and [~~is $1,000 plus $850~~] for each branch location; [~~.~~]

(2) [~~(c) The fee for~~] an initial driving safety school license; [~~is an appropriate amount established by the commissioner not to exceed $200.~~]

(3) [~~(d) The fee for~~] an initial course provider license [~~is an appropriate amount established by the commissioner not to exceed $2,000~~], except that the commission [~~agency~~] may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider; [~~.~~]

(4) the [~~(e) The~~] annual renewal [~~fee~~] for a course provider, driving safety school, driver education school, or branch location [~~is an appropriate amount established by the commissioner not to exceed $200~~], except that the commission [~~agency~~] may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure; [~~.~~]

(5) [~~(f) The fee for~~] a change of address of[~~:~~

[~~(1)~~] a driver education school, [~~is $180; and~~

[~~(2)~~] a driving safety school, or course provider; [~~is $50.~~]

(6) [~~(g) The fee for~~] a change of name of:

(A) [~~(1)~~] a driver education school or course provider or an owner of a driver education school or course provider [~~is $100~~]; or [~~and~~] 69/70

(B) [~~(2)~~] a driving safety school or owner of a driving safety school; [~~is $50.~~]

(7) [~~(h) The application fee for~~] each additional driver education or driving safety course at a driver training school; [~~is $25.~~]

(8) an [~~(i) The~~] application of a [~~fee for:~~

[~~(1) each~~] director, [~~is $30; and~~

[~~(2) each~~] assistant director, or administrative staff member; and [~~is $15.~~]

(9) an [~~(j) Each~~] application for approval of a driving safety course that has not been evaluated by the department [~~commissioner must be accompanied by a nonrefundable fee of $9,000~~].

(c) [~~(k)~~] An application for an original driver education or driving safety instructor license must be accompanied by a processing fee [~~of $50~~] and an annual license fee [~~of $25~~], except that the department [~~commissioner~~] may not collect the processing fee from an applicant for a driver education instructor license who is currently teaching a driver education course in a public school

in this state.

(d) [~~(1)~~] The commission [~~commissioner~~] shall establish the amount of the fee for a duplicate license.

SECTION 2.20. Section 1001.153, Education Code, is amended to read as follows:

Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The commission [~~commissioner~~] shall establish the amount of the fee to investigate a driver training school or course provider to resolve 70/71 a complaint against the school or course provider.

(b) The fee may be charged only if:

(1) the complaint could not have been resolved solely by telephone or in writing;

(2) a representative of the department [~~agency~~] visited the school or course provider as a part of the complaint resolution process; and

(3) the school or course provider was found to be at fault.

SECTION 2.21. Subsection (b), Section 1001.202~~(b)~~, Education Code, is amended to read as follows:

(b) A driving safety school may use multiple classroom locations to teach a driving safety course if each location:

(1) is approved by the parent school and the department [~~agency~~];

(2) has the same name as the parent school; and

(3) has the same ownership as the parent school.

SECTION 2.22. Sections 1001.203~~, 1001.204, 1001.205, and~~ through 1001.206, Education Code, are amended to read as follows:

Sec. 1001.203. APPLICATION. To operate or do business in this state, a driver training school must apply to the department [~~commissioner~~] for the appropriate license. The application must:

(1) be in writing;

(2) be in the form prescribed by the department [~~commissioner~~];

(3) include all required information; and

(4) be verified. 71/72

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school:

(1) has courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the courses, curricula, and instruction are offered;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality in the classroom and behind the wheel;

(3) has directors, instructors, and administrators who have adequate educational qualifications and experience;

(4) provides to each student before enrollment:

(A) a copy of:

(i) the refund policy;

(ii) the schedule of tuition, fees, and other charges; and

(iii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(5) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades 72/73 and enforces satisfactory standards relating to attendance, progress, and conduct;

(6) on completion of training, issues each student a certificate indicating the course name and satisfactory completion;

(7) complies with all county, municipal, state, and federal regulations, including fire, building, and sanitation codes and assumed name registration;

(8) is financially sound and capable of fulfilling its commitments for training;

(9) has administrators, directors, owners, and instructors who are of good reputation and character;

(10) maintains and publishes as part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined

by the department [~~commissioner~~];

(12) does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) submits to the department [~~agency~~] for approval the applicable course hour lengths and curriculum content for each course offered by the school; 73/74

(14) does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(15) meets any additional criteria required by the department [~~agency~~].

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driving safety school license if on investigation the department [~~agency~~] determines that the school:

(1) has driving safety courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the course, curricula, and instruction are developed by the course provider;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality;

(3) has instructors and administrators who have adequate educational qualifications and experience;

(4) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance,

progress, and conduct;

(5) complies with all county, municipal, state, and federal laws, including fire, building, and sanitation codes and assumed name registration;

(6) has administrators, owners, and instructors who are of good reputation and character;

(7) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~]; 74/75

(8) does not use a name similar to the name of another existing school or tax-supported educational establishment in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(9) maintains and uses the approved contract and policies developed by the course provider;

(10) does not owe an administrative penalty for a violation of [~~under~~] this chapter;

(11) will not provide a driving safety course to a person for less than $25; and

(12) meets additional criteria required by the department [~~commissioner~~].

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. The department [~~commissioner~~] shall approve an application for a course provider license if on investigation the department [~~agency~~] determines that:

(1) the course provider has an approved course that at least one licensed driving safety school is willing to offer;

(2) the course provider has adequate educational qualifications and experience;

(3) the course provider will:

(A) develop and provide to each driving safety school that offers the approved course a copy of:

(i) the refund policy; and

(ii) the regulations relating to absence, grading policy, and rules of operation and conduct; and 75/76

(B) provide to the driving safety school the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(4) a copy of the information provided to each driving safety school under Subdivision (3) will be provided to each student by the school before enrollment;

(5) not later than the 15th working day after the date the person successfully completes the course, the course provider will mail a uniform certificate of course completion to the person indicating the course name and successful completion;

(6) the course provider maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(7) the course provider complies with all county, municipal, state, and federal laws, including assumed name registration and other applicable requirements;

(8) the course provider is financially sound and

capable of fulfilling its commitments for training;

(9) the course provider is of good reputation and character;

(10) the course provider maintains and publishes as a part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion; 76/77

(11) the course provider does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) the course provider does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) the course provider does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(14) the course provider meets additional criteria required by the department [~~commissioner~~].

SECTION 2.23. Subsections (a) and (b), Section~~s~~ 1001.207 ~~(a) and (b)~~, Education Code, are amended to read as follows:

(a) Before a driver education school may be issued a license, the school must file a corporate surety bond with the department [~~commissioner~~] in the amount of:

(1) $10,000 for the primary location of the school; and

(2) $5,000 for each branch location.

(b) A bond issued under Subsection (a) must be:

(1) issued in a form approved by the department [~~commissioner~~];

(2) issued by a company authorized to do business in this state;

(3) payable to the state to be used only for payment of a refund due to a student or potential student;

(4) conditioned on the compliance of the school and 77/78 its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(5) issued for a period corresponding to the term of the license.

SECTION 2.24. Subsection (b), Section 1001.209(~~b~~), Education Code, is amended to read as follows:

(b) A bond issued under Subsection (a) must be:

(1) issued by a company authorized to do business in this state;

(2) payable to the state to be used:

(A) for payment of a refund due a student of the course provider's approved course;

(B) to cover the payment of unpaid fees or penalties assessed by the department [~~agency~~]; or

(C) to recover the cost of uniform certificates of course completion the department [~~agency~~] demands be returned or any cost associated with the certificates;

(3) conditioned on the compliance of the course provider and its officers, agents, and employees with this chapter

and rules adopted under this chapter; and

(4) issued for a period corresponding to the term of the license.

SECTION 2.25. Section 1001.210, Education Code, is amended to read as follows:

Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the bond required by Section 1001.207 or 1001.209, a driver education school or course provider may provide another form of security that is: 78/79

(1) [~~(A)~~] approved by the department [~~commissioner~~]; and

(2) [~~(B)~~] in the amount required for a comparable bond under Section 1001.207 or 1001.209.

SECTION 2.26. Subsections (a) and (b), Section~~s~~ 1001.211 ~~(a) and (b)~~, Education Code, are amended to read as follows:

(a) The department [~~commissioner~~] shall issue a license to an applicant for a license under this subchapter if:

(1) the application is submitted in accordance with this subchapter; and

(2) the applicant meets the requirements of this chapter.

(b) A license must be in a form determined by the department [~~commissioner~~] and must show in a clear and conspicuous manner:

(1) the date of issuance, effective date, and term of the license;

(2) the name and address of the driver training school or course provider;

(3) the authority for and conditions of approval;

(4) the executive director's [~~commissioner's~~] signature; and

(5) any other fair and reasonable representation that is consistent with this chapter and that the department [~~commissioner~~] considers necessary.

SECTION 2.27. Section 1001.212, Education Code, is amended to read as follows: 79/80

Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department [~~commissioner~~] shall provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 2.28. Subsections (c) and (d), Section~~s~~ 1001.213 ~~(c) and (d)~~, Education Code, are amended to read as follows:

(c) The commission may establish [~~Instead of the~~] fees [~~required by Section 1001.151, the fee~~] for a new driver education school or course provider license under Subsection (b) and [~~is $500, plus $200~~] for each branch location that are different from the amounts established under Section 1001.151[~~,~~] if:

(1) the new owner is substantially similar to the previous owner; and

(2) there is no significant change in the management or control of the driver education school or course provider.

(d) The department [~~commissioner~~] is not required to reinspect a school or a branch location after a change of ownership.

SECTION 2.29. Section 1001.214, Education Code, is amended to read as follows:

Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may be issued to a driver training school or course provider if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253, Education Code, are amended to read as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A 80/81 sce person may not teach or provide driver education, either as an individual or in a driver education school, or conduct any phase of driver education, unless the person holds a driver education instructor license issued by the department [~~agency~~].

(b) A person may not teach or provide driving safety training, either as an individual or in a driving safety school, or conduct any phase of driving safety education, unless the person holds a driving safety instructor license issued by the department [~~agency~~]. This subsection does not apply to an instructor of a driving safety course that does not provide a uniform certificate of course completion to its graduates.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A license under this subchapter must be signed by the executive director [~~commissioner~~].

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. (a) The department [~~commissioner~~] shall establish standards for certification of professional and paraprofessional personnel who conduct driver education programs in driver education schools.

(b) A driver education instructor license authorizing a

person to teach or provide behind-the-wheel training may not be issued unless the person has successfully completed six semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school.

(c) A person who holds a driver education instructor license authorizing behind-the-wheel training may not be approved to assist a classroom instructor in the classroom phase of driver education 81/82 unless the person has successfully completed the three additional semester hours of training required for a classroom instructor or a program of study in driver education approved by the department [~~commissioner~~].

(d) Except as provided by Section 1001.254, a driver education instructor license authorizing a person to teach or provide classroom training may not be issued unless the person:

(1) has completed nine semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school; and

(2) holds a teaching certificate and any additional certification required to teach driver education.

(e) A driver education instructor who has completed the educational requirements prescribed by Subsection (d)(1) may not teach instructor training classes unless the instructor has successfully completed a supervising instructor development program consisting of at least six additional semester hours or a program of study in driver education approved by the department

[~~commissioner~~] that includes administering driver education programs and supervising and administering traffic safety education.

(f) A driver education school may submit for department [~~agency~~] approval a curriculum for an instructor development program for driver education instructors. The program must:

(1) be taught by a person who has completed a supervising instructor development program under Subsection (e); 82/83 and

(2) satisfy the requirements of this section for the particular program or type of training to be provided.

SECTION 2.31. Subsection (a), Section 1001.254 ~~(a)~~, Education Code, is amended to read as follows:

(a) A temporary driver education instructor license may be issued authorizing a person to teach or provide classroom driver education training if the person:

(1) has completed the educational requirements prescribed by Section 1001.253(d)(1);

(2) holds a Texas teaching certificate with an effective date before February 1, 1986;

(3) meets all license requirements, other than successful completion of the examination required under rules adopted by the State Board for Educator Certification to revalidate the teaching certificate; and

(4) demonstrates, in a manner prescribed by the department [~~commissioner~~], the intention to comply with the examination requirement at the first available opportunity.

Subsections (a), (b), and (c),

SECTION 2.32. Section~~s~~ 1001.255(~~a), (b), and (c)~~), Education Code, are amended to read as follows:

(a) The department [~~agency~~] shall regulate as a driver education school a driver education instructor who:

(1) teaches driver education courses in a county having a population of 50,000 or less; and

(2) does not teach more than 200 students annually.

(b) An instructor described by Subsection (a) must submit to the department [~~agency~~] an application for an initial or renewal driver education school license, together with all required documentation and information.

(c) The department [~~commissioner~~] may waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 2.33. Section 1001.256, Education Code, is amended to read as follows:

Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may be issued to a driver education instructor or driving safety instructor if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.34. The heading to Subchapter G, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

Subsection (b),

SECTION 2.35. Section 1001.351(~~b~~), Education Code, is amended to read as follows:

(b) A course provider shall electronically submit to the department [~~agency~~] in the manner established by the department [~~agency~~] data identified by the department [~~agency~~] relating to uniform certificates of course completion.

SECTION 2.36. Subsections (a) and (b), Section~~s~~ 1001.354 ~~(a) and (b)~~, Education Code, are amended to read as follows:

(a) A driving safety course may be taught at a driving safety school if the school is approved by the department [~~agency~~]. 84/85

(b) A driving safety school may teach an approved driving safety course by an alternative method that does not require students to be present in a classroom if the department [~~commissioner~~] approves the alternative method. The department [~~commissioner~~] may approve the alternative method if:

(1) the department [~~commissioner~~] determines that the approved driving safety course can be taught by the alternative method; and

(2) the alternative method includes testing and security measures that are at least as secure as the measures available in the usual classroom setting.

SECTION 2.37. Subsections (b) and (c), Section~~s~~ 1001.404 ~~(b) and (c)~~, Education Code, are amended to read as follows:

(b) The department [~~commissioner~~] shall establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) The department [~~agency~~] may except a driver education school or course provider from the payment of interest if the school or course provider makes a good-faith effort to refund tuition,

fees, and other charges but is unable to locate the student to whom the refund is owed. On request of the department [~~agency~~], the school or course provider shall document the effort to locate a student.

SECTION 2.38. Sections 1001.451 and 1001.452, Education Code, are amended to read as follows:

Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

(1) use advertising designed to mislead or deceive a 85/86 prospective student;

(2) fail to notify the department [~~commissioner~~] of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records as required by this chapter;

(3) issue, sell, trade, or transfer:

(A) a uniform certificate of course completion or driver education certificate to a person or driver training school not authorized to possess the certificate;

(B) a uniform certificate of course completion to a person who has not successfully completed an approved, six-hour driving safety course; or

(C) a driver education certificate to a person who has not successfully completed a department-approved [~~commissioner-approved~~] driver education course;

(4) negotiate a promissory instrument received as payment of tuition or another charge before the student completes 75 percent of the course, except that before that time the instrument may be assigned to a purchaser who becomes subject to any

defense available against the school named as payee; or

(5) conduct any part of an approved driver education course or driving safety course without having an instructor physically present in appropriate proximity to the student for the type of instruction being given.

Sec. 1001.452. COURSE OF INSTRUCTION. A driver training school may not maintain, advertise, solicit for, or conduct a course of instruction in this state before the later of: 86/87

(1) the 30th day after the date the school applies for a driver training school license; or

(2) the date the school receives a driver training school license from the department [~~commissioner~~].

SECTION 2.39. Subsections (d) and (e), Section~~s~~ 1001.453~~(d) and (e)~~, Education Code, are amended to read as follows:

(d) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456(a) of this code [~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(e) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.40. Section 1001.456, Education Code, is amended to read as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the department [~~agency~~] believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the

department [~~agency~~] may, without notice:

(1) order a peer review;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase driver education certificates.

(b) If the department [~~agency~~] believes that a course provider, driving safety school, or driving safety instructor has 87/88 violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review of the course provider, driving safety school, or driving safety instructor;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase uniform certificates of course completion.

(c) A peer review ordered under this section must be conducted by a team of knowledgeable persons selected by the department [~~agency~~]. The team shall provide the department [~~agency~~] with an objective assessment of the content of the school's or course provider's curriculum and its application. The school or course provider shall pay the costs of the peer review.

(d) A suspension of enrollment under Subsection (a)(2) or (b)(2) means a ruling by the executive director [~~commissioner~~] that restricts a school from:

(1) accepting enrollments or reenrollments;

(2) advertising;

(3) soliciting; or

(4) directly or indirectly advising prospective students of its program or course offerings.

SECTION 2.41. The heading to Subchapter L, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

SECTION 2.42. Subsection (b), Section 1001.555~~(b)~~, Education Code, is amended to read as follows:

(b) The <u>department</u> [~~agency~~] shall contract with the <u>Department of Public Safety</u> [~~department~~] to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 2.43. Subsection (b), Article 45.0511~~(b)~~, Code of Criminal Procedure, is amended to read as follows:

(b) The judge shall require the defendant to successfully complete a driving safety course approved by the Texas <u>Department of Licensing and Regulation</u> [~~Education Agency~~] or a course under the motorcycle operator training and safety program approved by the designated state agency under Chapter 662, Transportation Code, if:

(1) the defendant elects driving safety course or motorcycle operator training course dismissal under this article;

(2) the defendant has not completed an approved driving safety course or motorcycle operator training course, as appropriate, within the 12 months preceding the date of the offense;

(3) the defendant enters a plea under Article 45.021 in person or in writing of no contest or guilty on or before the

answer date on the notice to appear and:

(A) presents in person or by counsel to the court a request to take a course; or

(B) sends to the court by certified mail, return receipt requested, postmarked on or before the answer date on the notice to appear, a written request to take a course;

(4) the defendant has a valid Texas driver's license or permit; 89/90

(5) the defendant is charged with an offense to which this article applies, other than speeding 25 miles per hour or more over the posted speed limit; and

(6) the defendant provides evidence of financial responsibility as required by Chapter 601, Transportation Code.

SECTION 2.44. Section 51.308, Education Code, is amended to read as follows:

Sec. 51.308. DRIVER EDUCATION. A driver education course for the purpose of preparing students to obtain a driver's license may be offered by an institution of higher education, as defined by Section 61.003, with the approval of the Texas Department of Licensing and Regulation [~~Central Education Agency~~].

SECTION 2.45. Subsection (a), Section 521.1655~~(a)~~, Transportation Code, is amended to read as follows:

(a) A driver education school licensed under Chapter 1001, Education Code, [~~the Texas Driver and Traffic Safety Education Act (Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161.

SECTION 2.46. Section 521.203, Transportation Code, is amended to read as follows:

Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The department may not issue a Class A or Class B driver's license to a person who:

(1) is under 17 years of age;

(2) is under 18 years of age unless the person has completed a driver training course approved by the Texas Department of Licensing and Regulation [~~Central Education Agency~~]; or 90/91

(3) has not provided the department with an affidavit, on a form prescribed by the department, that states that no vehicle that the person will drive that requires a Class A or Class B license is a commercial motor vehicle as defined by Section 522.003.

SECTION 2.47. Subsections (b) and (d), Section~~s~~ 521.205 ~~(b) and (d)~~, Transportation Code, are amended to read as follows:

(b) The department may not approve a course unless it determines that the course materials are at least equal to those required in a course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~], except that the department may not require that:

(1) the classroom instruction be provided in a room with particular characteristics or equipment; or

(2) the vehicle used for the behind-the-wheel instruction have equipment other than the equipment otherwise required by law for operation of the vehicle on a highway while the vehicle is not being used for driver training.

(d) Completion of a driver education course approved under this section has the same effect under this chapter as completion of a driver education course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~].

SECTION 2.48. Subdivision (1), Section~~s~~ 1001.001~~(1)~~, Subsections (b) and (c), Section~~s~~ 1001.053~~(b) and (c)~~, Subsections (a) and (b), Section~~s~~ and Sections 1001.054~~(a) and (b)~~, 1001.152, 1001.303, 1001.304, 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460, 91/92 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and Subchapter B, Chapter 543, Transportation Code, are repealed.

SECTION 2.49. (a) As soon as practicable after the effective date of this Act, the Texas Education Agency and the Texas Department of Licensing and Regulation shall develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. The transition plan must include a timetable with specific steps and deadlines needed to complete the transfer.

(b) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005:

(1) all functions and activities relating to Chapter 1001, Education Code, performed by the Texas Education Agency immediately before that date are transferred to the Texas Department of Licensing and Regulation;

(2) a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or

form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or department;

(3) a reference in law to or an administrative rule of the Texas Education Agency that relates to Chapter 1001, Education Code, means the Texas Commission of Licensing and Regulation or the 93/94 Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Education Agency that is related to Chapter 1001, Education Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Education Agency in an action or proceeding to which the Texas Education Agency is a party;

(5) all money, contracts, leases, property, and obligations of the Texas Education Agency related to Chapter 1001, Education Code, are transferred to the Texas Department of Licensing and Regulation;

(6) all property in the custody of the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation; and

(7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation.

(c) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005, all full-time equivalent employee positions at the Texas Education Agency that primarily concern the administration of Chapter 1001, Education Code, become positions at the Texas Department of Licensing and Regulation. When filling the 93/94 positions, the Texas Department of Licensing and Regulation shall give first consideration to an applicant who, as of August 31, 2005, was a full-time employee at the Texas Education Agency primarily involved in administering Chapter 1001, Education Code.

(d) Before September 1, 2005, the Texas Education Agency may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(e) In the period beginning with the effective date of this Act and ending on September 1, 2005, the Texas Education Agency shall continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and the former law is continued in effect for that purpose.

(f) If this Act does not take effect immediately, an action required to be taken under this section on or before September 1, 2005, by the Texas Education Agency or the Texas Department of Licensing and Regulation shall be taken as soon as practicable after the effective date of this Act, but not later than November 1,

2005.

SECTION 2.50. The changes in law made by this article apply only to a fee charged on or after September 1, 2005. A fee charged before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.51. The changes in law made by this article apply only to a license issued or renewed on or after September 1, 2005. An issuance or renewal that occurs before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose. 94/95

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

ADOPTED

MAY 09 2005

Secretary of the Senate

FLOOR AMENDMENT NO. 1 BY: Jackson

C.S.S.B. No. 422

Amend ~~C.S.H.B. No. 2 as follows~~ by inserting the following appropriately numbered sections:

~~(1) In Part C, Article 1 of the bill, before Section 1C.01 (committee printing, page 16, between lines 19 and 20), insert the following appropriately numbered section:~~ replaces p. 51, ll 11-19

Insert F.A.#1 (1) at p.

SECTION ~~1C.~~ 1.36. Subchapter C, Chapter 45, Education Code, is amended by adding Section 45.0561 to read as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In determining which bonds to approve for guarantee under this subchapter, the commissioner shall give priority to a school district that has had bonds refunded and defeased under Subchapter D, Chapter 46.

(b) The commissioner may adopt rules to administer this section.

(2) ~~In Part C, Article 1 of the bill, after Section 1C.02 (committee printing, page 16, between lines 42 and 43), insert the following appropriately numbered section:~~ replaces p. 51, l. 20 to p. 59, l. 14

F.A.#1 (2) Insert at p. 51, l. 20

SECTION ~~1C.~~ 1.37. Chapter 46, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

Sec. 46.091. DEFINITIONS. In this subchapter:

(1) "Allocated revenue" means that portion of state assistance under Subchapter A or B equal to the scheduled debt service payments in effect immediately before the refunding of eligible bonds being refunded under this subchapter. 51/52

(2) "Authority" means the Texas Public Finance Authority.

(3) "Authority obligation" means any type of revenue obligation, including a bond, note, certificate, or other instrument issued under this subchapter. The term includes an

Insert continues to end

F.A.#1 5-9-05 KAFc

obligation issued to refund an obligation issued under this subchapter.

(4) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(5) "Obligation administrative expenses" means expenses incurred in administering authority obligations, including:

(A) administrative expenses incurred by the commissioner or the authority relating to the administration of this subchapter; and

(B) fees for:

(i) paying agents, trustees, and attorneys;

(ii) other professional services necessary to ensure compliance with applicable state or federal law; and

(iii) for a school district with eligible bonds refunded under this subchapter, professional service expenses in an amount approved by the commissioner.

Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the commissioner determines that it is feasible to refund eligible 52/53 school district bonds as provided by this subchapter, the commissioner may request that the authority issue authority obligations necessary to accomplish the refunding. On request of the commissioner, the authority shall issue authority obligations, in accordance with Title 9, Government Code, in an amount sufficient to:

(1) refund eligible bonds;

(2) pay all obligation administrative expenses;

(3) pay the costs of issuing the authority obligations;

(4) pay the costs of any credit agreement; and

(5) provide any reserve funds.

(b) Authority obligations and any related credit agreements must be secured by allocated revenue.

(c) The commissioner's request for the issuance of authority obligations must state:

(1) the maximum principal amount of bonds to be refunded under this subchapter;

(2) the maximum term of bonds to be refunded; and

(3) the amount of state assistance under Subchapter A or B to support the payment of the bonds to be refunded.

(d) To best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost, the authority may determine:

(1) the method of sale of authority obligations;

(2) the type and form of obligation;

(3) the maximum interest rates and other terms of 53/54 authority obligations; and

(4) the need for related credit agreements.

(e) The authority shall certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School district bonds are eligible for refunding under this subchapter if:

(1) the district receives state assistance for payment of the bonds under Subchapter A or B; and

(2) the principal and interest of the bonds are guaranteed by the permanent school fund under Subchapter C, Chapter 45.

Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS. (a) If the commissioner determines that it is

feasible to refund eligible school district bonds as provided by this subchapter, the commissioner shall periodically identify which outstanding school bonds are eligible for refunding under this subchapter. The commissioner shall notify the school districts issuing the bonds that:

(1) the bonds are subject to being refunded and defeased through the issuance of authority obligations; and

(2) a school district whose bonds are refunded under this subchapter is entitled to priority in the allocation of resulting increases in the capacity of the permanent school fund to guarantee school district bonds under Subchapter C, Chapter 45, as provided by Section 45.0561. 54/55

(b) The district may elect to direct the commissioner to include any of the district's eligible bonds for consideration for refunding under this subchapter. If the district does not elect to direct the commissioner to include the district's bonds for consideration for refunding within the time prescribed by this subsection, the bonds may not be refunded under this subchapter.

(c) Notice under Subsection (a) must:

(1) identify the bonds the commissioner proposes to refund under this subchapter;

(2) state that the school district may elect to direct the commissioner to include any of the district's bonds for consideration for refunding; and

(3) advise the district of:

(A) the effect of electing to have the bonds considered for refunding; and

(B) the effect of not electing to have the bonds considered for refunding.

Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. (a) To permit the authority to pledge allocated revenue to the

payment of authority obligations, the commissioner shall enter into an agreement with the authority under which:

(1) the commissioner, acting on behalf of each school district whose bonds are being refunded under this subchapter, may pledge the allocated revenue to secure the payment of the principal of and interest and premium on authority obligations; and

(2) each school year, the commissioner shall allocate and distribute to the authority allocated revenue equal to the scheduled debt service payments for that year on the bonds being refunded.

(b) An agreement under this section must state that the funding for allocated revenue is subject to legislative appropriation. A distribution to the authority under the agreement is considered to be a distribution for purposes of Section 46.009. If the commissioner determines that the amount appropriated for any year for allocated revenue is insufficient, the commissioner may act under Section 46.009(b) to ensure the sufficiency of allocated revenue.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a) The authority shall use the proceeds of authority obligations, less the cost of issuing those obligations and the cost of administrative expenses incurred by the commissioner or the authority relating to the administration of this subchapter, to refund and defease eligible bonds as requested by the commissioner. To accomplish the refunding and defeasance:

(1) the commissioner, on behalf of the school districts issuing the bonds, may:

(A) exercise any reserved right of optional redemption; and

(B) issue any required notice of redemption and defeasance; and

(2) the authority, on behalf of the districts issuing the bonds, may enter into escrow agreements and purchase escrow securities as provided by Chapter 1207, Government Code, with the same effect under that chapter as if the authority were the issuer of the bonds being refunded and defeased. 54/57

(b) The authority shall provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. After paying the current debt service on authority obligations, the authority may use allocated revenue to pay obligation administrative expenses.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the commissioner allocates and distributes to the authority allocated revenue for a school district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds, the district shall reimburse the commissioner in the amount of the excess.

(b) If a school district elects not to reimburse the commissioner in the amount of excess state assistance as required under Subsection (a), the commissioner shall direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made.

(c) A school may reimburse the commissioner under this section from any lawfully available source.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The 57/58 authority may issue authority obligations to refund any previously

issued authority obligations if the authority by resolution determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. (a) Authority obligations and any related credit agreements are not:

(1) a debt of the state, a state agency, or a political subdivision of the state; or

(2) a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state.

(b) Authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations.

(c) Subject to the limitations of Subsection (a), as long as authority obligations are outstanding, the state may not:

(1) take any action to limit or restrict the authority's responsibility to pay the authority obligations; or

(2) in any way impair the rights and remedies of the owners of authority obligations.

(d) The reallocation of allocated revenue to secure authority obligations to refund school district bonds is:

(1) consistent with the original authorization, allocation, and application of state assistance under Subchapter A or B;

(2) in furtherance of any covenants, agreements, or 58/59 undertakings by school districts or the commissioner to cause allocated revenue to be credited to debt service funds for school district bonds; and

(3) consistent with all statutory and regulatory dedications and restrictions on the allocated revenue.

Engrossed May 9 2005
Mardi Selbert
Engrossing Clerk

I certify this to be a true and correct copy of the indicated document as referred or transmitted to committee.

Chief Clerk of the House

By: Jackson S.B. No. 422

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.

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

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Section 5.001, Education Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Charter school" means any school or program that is operating under a charter authorized by Chapter 12 or other law, including:

(A) a home-rule school district under Subchapter B, Chapter 12;

(B) a campus or campus program under Subchapter C, Chapter 12;

(C) an open-enrollment charter school under Subchapter D, Chapter 12; and

(D) a college or university charter school under Subchapter E, Chapter 12.

SECTION 1.02. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the

agency is abolished September 1, 2017 [~~2005~~].

SECTION 1.03. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES. (a) The agency and the regional education service centers shall solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information and shall disseminate that information. The agency and the regional education service centers shall enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) The best practices information may include:

(1) information concerning available programs, products, and policies that have been successfully adopted or developed and used by school districts or open-enrollment charter schools;

(2) specific examples of successful best practices; and

(3) resources available to assist school districts and open-enrollment charter schools in complying with applicable state or federal education laws.

(c) The best practices information must include information collected by the agency or a regional education service center concerning the effective use of online courses, including:

(1) methods for using online courses to provide

curriculum solutions;

(2) information to assist school districts and open-enrollment charter schools in investigating the quality of online courses; and

(3) a list of funding sources available for various types of online courses.

(d) The agency and the regional education service centers are not required to evaluate and may not endorse the best practices information collected under this section.

(e) The agency and the regional education service centers shall develop incentives for school districts and open-enrollment charter schools to implement best practices.

SECTION 1.04. Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Section 7.028, Education Code, and amended to read as follows:

Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING. (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~] or 39.075, the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section 38.003, and the use of funds provided for such a program under Subchapter C, Chapter 42, only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements; and

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapter 39.

(b) The board of trustees of a school district or the governing body of an open-enrollment charter school has primary responsibility for ensuring that the district or school complies with all applicable requirements of state educational programs.

SECTION 1.05. Subchapter B, Chapter 7, Education Code, is amended by adding Sections 7.032 and 7.033 to read as follows:

Sec. 7.032. RECORDS OF COMPLAINTS. (a) The agency shall maintain a system to promptly and efficiently act on complaints filed with the agency that the agency has the authority to resolve. The agency shall maintain:

(1) information about the parties to the complaint and the subject matter of the complaint;

(2) a summary of the results of the review or investigation of the complaint; and

(3) information about the disposition of the complaint.

(b) The agency shall make information available describing its procedures for complaint investigation and resolution.

(c) The agency shall periodically notify the parties of the status of the complaint until final disposition of the complaint.

Sec. 7.033. COMPREHENSIVE MONITORING SYSTEM. To the extent

permissible under Section 7.028, the agency shall develop and implement a comprehensive, integrated monitoring system for monitoring school district and charter school overall performance under and compliance with federal and state education laws. The system must incorporate performance and compliance information collected by various agency divisions for each school district and charter school, including information relating to:

(1) data integrity;

(2) the performance of district or school programs;

(3) financial accountability;

(4) academic accountability;

(5) previous history of compliance;

(6) complaints issues; and

(7) governance issues.

SECTION 1.06. Subsections (a) and (d), Section 7.057, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (e) or Section 7.0571, a person may appeal in writing to the commissioner if the person is aggrieved by:

(1) the school laws of this state; or

(2) actions or decisions of any school district board of trustees that violate:

(A) the school laws of this state; or

(B) a provision of a written employment contract between the school district and a school district employee, if a violation causes or would cause monetary harm to the employee.

(d) Except as provided by Section 7.0571, a [~~A~~] person

aggrieved by an action of the agency or decision of the commissioner may appeal to a district court in Travis County. An appeal must be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. The petition must state the action or decision from which the appeal is taken. At trial, the court shall determine all issues of law and fact, except as provided by Section 33.081(g).

SECTION 1.07. Subchapter C, Chapter 7, Education Code, is amended by adding Sections 7.0571, 7.061, 7.062, and 7.063 to read as follows:

Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The commissioner shall adopt rules under which a school district, open-enrollment charter school, or other person that wishes to challenge an agency decision made under Chapter 39, 41, 42, or 46 must petition the commissioner for an informal review by the commissioner of the decision.

(b) The commissioner may limit a review under this section to a written submission of any issue identified by the commissioner.

(c) A final decision under this section is final and may not be appealed under Section 7.057 or any other law.

Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions. The policy must ensure that the public is able to interact with the agency on the Internet.

Sec. 7.062. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE

RESOLUTION. (a) The commissioner shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of agency rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009, Government Code, to assist in the resolution of internal and external disputes under the agency's jurisdiction.

(b) The agency's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The commissioner shall designate a trained person to:

(1) coordinate the implementation of the policy developed under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the agency.

Sec. 7.063. ASSESSMENT OF EDUCATOR WORKLOAD IN ADOPTION OF RULES. Before adopting a new rule, the commissioner shall assess whether the proposed rule will impose additional paperwork requirements on educators and attempt to minimize any such additional requirements.

SECTION 1.08. Chapter 7, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PERFORMANCE-BASED GRANT SYSTEM

Sec. 7.151. PERFORMANCE-BASED GRANT SYSTEM. (a) The agency shall implement a comprehensive performance-based grant system to collect and report grant performance and spending information and to use that information in making future grants.

(b) The grant system must:

(1) connect grant activities and funding to student academic performance; and

(2) provide for efficient grant application and reporting procedures for grant programs administered by the agency.

Sec. 7.152. GRANT PROGRAM PROCEDURES. The agency shall ensure that:

(1) the mission, purpose, and objectives of each agency grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002;

(2) each agency grant program coordinates with other grant programs administered by the agency;

(3) grant programs with similar objectives have common performance measures; and

(4) the most efficient methods for coordinating grant objectives, grant activities, academic performance measures, and funding are used in the agency's grant application and reporting systems.

Sec. 7.153. GRANT ELIGIBILITY NOTIFICATION. The agency may use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a

state-funded discretionary grant.

Sec. 7.154. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The agency shall develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by the agency.

Sec. 7.155. AVAILABILITY OF GRANT INFORMATION. The agency shall ensure that information relating to the grant system is available to the legislature and the public.

Sec. 7.156. BEST PRACTICES GRANT INFORMATION. (a) The agency, in coordination with regional education service centers, shall use data relating to grant programs, including grant spending and performance information, to identify successful grant programs. Based on the identification of successful grant programs, each regional education service center shall provide information concerning those programs to the school districts in the service center's region.

(b) This section applies beginning with the 2009-2010 school year. This subsection expires June 1, 2010.

Sec. 7.157. DEVELOPMENT OF GRANT SYSTEM. (a) In developing the performance-based grant system, the agency shall:

(1) identify each area of data collected for grant programs and the method in which the agency collects the data;

(2) determine whether grant data that a school district or charter school is required to collect is useful and supports:

(A) a grant program's objectives; and

(B) the goals for academic performance and

accountability or another public education mission, objective, or goal;

(3) determine whether grant data is analyzed and disseminated efficiently; and

(4) review the agency's policies, procedures, and reporting requirements relating to grant programs administered by the agency to simplify and make more efficient the grant application, award, and reporting processes for school districts and charter schools.

(b) This section expires June 1, 2010.

Sec. 7.158. GRANT ADMINISTRATION DURING CERTAIN SCHOOL YEARS; STATUS REPORT. (a) Not later than January 1, 2007, the agency shall provide the legislature with a status report concerning the agency's development of the grant system. The report may suggest any statutory changes needed to facilitate a full transition to a performance-based grant system.

(b) Beginning with the 2009-2010 school year, the agency shall make the performance-based grant system fully available to school districts and charter schools.

(c) This section expires June 1, 2010.

SECTION 1.09. Subchapter A, Chapter 8, Education Code, is amended by adding Section 8.0031 to read as follows:

Sec. 8.0031. TRAINING FOR MEMBERS OF BOARD OF DIRECTORS. (a) The commissioner shall adopt rules prescribing training for members of regional education service center boards of directors. The training curriculum may include:

(1) an overview of this code and any rules adopted

under this code;

(2) a review of recent state and federal education legislation, rules, and regulations;

(3) a review of the powers and duties of a regional education service center board of directors; and

(4) a review of any statewide or regional strategic planning applicable to regional education service centers.

(b) A member of a regional education service center board of directors must complete any training required by commissioner rule.

SECTION 1.10. Subsections (b), (c), and (d), Section 8.051, Education Code, are amended to read as follows:

(b) Each regional education service center shall annually develop and submit to the commissioner for approval a plan for improvement. Each plan must include the purposes and description of the services the center will provide to:

(1) campuses rated academically unacceptable [~~identified as low-performing based on the indicators adopted~~] under Section 39.072 [~~39.051~~];

(2) the lowest-performing campuses in the region; and

(3) other campuses.

(c) Each regional education service center shall provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating:

(1) best practices information as provided by Section 7.010; and

(2) information concerning successful grant programs to school districts as provided by Section 7.156.

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in teaching each subject area assessed under Section 39.023;

(2) training and assistance in providing each program that qualifies for a funding allotment under Section 42.151, 42.152, 42.153, or 42.156;

(3) assistance specifically designed for a school district or campus rated academically unacceptable under Section 39.072 [~~39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051~~];

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

(6) assistance in complying with state laws and rules.

SECTION 1.11. Subchapter A, Chapter 12, Education Code, is amended by adding Sections 12.004 and 12.005 to read as follows:

Sec. 12.004. MONITORING OF CERTAIN CHARTER SCHOOLS. (a) This section applies only to a charter school that does not receive an academic performance rating under Section 39.072 or under an alternative education accountability system for alternative education campuses for at least two consecutive school

years.

(b) The agency shall monitor a charter school to which this section applies to assess:

(1) the quality of the school's data; and

(2) the school's compliance with assessment requirements under Chapter 39.

Sec. 12.005. FINANCIAL ACCOUNTABILITY. (a) In this section:

(1) "Parent" includes a guardian or other person having lawful control of a student.

(2) "System" means the financial accountability rating system.

(b) The commissioner shall develop and implement a financial accountability rating system for charter schools. The system must include uniform indicators adopted by the commissioner by which to measure a charter school's financial management performance.

(c) The commissioner shall develop, as part of the system, a reporting procedure under which:

(1) each charter school is required to prepare and distribute an annual financial management report; and

(2) the public is provided an opportunity to comment on the report at a hearing.

(d) The annual financial management report must include:

(1) a description of the charter school's financial management performance based on a comparison, provided by the agency, of the school's performance on the indicators adopted under

Subsection (b) to:

(A) state-established standards; and

(B) the school's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(e) The report may include:

(1) information concerning the charter school's:

(A) financial allocations;

(B) financial strengths;

(C) operating cost management;

(D) personnel management;

(E) debt management;

(F) cash management;

(G) budgetary planning;

(H) overall business management;

(I) compliance with rules; and

(J) data quality; and

(2) any other information the school's governing body determines to be necessary and useful.

(f) The governing body of each charter school shall hold a public hearing on the report. The governing body shall provide notice of the hearing to the parents of students enrolled in the school. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the school district in which the charter school is located; and

(2) through electronic mail to media serving the school district in which the charter school is located.

(g) After the hearing, the governing body of the charter school shall provide the report to the parents of students enrolled in the school.

(h) The commissioner shall adopt rules as necessary for the administration of this section.

SECTION 1.12. Subsection (b), Section 12.013, Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~];

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and G, Chapter 39;

(Q) equalized wealth under Chapter 41;

(R) a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(S) purchasing under Chapter 44.

SECTION 1.13. Section 12.115, Education Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the school's students, the severity of the violation, [~~and~~] any previous violation the school has committed, and the extent to which the school is in compliance with any state or federal programmatic or financial requirement applicable to the school.

(c) This section may not be construed to limit the commissioner's authority to impose a sanction under Subchapter G, Chapter 39.

SECTION 1.14. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. (a) The commissioner shall order the closure and shall revoke or deny the renewal of a charter of an open-enrollment charter school under Section 12.115 if:

(1) each campus operated under the charter has been closed under Section 39.1332; or

(2) for two consecutive school years at least half of the campuses operated under the charter have received academically unacceptable or other unsatisfactory performance ratings under Section 39.072 or under an alternative education accountability system for alternative education campuses, unless the charter holder received an academic performance rating of acceptable or

higher under Section 39.072 for either of those school years.

(b) A hearing concerning the closure and revocation or denial of renewal of a charter of an open-enrollment charter school under this section:

(1) is limited to the issue of whether the open-enrollment charter school or a campus operated under the charter actually received a particular academic performance rating; and

(2) may not be used to challenge the commissioner's final academic performance rating for the open-enrollment charter school or a campus operated under the charter.

SECTION 1.15. Section 12.116, Education Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at:

(1) the facility at which the program is operated;

(2) an alternative facility designated by the commissioner that is located in the same county as the facility at which the program is operated; or

(3) the regional education service center closest to the facility at which the program is operated.

(d) A decision by the commissioner under this section is final and may not be appealed.

SECTION 1.16. Subsection (b), Section 21.453, Education

Code, is amended to read as follows:

(b) The commissioner may allocate funds from the account to regional education service centers to provide staff development resources to school districts that:

(1) are rated academically unacceptable;

(2) have one or more campuses rated academically unacceptable [~~as low-performing~~]; or

(3) are otherwise in need of assistance as indicated by the academic performance of students, as determined by the commissioner.

SECTION 1.17. Subchapter A, Chapter 29, Education Code, is amended by adding Sections 29.0162 and 29.0163 to read as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. (a) The agency shall make available to a parent, student, school district, attorney, or other interested person, and shall place on the agency's Internet website, comprehensive, easily understood information concerning the special education due process hearing process.

(b) The information described by Subsection (a) must include:

(1) a description of the steps in the due process hearing process;

(2) the text of any applicable administrative, procedural, or evidentiary rule;

(3) a description of any notice requirements;

(4) an explanation of options for alternative dispute resolution, including mediation;

(5) an explanation of a resolution session;

(6) answers to frequently asked questions; and

(7) other sources of information, including electronic sources of information, such as special education case law available on the Internet.

Sec. 29.0163. COLLECTION AND ANALYSIS OF INFORMATION CONCERNING SPECIAL EDUCATION HEARING OFFICERS. (a) Section 7.032 applies to any complaint regarding the conduct of a special education hearing officer.

(b) The agency shall collect and at least biennially analyze any information, including complaint information, relating to the performance of a special education hearing officer for use in assessing:

(1) the effectiveness of the due process hearing process; and

(2) the performance of a special education hearing officer.

(c) The agency shall use the information described by Subsection (b) in determining whether to renew a contract with a special education hearing officer.

SECTION 1.18. Subsection (a), Section 29.202, Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not

perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (c) in any two of the preceding three years; or

(2) that was, at any time in the preceding three years, rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~].

SECTION 1.19. Subchapter H, Chapter 29, Education Code, is amended by adding Section 29.258 to read as follows:

Sec. 29.258. DEVELOPMENT OF WORKPLACE LITERACY AND BASIC SKILLS CURRICULUM. (a) In this section, "local workforce development board" means an entity formed under Chapter 2308, Government Code.

(b) The agency shall develop a demand-driven workplace literacy and basic skills curriculum aimed at assisting local workforce development boards to equip workers and job seekers with the skills necessary to compete for current and emerging jobs in this state.

(c) In developing the general curriculum required by Subsection (b), the agency shall:

(1) evaluate existing efforts and potential cost savings resulting from designing specific curricula that address the needs of various industry sectors in the business community;

(2) contract for field work to solicit the assistance of workers, employers, providers, and local workforce development boards in developing industry sector curricula;

(3) target up to five industry sectors in the business community that are likely to benefit from the development of

specific curricula; and

(4) pilot test the curricula within the targeted industry sectors and adjust the curricula based on feedback received from workers and employers in those sectors.

(d) Based on the curriculum developed under this section, the agency shall adopt workforce basic skills credentials to be used to define, measure, and certify the mastery of the basic skills required by the curriculum developed under this section.

(e) In addition to the curriculum developed under this section, the agency shall develop and implement a plan to encourage participants who successfully complete the curriculum to pursue postsecondary educational opportunities leading to certificates and degrees.

(f) The Texas Workforce Commission shall provide the agency with the resources, industry-specific information, and expertise needed by the agency in developing and implementing the curriculum under this section.

(g) This section expires September 1, 2007.

SECTION 1.20. Section 31.025, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The agency shall recommend to the State Board of Education a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.21. Subsections (a), (b), and (c), Section

31.1011, Education Code, are amended to read as follows:

(a) The commissioner shall implement a program that allows [~~to study the use of credits for textbooks. The program shall be designed to allow~~] a [~~participating~~] school district or open-enrollment charter school to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) The credit is an amount equal to the difference between the price paid for a textbook and the cost limit established under Section 31.025(a) for that textbook multiplied by the number of copies of that textbook the [~~participating~~] school district or open-enrollment charter school purchases.

(c) Fifty percent of the total textbook credit of a [~~participating~~] school district or open-enrollment charter school shall be credited to the state textbook fund, and 50 percent of the credit shall be credited to the [~~participating~~] district or school to apply toward the requisition of additional textbooks or electronic textbooks on the conforming or nonconforming list.

SECTION 1.22. Chapter 33, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. This subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The commissioner by rule shall develop and adopt a safety training

program as provided by this section. In developing the program, the commissioner may use materials available from the American Red Cross or another appropriate entity.

(b) The following persons must satisfactorily complete the safety training program:

(1) a coach, trainer, or sponsor for an extracurricular athletic activity;

(2) except as provided by Subsection (f), a physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity; and

(3) a director responsible for a school marching band.

(c) The safety training program must include:

(1) certification of participants by the American Red Cross, the American Heart Association, or a similar organization or the University Interscholastic League, as determined by the commissioner;

(2) annual training in:

(A) emergency action planning;

(B) cardiopulmonary resuscitation if the person is not required to obtain certification under Section 33.086;

(C) communicating effectively with 9-1-1 emergency service operators and other emergency personnel; and

(D) recognizing symptoms of potentially catastrophic injuries, including head and neck injuries, concussions, injuries related to second impact syndrome, asthma attacks, heatstroke, cardiac arrest, and injuries requiring use of a defibrillator; and

(3) at least once each school year, a safety drill that incorporates the training described by Subdivision (2) and simulates various injuries described by Subdivision (2)(D).

(d) A student participating in an extracurricular athletic activity must receive training related to:

(1) recognizing the symptoms of injuries described by Subsection (c)(2)(D); and

(2) the risks of using supplements designed or marketed to enhance athletic performance.

(e) The safety training program and the training under Subsection (d) may each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) A physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an extracurricular athletic activity must complete the University Interscholastic League forms entitled "Preparticipation Physical Evaluation--Medical History" and "Acknowledgment of Rules." Each form must be signed by both the student and the student's parent or guardian.

(b) Each form described by Subsection (a) must clearly state that failure to accurately and truthfully answer all questions on a

form required by statute or by the University Interscholastic League as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by the University Interscholastic League.

(c) The "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) must contain the following statement:

"An individual answering in the affirmative to any question relating to a possible cardiovascular health issue, as identified on the form, should be restricted from further participation until the individual is examined by the individual's primary care physician. Ultimately, the individual may need to be evaluated by a cardiologist and/or undergo cardiac testing (including an echocardiogram and/or other heart-related examination) based on the assessment by the primary care physician."

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. A coach, trainer, or sponsor for an extracurricular athletic activity may not encourage or permit a student participating in the activity to engage in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A coach, trainer, or sponsor for an extracurricular athletic activity shall at each athletic practice or competition ensure that:

(1) each student participating in the activity is adequately hydrated;

(2) any prescribed asthma medication for a student participating in the activity is readily available to the student;

(3) emergency lanes providing access to the practice or competition area are open and clear; and

(4) heatstroke prevention materials are readily available.

(b) If a student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, the student may not:

(1) return to the practice or competition during which the student was rendered unconscious; or

(2) continue to participate in any extracurricular athletic activity until the student receives written authorization from a physician.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a school shall make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) The superintendent of a school district or the director of a school subject to this subchapter shall maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) A school campus that is determined by the school's superintendent or director to not be in compliance with Section

33.202, 33.204, or 33.205 shall discontinue all extracurricular athletic activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. (a) The commissioner shall maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Each school that offers an extracurricular athletic activity shall prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an extracurricular athletic activity shall provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the University Interscholastic League's parent information manual.

(b) A document required to be provided under this section may be provided in an electronic format unless otherwise requested by a student, parent, or guardian.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The University Interscholastic League shall incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken under this subchapter is not considered to be a ministerial act for purposes of Section 22.0511.

SECTION 1.23. Subchapter D, Chapter 33, Education Code, is amended by adding Section 33.087 to read as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Using existing funds and other resources available for the purpose, the agency and the University Interscholastic League shall jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by University Interscholastic League member schools, and the possibility of receiving a bulk discount on such purchases.

(b) The agency and the University Interscholastic League shall submit a report describing the findings of the investigation to the legislature not later than June 1, 2006.

(c) This section expires July 1, 2006.

SECTION 1.24. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. The agency shall make every effort to ensure the appropriate administration of assessment instruments under Section 39.023 and to protect the integrity of the assessment program established under this subchapter.

SECTION 1.25. Subsection (a), Section 39.053, Education Code, is amended to read as follows:

(a) Each board of trustees shall publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance

and descriptive information as determined under rules adopted by the commissioner. The annual report must also include:

(1) campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public;

(2) the academic performance rating for the district and each campus in the district as provided under Section 39.072 [~~39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c)~~];

(3) the district's current special education compliance status with the agency;

(4) a statement of the number, rate, and type of violent or criminal incidents that occurred on each district campus, to the extent permitted under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

(5) information concerning school violence prevention and violence intervention policies and procedures that the district is using to protect students; [~~and~~]

(6) the findings that result from evaluations conducted under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent amendments~~]; and

(7) information received under Section 51.403(e) for each high school campus in the district, presented in a form determined by the commissioner.

SECTION 1.26. Section 39.055, Education Code, is amended to read as follows:

Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT. (a) The commissioner shall develop a process for auditing school district dropout records electronically. The commissioner shall also develop a system and standards for review of the audit or use systems already available at the agency. The system must be designed to identify districts that are at high risk of having inaccurate dropout records and that, as a result, may be subject to a special accreditation investigation under Section 39.075 [~~require on-site monitoring of dropout records. If the electronic audit of a district's dropout records indicates that a district is not at high risk of having inaccurate dropout records, the district may not be subject to on-site monitoring under this subsection. If the risk-based system indicates that a district is at high risk of having inaccurate dropout records, the district is entitled to an opportunity to respond to the commissioner's determination before on-site monitoring may be conducted. The district must respond not later than the 30th day after the date the commissioner notifies the district of the commissioner's determination. If the district's response does not change the commissioner's determination that the district is at high risk of having inaccurate dropout records or if the district does not respond in a timely manner, the commissioner shall order agency staff to conduct on-site monitoring of the district's dropout records~~].

(b) [~~(c)~~] The commissioner shall notify the superintendent [~~board of trustees~~] of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data,

or any recommendation by the commissioner concerning the data. If the data reflect that a penal law has been violated, the commissioner shall notify the county attorney, district attorney, or criminal district attorney, as appropriate, and the attorney general. The commissioner is entitled to access to all district records the commissioner considers necessary or appropriate for the review, analysis, or approval of district dropout data.

SECTION 1.27. Sections 39.071 and 39.072, Education Code, are amended to read as follows:

Sec. 39.071. ACCREDITATION. (a) Accreditation of a school district is determined in accordance with this section [~~subchapter~~].

(b) Each year, the commissioner shall determine the accreditation status of each school district. In determining accreditation status, the commissioner:

(1) shall evaluate and consider the performance of the district under:

(A) the academic accountability system under Section 39.072; and

(B) the applicable financial accountability system under Section 12.005 or Subchapter I;

(2) shall evaluate and consider:

(A) the results of any special accreditation investigation under Section 39.075; and

(B) the district's current special education monitoring or compliance status with the agency; and

(3) may consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

(c) Based on a school district's performance under Subsection (b), the commissioner shall:

(1) assign a district an accreditation status of:

(A) accredited;

(B) accredited-warned; or

(C) accredited-probation; or

(2) revoke the accreditation of the district and order closure of the district under Section 39.1332.

(d) The commissioner shall notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. The commissioner shall

require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) A school district that is not accredited may not receive funds from the agency or hold itself out as operating a public school of this state.

(f) This chapter may not be construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION STANDARDS~~]. (a) The commissioner [~~State Board of Education~~] shall adopt rules for assigning [~~to evaluate the performance of school districts and to assign~~] to each school district and campus a performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement or [~~and~~] within 10 percent of state exemplary standards);

(3) academically acceptable (below the exemplary and recognized standards but exceeds the academically unacceptable standards); or

(4) academically unacceptable (below the state clearly unacceptable performance standard and does not meet required improvement).

(b) The academic excellence indicators adopted under

Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the district's current special education compliance status with the agency~~] shall be the main considerations of the agency in the rating of a school [~~the~~] district or campus under this section. [~~Additional criteria in the rules may include consideration of:~~

[~~(1) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under specific statutory authority that relate to:~~

[~~(A) reporting data through the Public Education Information Management System (PEIMS);~~

[~~(B) the high school graduation requirements under Section 28.025; or~~

[~~(C) an item listed in Sections 7.056(e)(3)(C)-(I) that applies to the district;~~

[~~(2) the effectiveness of the district's programs for special populations; and~~

[~~(3) the effectiveness of the district's career and technology programs.~~]

(c) The agency shall evaluate [~~against state standards~~] and [~~shall~~], not later than August 15 [~~1~~] of each year, report the performance of each school [~~campus in a~~] district and campus [~~each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (7). Consideration of the effectiveness of district programs under Subsection (b)(2) or (3) must be based on data collected through the Public Education Information Management System for purposes of accountability under this chapter and~~

~~include the results of assessments required under Section 39.023~~].

(d) The agency shall annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. The commissioner may determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Each annual review shall include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to:

(1) state standards established for each indicator;

(2) required improvement as defined under Section 39.051(c); and

(3) comparable improvement as determined under Section 39.051(c).

(f) The academic performance rating of a school district may be raised or lowered based on the district's performance or may be lowered based on the unacceptable performance of one or more campuses in the district. The academic performance rating of a school district may also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) The commissioner shall notify a school district if the performance of the district or a campus in the district is below a standard required under this section. The commissioner shall require the school district to notify the parents of students who are enrolled in the district and property owners in the district of

the academic performance rating and the implications of that rating.

(h) Notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating [~~accreditation status~~] of the district or school, a student attending a campus that is a [~~confined by court order in a residential program or~~] facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or open-enrollment charter school serving the student [~~in which the program or facility is physically located~~]. The performance of a student who attends such a campus [~~student~~] on an assessment instrument or other academic excellence indicator adopted under Section 39.051 shall be determined and[~~,~~] reported, but may not be used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school [~~and considered separately from the performance of students attending a school of the district in which the program or facility is physically located~~].

SECTION 1.28. Subsection (a), Section 39.075, Education Code, is amended to read as follows:

(a) The commissioner may [~~shall~~] authorize special accreditation investigations to be conducted:

(1) when excessive numbers of absences of students eligible to be tested on state assessment instruments are determined;

(2) when excessive numbers of allowable exemptions from the required state assessment instrument are determined;

(3) in response to complaints submitted to the agency with respect to alleged violations of civil rights or other requirements imposed on the state by federal law or court order;

(4) in response to established monitoring or compliance reviews of the district's financial accounting practices and state and federal program requirements;

(5) when extraordinary numbers of student placements in alternative education programs, other than placements under Sections 37.006 and 37.007, are determined;

(6) in response to an allegation involving a conflict between members of the board of trustees or between the board and the district administration if it appears that the conflict involves a violation of a role or duty of the board members or the administration clearly defined by this code;

(7) when excessive numbers of students in special education programs under Subchapter A, Chapter 29, are assessed through assessment instruments developed or adopted under Section 39.023(b); [~~or~~]

(8) in response to questions concerning a program, including special education, required by federal law or for which the district receives federal funds;

(9) when an annual review indicates the academically

unacceptable performance under Section 39.072 of one or more campuses in a district, except that the resulting investigation is limited to those campuses;

(10) in response to concerns regarding the integrity of data submitted to the agency;

(11) in response to allegations of a violation of student assessment procedures for assessment instruments adopted under Section 39.023; or

(12) as the commissioner otherwise determines necessary.

SECTION 1.29. Subsection (c), Section 39.075, Education Code, as amended by Chapters 396 and 931, Acts of the 76th Legislature, Regular Session, 1999, is reenacted and amended to read as follows:

(c) Based on the results of a special accreditation investigation, the commissioner may:

(1) take appropriate action under Subchapter G;

(2) raise or lower the district's accreditation status [~~rating~~]; or

(3) take action under both Subdivisions (1) and (2).

SECTION 1.30. Section 39.076, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c) to read as follows:

(a) The agency shall adopt written procedures for conducting [~~on-site~~] investigations under this subchapter. The agency shall make the procedures available to the complainant, the alleged violator, and the public. Agency staff must be trained in

the procedures and must follow the procedures in conducting the investigation.

(a-1) An investigation conducted under this subchapter may be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) If conducting an on-site investigation, the investigators may obtain information from administrators, teachers, or parents of students enrolled in the school district. The commissioner 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 a campus or district from screening the information.

(a-3) The agency may give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) The investigators conducting an on-site investigation shall report the results of the investigation orally and in writing to the board of trustees of the district and, as appropriate, to campus administrators, and shall make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 1.31. Subchapter D, Chapter 39, Education Code, is amended by adding Sections 39.077 and 39.078 to read as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to assign or lower an

accreditation status, an academic performance rating, or a financial accountability rating must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and may not be appealed.

Sec. 39.078. RULES. The commissioner may adopt rules as necessary to administer this subchapter.

SECTION 1.32. Sections 39.131, 39.132, and 39.133, Education Code, are amended to read as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve;

(3) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator

for which the district's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;

(5) arrange an on-site investigation of the district;

(6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;

(7) appoint a conservator to oversee the operations of the district;

(8) appoint a management team to direct the operations of the district in areas of unacceptable performance or require the district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is [~~been~~] rated [~~as~~] academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule [~~for a period of one year or more~~], appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been

rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and [~~been rated as academically unacceptable for a period of two years or more~~]:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has been rated [~~as~~] academically unacceptable for [~~a period of~~] two consecutive school years, including the current school year, [~~or more~~] due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

(b) This subsection applies regardless of whether a

district has satisfied the accreditation criteria. If for two consecutive school years, including the current school year, [~~a period of one year or more~~] a district has had a conservator or management team assigned, the commissioner may appoint a board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

Sec. 39.132. SANCTIONS FOR CAMPUSES. (a) If a campus receives an academic performance rating of academically unacceptable under Section 39.072 [~~is below any standard under Section 39.073(b)~~], the [~~campus is considered a low-performing campus. The~~] commissioner may permit the campus to participate in an innovative redesign of the campus to improve campus performance or may take any of the other following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees at the campus for the purpose of:

(A) notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve within a designated period of time; and

(B) soliciting public comment on the initial steps being taken to improve performance;

(3) order the preparation of a report regarding the parental involvement program at the campus and a plan describing

strategies for improving parental involvement at the campus;

(4) order the preparation of a report regarding the effectiveness of the district- and campus-level planning and decision-making committees established under Subchapter F, Chapter 11, and a plan describing strategies for improving the effectiveness of those committees;

(5) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the campus's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(6) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees, the superintendent, and the campus principal shall appear and explain the campus's low performance, lack of improvement, and plans for improvement;

(7) appoint a special campus intervention team to:

(A) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;

(B) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;

(C) assist in the development of a campus plan

for student achievement; and

(D) assist the commissioner in monitoring the progress of the campus in implementing the campus plan for improvement of student achievement; [~~or~~]

(8) appoint an agency monitor to participate in and report to the agency on activities relating to operation of the campus; or

(9) if a campus is currently rated academically unacceptable [~~has been a low-performing campus for a period of one year or more~~], appoint a board of managers composed of residents of the district to exercise the powers and duties of the board of trustees of the district in relation to the campus.

(b) If a campus has been rated academically unacceptable [~~a low-performing campus~~] for [~~a period of~~] two or more consecutive school years, including the current school year [~~or more~~], the commissioner shall order the closure of the district or charter program on the campus or reconstitute the campus. In reconstituting the campus, a special campus intervention team shall be assembled for the purpose of deciding which educators may be retained at that campus. If an educator is not retained, the educator may be assigned to another position in the district.

Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. The determination shall take into account the number, severity, and duration of the problems identified [~~The commissioner must review at least annually~~

~~the performance of a district for which the accreditation rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance~~]. If the review reveals a lack of improvement, the commissioner shall increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(b) The commissioner shall review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance.

SECTION 1.33. Subchapter G, Chapter 39, Education Code, is amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In addition to other sanctions authorized under Sections 39.131 and 39.132, the commissioner may order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. The commissioner's order may require the district or campus to:

(1) select an external auditor, data quality expert, professional authorized to monitor district assessment instrument administration, or curriculum or program expert; or

(2) provide for the appropriate training of district staff or board of trustees members in the case of a district, or

campus staff, in the case of a campus.

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) The commissioner may revoke the accreditation of a school district and order the closure of the district or a campus, as appropriate, under the following circumstances:

(1) the commissioner is authorized to close the district or campus under Section 39.131(a)(10) or 39.132(b);

(2) the commissioner determines that the district is insolvent and unable to complete the school year; or

(3) the commissioner determines that the district has ceased operations for 11 or more instructional days during the current or most recent scheduled school year without the commissioner's authorization.

(b) The commissioner shall issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district or campus, including annexation to one or more adjoining districts as provided by Section 13.054. An order of closure may:

(1) establish an effective date for accreditation revocation and closure that is not later than the first anniversary of the date of the order;

(2) provide for an interim board of managers to exercise the duties of the board of trustees of the district as designated by the commissioner;

(3) require enrollment or student services to be provided by another district as necessary to allow students enrolled in the closed district to complete a school year, and make

adjustments in the state and federal funding to which the district would otherwise be entitled as determined by the commissioner; and

(4) require the preservation, transfer, or surrender of all student records and other records required for an audit of any state and federal funding provided to the district.

(c) A person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) A board of managers exercising authority under Subsection (b)(2) may exercise the authority of the board of trustees with regard to financial management of the district and personnel actions. The board of managers is not required to be composed of residents of the district.

(e) An open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and may not be appealed.

(c) A school district may not collaterally contest an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 1.34. Section 39.134, Education Code, is amended to read as follows:

Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing a monitor, conservator, management team, [~~or~~] special campus intervention team, or service provider under Section 39.1331 shall be paid by the district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under Section 42.258.

SECTION 1.35. Section 39.182, Education Code, is amended by adding Subsections (b-1), (b-2), and (b-3) to read as follows:

(b-1) The report must include a summary of:

(1) investigations authorized by the agency into inappropriate administrations of assessment instruments under Section 39.023; and

(2) the efforts the agency has made under Section 39.0232 to ensure the appropriate administration of assessment instruments and to protect the integrity of the assessment program established under Subchapter B.

(b-2) The report must include an assessment of the impact of the performance-based grant system developed under Subchapter E, Chapter 7, on student academic performance, including:

(1) an analysis of performance and spending information relating to grants administered by the agency; and

(2) recommendations on any statutory changes needed for the agency to more effectively administer grant programs, including recommendations on whether to eliminate or modify inefficient grant programs, expand effective grant programs, or consolidate similar grant programs to maximize the effectiveness and efficiencies of those programs.

(b-3) Subsection (b-2) applies beginning January 1, 2009. This subsection expires February 1, 2009.

SECTION 1.36. Subchapter C, Chapter 45, Education Code, is amended by adding Section 45.0561 to read as follows:

Sec. 45.0561. PRIORITY FOR CERTAIN BONDS. (a) In determining which bonds to approve for guarantee under this subchapter, the commissioner shall give priority to a school district that has had bonds refunded and defeased under Subchapter D, Chapter 46.

(b) The commissioner may adopt rules to administer this section.

SECTION 1.37. Chapter 46, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REFUNDING TO INCREASE PERMANENT SCHOOL FUND CAPACITY

Sec. 46.091. DEFINITIONS. In this subchapter:

(1) "Allocated revenue" means that portion of state

assistance under Subchapter A or B equal to the scheduled debt service payments in effect immediately before the refunding of eligible bonds being refunded under this subchapter.

(2) "Authority" means the Texas Public Finance Authority.

(3) "Authority obligation" means any type of revenue obligation, including a bond, note, certificate, or other instrument issued under this subchapter. The term includes an obligation issued to refund an obligation issued under this subchapter.

(4) "Credit agreement" has the meaning assigned by Section 1371.001, Government Code.

(5) "Obligation administrative expenses" means expenses incurred in administering authority obligations, including:

(A) administrative expenses incurred by the commissioner or the authority relating to the administration of this subchapter; and

(B) fees for:

(i) paying agents, trustees, and attorneys;

(ii) other professional services necessary to ensure compliance with applicable state or federal law; and

(iii) for a school district with eligible bonds refunded under this subchapter, professional service expenses in an amount approved by the commissioner.

Sec. 46.092. ISSUANCE OF AUTHORITY OBLIGATIONS. (a) If the commissioner determines that it is feasible to refund eligible

school district bonds as provided by this subchapter, the commissioner may request that the authority issue authority obligations necessary to accomplish the refunding. On request of the commissioner, the authority shall issue authority obligations, in accordance with Title 9, Government Code, in an amount sufficient to:

(1) refund eligible bonds;

(2) pay all obligation administrative expenses;

(3) pay the costs of issuing the authority obligations;

(4) pay the costs of any credit agreement; and

(5) provide any reserve funds.

(b) Authority obligations and any related credit agreements must be secured by allocated revenue.

(c) The commissioner's request for the issuance of authority obligations must state:

(1) the maximum principal amount of bonds to be refunded under this subchapter;

(2) the maximum term of bonds to be refunded; and

(3) the amount of state assistance under Subchapter A or B to support the payment of the bonds to be refunded.

(d) To best achieve the economic goals of this subchapter and accomplish the borrowing at the lowest practicable cost, the authority may determine:

(1) the method of sale of authority obligations;

(2) the type and form of obligation;

(3) the maximum interest rates and other terms of

authority obligations; and

(4) the need for related credit agreements.

(e) The authority shall certify to the commissioner that each series of authority obligations issued under this subchapter will result in an aggregate present value savings.

(f) Section 46.007 does not apply to the issuance of authority obligations under this subchapter.

Sec. 46.093. ELIGIBILITY OF BONDS FOR REFUNDING. School district bonds are eligible for refunding under this subchapter if:

(1) the district receives state assistance for payment of the bonds under Subchapter A or B; and

(2) the principal and interest of the bonds are guaranteed by the permanent school fund under Subchapter C, Chapter 45.

Sec. 46.094. IDENTIFICATION OF ELIGIBLE BONDS; NOTICE TO SCHOOL DISTRICTS. (a) If the commissioner determines that it is feasible to refund eligible school district bonds as provided by this subchapter, the commissioner shall periodically identify which outstanding school bonds are eligible for refunding under this subchapter. The commissioner shall notify the school districts issuing the bonds that:

(1) the bonds are subject to being refunded and defeased through the issuance of authority obligations; and

(2) a school district whose bonds are refunded under this subchapter is entitled to priority in the allocation of resulting increases in the capacity of the permanent school fund to guarantee school district bonds under Subchapter C, Chapter 45, as

provided by Section 45.0561.

(b) The district may elect to direct the commissioner to include any of the district's eligible bonds for consideration for refunding under this subchapter. If the district does not elect to direct the commissioner to include the district's bonds for consideration for refunding within the time prescribed by this subsection, the bonds may not be refunded under this subchapter.

(c) Notice under Subsection (a) must:

(1) identify the bonds the commissioner proposes to refund under this subchapter;

(2) state that the school district may elect to direct the commissioner to include any of the district's bonds for consideration for refunding; and

(3) advise the district of:

(A) the effect of electing to have the bonds considered for refunding; and

(B) the effect of not electing to have the bonds considered for refunding.

Sec. 46.095. AGREEMENT BETWEEN COMMISSIONER AND AUTHORITY. (a) To permit the authority to pledge allocated revenue to the payment of authority obligations, the commissioner shall enter into an agreement with the authority under which:

(1) the commissioner, acting on behalf of each school district whose bonds are being refunded under this subchapter, may pledge the allocated revenue to secure the payment of the principal of and interest and premium on authority obligations; and

(2) each school year, the commissioner shall allocate

and distribute to the authority allocated revenue equal to the scheduled debt service payments for that year on the bonds being refunded.

(b) An agreement under this section must state that the funding for allocated revenue is subject to legislative appropriation. A distribution to the authority under the agreement is considered to be a distribution for purposes of Section 46.009. If the commissioner determines that the amount appropriated for any year for allocated revenue is insufficient, the commissioner may act under Section 46.009(b) to ensure the sufficiency of allocated revenue.

Sec. 46.096. USE OF PROCEEDS OF AUTHORITY OBLIGATIONS. (a) The authority shall use the proceeds of authority obligations, less the cost of issuing those obligations and the cost of administrative expenses incurred by the commissioner or the authority relating to the administration of this subchapter, to refund and defease eligible bonds as requested by the commissioner. To accomplish the refunding and defeasance:

(1) the commissioner, on behalf of the school districts issuing the bonds, may:

(A) exercise any reserved right of optional redemption; and

(B) issue any required notice of redemption and defeasance; and

(2) the authority, on behalf of the districts issuing the bonds, may enter into escrow agreements and purchase escrow securities as provided by Chapter 1207, Government Code, with the

same effect under that chapter as if the authority were the issuer of the bonds being refunded and defeased.

(b) The authority shall provide to a school district whose bonds are refunded under this subchapter appropriate documentation showing that the bonds have been refunded and defeased.

Sec. 46.097. PAYMENT OF OBLIGATION ADMINISTRATIVE EXPENSES. After paying the current debt service on authority obligations, the authority may use allocated revenue to pay obligation administrative expenses.

Sec. 46.098. DISTRIBUTION OF ALLOCATED REVENUE IN EXCESS OF DISTRICT'S ENTITLEMENT TO STATE ASSISTANCE. (a) If the commissioner allocates and distributes to the authority allocated revenue for a school district's bonds refunded under this subchapter in an amount in excess of the state assistance to which the district is entitled in connection with all of the district's bonds, the district shall reimburse the commissioner in the amount of the excess.

(b) If a school district elects not to reimburse the commissioner in the amount of excess state assistance as required under Subsection (a), the commissioner shall direct the comptroller to withhold the amount of the excess from the succeeding payment of state assistance payable to the school district and credit the amount to the account or accounts from which the excess payment was made.

(c) A school may reimburse the commissioner under this section from any lawfully available source.

Sec. 46.099. REFUNDING OF AUTHORITY OBLIGATIONS. The

authority may issue authority obligations to refund any previously issued authority obligations if the authority by resolution determines that the issuance of refunding obligations will result in the lowest practicable borrowing cost to the state and school districts with outstanding eligible bonds.

Sec. 46.100. AUTHORITY OBLIGATIONS NOT A PLEDGE OF STATE'S CREDIT. (a) Authority obligations and any related credit agreements are not:

(1) a debt of the state, a state agency, or a political subdivision of the state; or

(2) a pledge of the faith and credit or taxing power of the state, a state agency, or a political subdivision of the state.

(b) Authority obligations and any related credit agreements are payable solely from allocated revenue pledged to the payment of those obligations.

(c) Subject to the limitations of Subsection (a), as long as authority obligations are outstanding, the state may not:

(1) take any action to limit or restrict the authority's responsibility to pay the authority obligations; or

(2) in any way impair the rights and remedies of the owners of authority obligations.

(d) The reallocation of allocated revenue to secure authority obligations to refund school district bonds is:

(1) consistent with the original authorization, allocation, and application of state assistance under Subchapter A or B;

(2) in furtherance of any covenants, agreements, or

undertakings by school districts or the commissioner to cause allocated revenue to be credited to debt service funds for school district bonds; and

(3) consistent with all statutory and regulatory dedications and restrictions on the allocated revenue.

SECTION 1.38. Subsection (c), Section 2175.304, Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, the system, institution, or agency shall give preference to a public school that is rated academically unacceptable under Section 39.072, Education Code, [~~considered low-performing by the commissioner of education~~] or to a school district that has a taxable wealth per student that entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code, or to the assistance organization designated by such a school district.

SECTION 1.39. Subsection (c), Section 302.006, Labor Code, is amended to read as follows:

(c) To be eligible to receive a scholarship awarded under this section, a person must:

(1) be employed in a child-care facility, as defined by Section 42.002, Human Resources Code;

(2) intend to obtain a credential, certificate, or degree specified in Subsection (b);

(3) agree to work for at least 18 additional months in a child-care facility, as defined by Section 42.002, Human Resources Code, that accepts federal Child Care Development Fund subsidies and that, at the time the person begins to fulfill the work requirement imposed by this subdivision, is located:

(A) within the attendance zone of a public school campus that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~], Education Code; or

(B) in an economically disadvantaged community, as determined by the commission; and

(4) satisfy any other requirements adopted by the commission.

SECTION 1.40. Section 8.010, Subsections (d) and (e), Section 31.1011, Subsection (d), Section 39.051, and Sections 39.073 and 39.074, Education Code, are repealed.

SECTION 1.41. Not later than September 1, 2007, the Texas Education Agency shall complete the requirements under Section 29.258, Education Code, as added by this Act.

SECTION 1.42. (a) Except as otherwise provided by this section, this article applies beginning with the 2005-2006 school year.

(b) Subchapter F, Chapter 33, Education Code, as added by this article, applies beginning with the 2006-2007 school year.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Section 1001.001, Education Code, is amended

by amending Subdivisions (2) through (5) and adding Subdivision (13-a) to read as follows:

(2) "Approved driving safety course" means a driving safety course approved by the department [~~commissioner~~].

(3) "Commission" [~~"Commissioner"~~] means the Texas Commission of Licensing and Regulation [~~commissioner of education~~].

(4) "Course provider" means an enterprise that:

(A) maintains a place of business or solicits business in this state;

(B) is operated by an individual, association, partnership, or corporation; and

(C) has received an approval for a driving safety course from the department [~~commissioner~~] or has been designated by a person who has received that approval to conduct business and represent the person in this state.

(5) "Department" means the Texas Department of Licensing and Regulation [~~Public Safety~~].

(13-a) "Executive director" means the executive director of the department.

SECTION 2.02. Subsection (c), Section 1001.002, Education Code, is amended to read as follows:

(c) A driver education course is exempt from this chapter, other than Section 1001.055, if the course is:

(1) conducted by a vocational driver training school operated to train or prepare a person for a field of endeavor in a business, trade, technical, or industrial occupation;

(2) conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the department [~~commissioner~~];

(3) sponsored by an employer to train its own employees without charging tuition;

(4) sponsored by a recognized trade, business, or professional organization with a closed membership to instruct the members of the organization; or

(5) conducted by a school regulated and approved under another law of this state.

SECTION 2.03. Sections 1001.003 and 1001.004, Education Code, are amended to read as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. It is the intent of the legislature that commission [~~agency~~] rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of administering this chapter shall be included in the state budget allowance for the department [~~agency~~].

SECTION 2.04. Sections 1001.051 and 1001.052, Education Code, are amended to read as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department [~~agency~~] has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt [~~and administer~~] comprehensive rules governing driving safety

courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. The heading to Section 1001.053, Education Code, is amended to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSIONER~~].

SECTION 2.06. Subsection (a), Section 1001.053, Education Code, is amended to read as follows:

(a) The department [~~commissioner~~] shall:

(1) administer [~~the policies of~~] this chapter;

(2) enforce minimum standards for driver training schools under this chapter;

(3) [~~adopt and~~] enforce rules adopted by the commission necessary to administer this chapter; and

(4) inspect [~~visit~~] a driver training school or course provider and reexamine the school or course provider for compliance with this chapter.

SECTION 2.07. The heading to Section 1001.054, Education Code, is amended to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR COMPETITIVE BIDDING~~].

SECTION 2.08. Subsection (c), Section 1001.054, Education Code, is amended to read as follows:

(c) The commission [~~commissioner~~] by rule may restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Section 1001.055, Education Code, is amended to read as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The department [~~agency~~] shall print and supply to each licensed or exempt driver education school driver education certificates to be used for certifying completion of an approved driver education course to satisfy the requirements of Section 521.204(a)(2), Transportation Code. The certificates must be numbered serially.

(b) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized reproduction or misuse of the certificates.

(c) The department [~~agency~~] may charge a fee of not more than $4 for each certificate.

SECTION 2.10. Subsections (b) through (e) and (g), Section 1001.056, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall print and supply to each licensed course provider uniform certificates of course completion. The certificates must be numbered serially.

(c) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized production or misuse of the certificates.

(d) A certificate under this section must:

(1) be in a form required by the department [~~agency~~]; and

(2) include an identifying number by which the

department [~~agency~~], a court, or the Department of Public Safety [~~department~~] may verify its authenticity with the course provider.

(e) The department [~~agency~~] may charge a fee of not more than $4 for each certificate. A course provider shall charge an operator a fee equal to the amount of the fee paid to the department [~~agency~~] for a certificate.

(g) The department [~~agency~~] shall issue duplicate certificates. The commission [~~commissioner~~] by rule shall determine the amount of the fee for issuance of a duplicate certificate.

SECTION 2.11. Section 1001.057, Education Code, is amended to read as follows:

Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY COURSE INFORMATION. The department [~~agency~~] shall investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 2.12. Subchapter B, Chapter 1001, Education Code, is amended by adding Section 1001.058 to read as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. The executive director may designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Sections 1001.101 and 1001.102, Education Code, are amended to read as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish

the curriculum and designate the textbooks to be used in a driver education course.

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The commission [~~agency~~] by rule shall require that information relating to alcohol awareness and the effect of alcohol on the effective operation of a motor vehicle be included in the curriculum of any driver education course or driving safety course.

(b) In developing rules under this section, the commission [~~agency~~] shall consult with the Department of Public Safety [~~department~~].

SECTION 2.14. Subsections (b), (d), and (e), Section 1001.103, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs that include one or more courses. Except as provided by commission [~~agency~~] rule, a program must be offered in the same manner as a driving safety course.

(d) In accordance with Section 461.013(b), Health and Safety Code, the department [~~agency~~] and the Texas Commission on Alcohol and Drug Abuse shall enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) The commission [~~Notwithstanding Section 1001.056, Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~] may establish fees in connection with the programs under this section. The fees must be in amounts reasonable and necessary to administer the department's [~~agency's~~] duties under this section.

SECTION 2.15. Sections 1001.104 and 1001.105, Education Code, are amended to read as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) The department [~~agency~~] shall enter into a memorandum of understanding with the Texas Rehabilitation Commission and the Department of Public Safety [~~department~~] for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education.

(b) The department [~~agency~~] shall administer comprehensive rules governing driver education courses adopted by mutual agreement among the commission [~~agency~~], the Texas Rehabilitation Commission, and the Department of Public Safety [~~department~~].

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The commission [~~agency~~] shall enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 2.16. Subsections (b), (c), and (d), Section 1001.106, Education Code, are amended to read as follows:

(b) The commission [~~commissioner~~] by rule shall provide minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456 of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(d) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of

this code do not apply to a violation of this section.

SECTION 2.17. Section 1001.107, Education Code, is amended to read as follows:

Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION. (a) The commission [~~commissioner~~] by rule shall require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course.

(b) In developing rules under this section, the commission [~~commissioner~~] shall consult the Department of Public Safety [~~department~~].

SECTION 2.18. Subsections (a) and (c), Section 1001.108, Education Code, are amended to read as follows:

(a) The commission [~~commissioner~~] by rule shall require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course.

(c) In developing rules under this section, the commission [~~commissioner~~] shall consult with the Department of Public Safety [~~department~~] and the [~~Texas~~] Department of State Health Services.

SECTION 2.19. Section 1001.151, Education Code, is amended to read as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) The commission [~~commissioner~~] shall establish [~~collect~~] application, license, and registration fees. The fees must be in amounts sufficient to cover administrative costs and are nonrefundable. The department shall collect the application, license, and registration fees.

(b) The commission shall establish a fee for:

(1) an initial driver education school license and [~~is $1,000 plus $850~~] for each branch location; [~~.~~]

(2) [~~(c) The fee for~~] an initial driving safety school license; [~~is an appropriate amount established by the commissioner not to exceed $200.~~]

(3) [~~(d) The fee for~~] an initial course provider license [~~is an appropriate amount established by the commissioner not to exceed $2,000~~], except that the commission [~~agency~~] may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider; [~~.~~]

(4) the [~~(e) The~~] annual renewal [~~fee~~] for a course provider, driving safety school, driver education school, or branch location [~~is an appropriate amount established by the commissioner not to exceed $200~~], except that the commission [~~agency~~] may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure; [~~.~~]

(5) [~~(f) The fee for~~] a change of address of [~~:~~

[~~(1)~~] a driver education school, [~~is $180; and~~

[~~(2)~~] a driving safety school, or course provider; [~~is $50.~~]

(6) [~~(g) The fee for~~] a change of name of:

(A) [~~(1)~~] a driver education school or course provider or an owner of a driver education school or course provider [~~is $100~~]; or [~~and~~]

(B) [~~(2)~~] a driving safety school or owner of a driving safety school; [~~is $50.~~]

(7) [~~(h) The application fee for~~] each additional driver education or driving safety course at a driver training school; [~~is $25.~~]

(8) an [~~(i) The~~] application of a [~~fee for:~~

[~~(1) each~~] director, [~~is $30; and~~

[~~(2) each~~] assistant director, or administrative staff member; and [~~is $15.~~]

(9) an [~~(j) Each~~] application for approval of a driving safety course that has not been evaluated by the department [~~commissioner must be accompanied by a nonrefundable fee of $9,000~~].

(c) [~~(k)~~] An application for an original driver education or driving safety instructor license must be accompanied by a processing fee [~~of $50~~] and an annual license fee [~~of $25~~], except that the department [~~commissioner~~] may not collect the processing fee from an applicant for a driver education instructor license who is currently teaching a driver education course in a public school in this state.

(d) [~~(l)~~] The commission [~~commissioner~~] shall establish the amount of the fee for a duplicate license.

SECTION 2.20. Section 1001.153, Education Code, is amended to read as follows:

Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The commission [~~commissioner~~] shall establish the amount of the fee to investigate a driver training school or course provider to resolve

a complaint against the school or course provider.

(b) The fee may be charged only if:

(1) the complaint could not have been resolved solely by telephone or in writing;

(2) a representative of the department [~~agency~~] visited the school or course provider as a part of the complaint resolution process; and

(3) the school or course provider was found to be at fault.

SECTION 2.21. Subsection (b), Section 1001.202, Education Code, is amended to read as follows:

(b) A driving safety school may use multiple classroom locations to teach a driving safety course if each location:

(1) is approved by the parent school and the department [~~agency~~];

(2) has the same name as the parent school; and

(3) has the same ownership as the parent school.

SECTION 2.22. Sections 1001.203 through 1001.206, Education Code, are amended to read as follows:

Sec. 1001.203. APPLICATION. To operate or do business in this state, a driver training school must apply to the department [~~commissioner~~] for the appropriate license. The application must:

(1) be in writing;

(2) be in the form prescribed by the department [~~commissioner~~];

(3) include all required information; and

(4) be verified.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school:

(1) has courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the courses, curricula, and instruction are offered;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality in the classroom and behind the wheel;

(3) has directors, instructors, and administrators who have adequate educational qualifications and experience;

(4) provides to each student before enrollment:

(A) a copy of:

(i) the refund policy;

(ii) the schedule of tuition, fees, and other charges; and

(iii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(5) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades

and enforces satisfactory standards relating to attendance, progress, and conduct;

(6) on completion of training, issues each student a certificate indicating the course name and satisfactory completion;

(7) complies with all county, municipal, state, and federal regulations, including fire, building, and sanitation codes and assumed name registration;

(8) is financially sound and capable of fulfilling its commitments for training;

(9) has administrators, directors, owners, and instructors who are of good reputation and character;

(10) maintains and publishes as part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) submits to the department [~~agency~~] for approval the applicable course hour lengths and curriculum content for each course offered by the school;

(14) does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(15) meets any additional criteria required by the department [~~agency~~].

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driving safety school license if on investigation the department [~~agency~~] determines that the school:

(1) has driving safety courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the course, curricula, and instruction are developed by the course provider;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality;

(3) has instructors and administrators who have adequate educational qualifications and experience;

(4) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(5) complies with all county, municipal, state, and federal laws, including fire, building, and sanitation codes and assumed name registration;

(6) has administrators, owners, and instructors who are of good reputation and character;

(7) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined

by the department [~~commissioner~~];

(8) does not use a name similar to the name of another existing school or tax-supported educational establishment in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(9) maintains and uses the approved contract and policies developed by the course provider;

(10) does not owe an administrative penalty for a violation of [~~under~~] this chapter;

(11) will not provide a driving safety course to a person for less than $25; and

(12) meets additional criteria required by the department [~~commissioner~~].

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. The department [~~commissioner~~] shall approve an application for a course provider license if on investigation the department [~~agency~~] determines that:

(1) the course provider has an approved course that at least one licensed driving safety school is willing to offer;

(2) the course provider has adequate educational qualifications and experience;

(3) the course provider will:

(A) develop and provide to each driving safety school that offers the approved course a copy of:

(i) the refund policy; and

(ii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) provide to the driving safety school the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(4) a copy of the information provided to each driving safety school under Subdivision (3) will be provided to each student by the school before enrollment;

(5) not later than the 15th working day after the date the person successfully completes the course, the course provider will mail a uniform certificate of course completion to the person indicating the course name and successful completion;

(6) the course provider maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(7) the course provider complies with all county, municipal, state, and federal laws, including assumed name registration and other applicable requirements;

(8) the course provider is financially sound and capable of fulfilling its commitments for training;

(9) the course provider is of good reputation and character;

(10) the course provider maintains and publishes as a part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) the course provider does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) the course provider does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) the course provider does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(14) the course provider meets additional criteria required by the department [~~commissioner~~].

SECTION 2.23. Subsections (a) and (b), Section 1001.207, Education Code, are amended to read as follows:

(a) Before a driver education school may be issued a license, the school must file a corporate surety bond with the department [~~commissioner~~] in the amount of:

(1) $10,000 for the primary location of the school; and

(2) $5,000 for each branch location.

(b) A bond issued under Subsection (a) must be:

(1) issued in a form approved by the department [~~commissioner~~];

(2) issued by a company authorized to do business in this state;

(3) payable to the state to be used only for payment of a refund due to a student or potential student;

(4) conditioned on the compliance of the school and

its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(5) issued for a period corresponding to the term of the license.

SECTION 2.24. Subsection (b), Section 1001.209, Education Code, is amended to read as follows:

(b) A bond issued under Subsection (a) must be:

(1) issued by a company authorized to do business in this state;

(2) payable to the state to be used:

(A) for payment of a refund due a student of the course provider's approved course;

(B) to cover the payment of unpaid fees or penalties assessed by the department [~~agency~~]; or

(C) to recover the cost of uniform certificates of course completion the department [~~agency~~] demands be returned or any cost associated with the certificates;

(3) conditioned on the compliance of the course provider and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(4) issued for a period corresponding to the term of the license.

SECTION 2.25. Section 1001.210, Education Code, is amended to read as follows:

Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the bond required by Section 1001.207 or 1001.209, a driver education school or course provider may provide another form of security that

is:

(1) [~~(A)~~] approved by the department [~~commissioner~~]; and

(2) [~~(B)~~] in the amount required for a comparable bond under Section 1001.207 or 1001.209.

SECTION 2.26. Subsections (a) and (b), Section 1001.211, Education Code, are amended to read as follows:

(a) The department [~~commissioner~~] shall issue a license to an applicant for a license under this subchapter if:

(1) the application is submitted in accordance with this subchapter; and

(2) the applicant meets the requirements of this chapter.

(b) A license must be in a form determined by the department [~~commissioner~~] and must show in a clear and conspicuous manner:

(1) the date of issuance, effective date, and term of the license;

(2) the name and address of the driver training school or course provider;

(3) the authority for and conditions of approval;

(4) the executive director's [~~commissioner's~~] signature; and

(5) any other fair and reasonable representation that is consistent with this chapter and that the department [~~commissioner~~] considers necessary.

SECTION 2.27. Section 1001.212, Education Code, is amended to read as follows:

Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department [~~commissioner~~] shall provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 2.28. Subsections (c) and (d), Section 1001.213, Education Code, are amended to read as follows:

(c) The commission may establish [~~Instead of the~~] fees [~~required by Section 1001.151, the fee~~] for a new driver education school or course provider license under Subsection (b) and [~~is $500, plus $200~~] for each branch location that are different from the amounts established under Section 1001.151[~~,~~] if:

(1) the new owner is substantially similar to the previous owner; and

(2) there is no significant change in the management or control of the driver education school or course provider.

(d) The department [~~commissioner~~] is not required to reinspect a school or a branch location after a change of ownership.

SECTION 2.29. Section 1001.214, Education Code, is amended to read as follows:

Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may be issued to a driver training school or course provider if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253, Education Code, are amended to read as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A

person may not teach or provide driver education, either as an individual or in a driver education school, or conduct any phase of driver education, unless the person holds a driver education instructor license issued by the department [~~agency~~].

(b) A person may not teach or provide driving safety training, either as an individual or in a driving safety school, or conduct any phase of driving safety education, unless the person holds a driving safety instructor license issued by the department [~~agency~~]. This subsection does not apply to an instructor of a driving safety course that does not provide a uniform certificate of course completion to its graduates.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A license under this subchapter must be signed by the executive director [~~commissioner~~].

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. (a) The department [~~commissioner~~] shall establish standards for certification of professional and paraprofessional personnel who conduct driver education programs in driver education schools.

(b) A driver education instructor license authorizing a person to teach or provide behind-the-wheel training may not be issued unless the person has successfully completed six semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school.

(c) A person who holds a driver education instructor license authorizing behind-the-wheel training may not be approved to assist a classroom instructor in the classroom phase of driver education

unless the person has successfully completed the three additional semester hours of training required for a classroom instructor or a program of study in driver education approved by the department [~~commissioner~~].

(d) Except as provided by Section 1001.254, a driver education instructor license authorizing a person to teach or provide classroom training may not be issued unless the person:

(1) has completed nine semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school; and

(2) holds a teaching certificate and any additional certification required to teach driver education.

(e) A driver education instructor who has completed the educational requirements prescribed by Subsection (d)(1) may not teach instructor training classes unless the instructor has successfully completed a supervising instructor development program consisting of at least six additional semester hours or a program of study in driver education approved by the department [~~commissioner~~] that includes administering driver education programs and supervising and administering traffic safety education.

(f) A driver education school may submit for department [~~agency~~] approval a curriculum for an instructor development program for driver education instructors. The program must:

(1) be taught by a person who has completed a supervising instructor development program under Subsection (e);

and

(2) satisfy the requirements of this section for the particular program or type of training to be provided.

SECTION 2.31. Subsection (a), Section 1001.254, Education Code, is amended to read as follows:

(a) A temporary driver education instructor license may be issued authorizing a person to teach or provide classroom driver education training if the person:

(1) has completed the educational requirements prescribed by Section 1001.253(d)(1);

(2) holds a Texas teaching certificate with an effective date before February 1, 1986;

(3) meets all license requirements, other than successful completion of the examination required under rules adopted by the State Board for Educator Certification to revalidate the teaching certificate; and

(4) demonstrates, in a manner prescribed by the department [~~commissioner~~], the intention to comply with the examination requirement at the first available opportunity.

SECTION 2.32. Subsections (a), (b), and (c), Section 1001.255, Education Code, are amended to read as follows:

(a) The department [~~agency~~] shall regulate as a driver education school a driver education instructor who:

(1) teaches driver education courses in a county having a population of 50,000 or less; and

(2) does not teach more than 200 students annually.

(b) An instructor described by Subsection (a) must submit to

the department [~~agency~~] an application for an initial or renewal driver education school license, together with all required documentation and information.

(c) The department [~~commissioner~~] may waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 2.33. Section 1001.256, Education Code, is amended to read as follows:

Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may be issued to a driver education instructor or driving safety instructor if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.34. The heading to Subchapter G, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

SECTION 2.35. Subsection (b), Section 1001.351, Education Code, is amended to read as follows:

(b) A course provider shall electronically submit to the department [~~agency~~] in the manner established by the department [~~agency~~] data identified by the department [~~agency~~] relating to uniform certificates of course completion.

SECTION 2.36. Subsections (a) and (b), Section 1001.354, Education Code, are amended to read as follows:

(a) A driving safety course may be taught at a driving safety school if the school is approved by the department [~~agency~~].

(b) A driving safety school may teach an approved driving safety course by an alternative method that does not require students to be present in a classroom if the department [~~commissioner~~] approves the alternative method. The department [~~commissioner~~] may approve the alternative method if:

(1) the department [~~commissioner~~] determines that the approved driving safety course can be taught by the alternative method; and

(2) the alternative method includes testing and security measures that are at least as secure as the measures available in the usual classroom setting.

SECTION 2.37. Subsections (b) and (c), Section 1001.404, Education Code, are amended to read as follows:

(b) The department [~~commissioner~~] shall establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) The department [~~agency~~] may except a driver education school or course provider from the payment of interest if the school or course provider makes a good-faith effort to refund tuition, fees, and other charges but is unable to locate the student to whom the refund is owed. On request of the department [~~agency~~], the school or course provider shall document the effort to locate a student.

SECTION 2.38. Sections 1001.451 and 1001.452, Education Code, are amended to read as follows:

Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

(1) use advertising designed to mislead or deceive a

prospective student;

(2) fail to notify the department [~~commissioner~~] of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records as required by this chapter;

(3) issue, sell, trade, or transfer:

(A) a uniform certificate of course completion or driver education certificate to a person or driver training school not authorized to possess the certificate;

(B) a uniform certificate of course completion to a person who has not successfully completed an approved, six-hour driving safety course; or

(C) a driver education certificate to a person who has not successfully completed a department-approved [~~commissioner-approved~~] driver education course;

(4) negotiate a promissory instrument received as payment of tuition or another charge before the student completes 75 percent of the course, except that before that time the instrument may be assigned to a purchaser who becomes subject to any defense available against the school named as payee; or

(5) conduct any part of an approved driver education course or driving safety course without having an instructor physically present in appropriate proximity to the student for the type of instruction being given.

Sec. 1001.452. COURSE OF INSTRUCTION. A driver training school may not maintain, advertise, solicit for, or conduct a course of instruction in this state before the later of:

(1) the 30th day after the date the school applies for a driver training school license; or

(2) the date the school receives a driver training school license from the department [~~commissioner~~].

SECTION 2.39. Subsections (d) and (e), Section 1001.453, Education Code, are amended to read as follows:

(d) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456(a) of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(e) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.40. Section 1001.456, Education Code, is amended to read as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the department [~~agency~~] believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase driver education certificates.

(b) If the department [~~agency~~] believes that a course provider, driving safety school, or driving safety instructor has

violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review of the course provider, driving safety school, or driving safety instructor;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase uniform certificates of course completion.

(c) A peer review ordered under this section must be conducted by a team of knowledgeable persons selected by the department [~~agency~~]. The team shall provide the department [~~agency~~] with an objective assessment of the content of the school's or course provider's curriculum and its application. The school or course provider shall pay the costs of the peer review.

(d) A suspension of enrollment under Subsection (a)(2) or (b)(2) means a ruling by the executive director [~~commissioner~~] that restricts a school from:

(1) accepting enrollments or reenrollments;

(2) advertising;

(3) soliciting; or

(4) directly or indirectly advising prospective students of its program or course offerings.

SECTION 2.41. The heading to Subchapter L, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

SECTION 2.42. Subsection (b), Section 1001.555, Education

Code, is amended to read as follows:

(b) The department [~~agency~~] shall contract with the Department of Public Safety [~~department~~] to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 2.43. Subsection (b), Article 45.0511, Code of Criminal Procedure, is amended to read as follows:

(b) The judge shall require the defendant to successfully complete a driving safety course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~] or a course under the motorcycle operator training and safety program approved by the designated state agency under Chapter 662, Transportation Code, if:

(1) the defendant elects driving safety course or motorcycle operator training course dismissal under this article;

(2) the defendant has not completed an approved driving safety course or motorcycle operator training course, as appropriate, within the 12 months preceding the date of the offense;

(3) the defendant enters a plea under Article 45.021 in person or in writing of no contest or guilty on or before the answer date on the notice to appear and:

(A) presents in person or by counsel to the court a request to take a course; or

(B) sends to the court by certified mail, return receipt requested, postmarked on or before the answer date on the notice to appear, a written request to take a course;

(4) the defendant has a valid Texas driver's license or permit;

(5) the defendant is charged with an offense to which this article applies, other than speeding 25 miles per hour or more over the posted speed limit; and

(6) the defendant provides evidence of financial responsibility as required by Chapter 601, Transportation Code.

SECTION 2.44. Section 51.308, Education Code, is amended to read as follows:

Sec. 51.308. DRIVER EDUCATION. A driver education course for the purpose of preparing students to obtain a driver's license may be offered by an institution of higher education, as defined by Section 61.003, with the approval of the Texas Department of Licensing and Regulation [~~Central Education Agency~~].

SECTION 2.45. Subsection (a), Section 521.1655, Transportation Code, is amended to read as follows:

(a) A driver education school licensed under Chapter 1001, Education Code, [~~the Texas Driver and Traffic Safety Education Act (Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161.

SECTION 2.46. Section 521.203, Transportation Code, is amended to read as follows:

Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The department may not issue a Class A or Class B driver's license to a person who:

(1) is under 17 years of age;

(2) is under 18 years of age unless the person has completed a driver training course approved by the Texas Department

of Licensing and Regulation [~~Central Education Agency~~]; or

(3) has not provided the department with an affidavit, on a form prescribed by the department, that states that no vehicle that the person will drive that requires a Class A or Class B license is a commercial motor vehicle as defined by Section 522.003.

SECTION 2.47. Subsections (b) and (d), Section 521.205, Transportation Code, are amended to read as follows:

(b) The department may not approve a course unless it determines that the course materials are at least equal to those required in a course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~], except that the department may not require that:

(1) the classroom instruction be provided in a room with particular characteristics or equipment; or

(2) the vehicle used for the behind-the-wheel instruction have equipment other than the equipment otherwise required by law for operation of the vehicle on a highway while the vehicle is not being used for driver training.

(d) Completion of a driver education course approved under this section has the same effect under this chapter as completion of a driver education course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~].

SECTION 2.48. Subdivision (1), Section 1001.001, Subsections (b) and (c), Section 1001.053, Subsections (a) and (b), Section 1001.054, and Sections 1001.152, 1001.303, 1001.304, 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460,

1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and Subchapter B, Chapter 543, Transportation Code, are repealed.

SECTION 2.49. (a) As soon as practicable after the effective date of this Act, the Texas Education Agency and the Texas Department of Licensing and Regulation shall develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. The transition plan must include a timetable with specific steps and deadlines needed to complete the transfer.

(b) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005:

(1) all functions and activities relating to Chapter 1001, Education Code, performed by the Texas Education Agency immediately before that date are transferred to the Texas Department of Licensing and Regulation;

(2) a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or department;

(3) a reference in law to or an administrative rule of the Texas Education Agency that relates to Chapter 1001, Education Code, means the Texas Commission of Licensing and Regulation or the

Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Education Agency that is related to Chapter 1001, Education Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Education Agency in an action or proceeding to which the Texas Education Agency is a party;

(5) all money, contracts, leases, property, and obligations of the Texas Education Agency related to Chapter 1001, Education Code, are transferred to the Texas Department of Licensing and Regulation;

(6) all property in the custody of the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation; and

(7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation.

(c) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005, all full-time equivalent employee positions at the Texas Education Agency that primarily concern the administration of Chapter 1001, Education Code, become positions at the Texas Department of Licensing and Regulation. When filling the

positions, the Texas Department of Licensing and Regulation shall give first consideration to an applicant who, as of August 31, 2005, was a full-time employee at the Texas Education Agency primarily involved in administering Chapter 1001, Education Code.

(d) Before September 1, 2005, the Texas Education Agency may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(e) In the period beginning with the effective date of this Act and ending on September 1, 2005, the Texas Education Agency shall continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and the former law is continued in effect for that purpose.

(f) If this Act does not take effect immediately, an action required to be taken under this section on or before September 1, 2005, by the Texas Education Agency or the Texas Department of Licensing and Regulation shall be taken as soon as practicable after the effective date of this Act, but not later than November 1, 2005.

SECTION 2.50. The changes in law made by this article apply only to a fee charged on or after September 1, 2005. A fee charged before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.51. The changes in law made by this article apply

only to a license issued or renewed on or after September 1, 2005. An issuance or renewal that occurs before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, Committee Report 1st House, Substituted: a positive impact of $3,022,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$3,636,000
2007	($614,000)
2008	$6,886,000
2009	$8,236,000
2010	$8,236,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($4,164,000)	$7,800,000	4.0
2007	($614,000)	$0	4.0
2008	($2,114,000)	$9,000,000	4.0
2009	($764,000)	$9,000,000	4.0
2010	($764,000)	$9,000,000	4.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to solicit, collect and disseminate best practices information from districts and charters rated exemplary and recognized, including the effective use of online courses, and to develop incentives for school districts and charter schools to implement best practices.

Section 1.05 would require TEA to develop and implement a comprehensive, integrated monitoring system to address school district performance and compliance under federal and state education laws.

Section 1.08 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year. The agency also is required to identify successful grant programs.

Section 1.17 would require that TEA make available information concerning the special education due process hearing process, and place the information on their website. The agency also would be required to collect and analyze at least biennially information on the performance of special education hearing officers.

Section 1.19 directs TEA, with resources provided by the Texas Workforce Commission, to develop a demand-driven workplace literacy and basic skills curriculum.

Section 1.20 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.21 (with the repealing provisions of section 1.40) would make the textbook credit pilot program a permanent and statewide program.

Section 1.22 would require the commissioner of education to develop and adopt a safety training program, and require of school districts training for certain staff and students.

Section 1.26-1.34 would revise the methods by which the agency assigns districts an accreditation status, conducts performance reviews and investigations, implements sanctions for low-performing districts, and orders the closure of a district or campus.

Section 1.36 would require the commissioner to give priority, under the Permanent School Fund bond guarantee program, to districts that have had bonds refunded and defeased, under the bill's provisions in section 1.37.

Section 1.37 would add new provisions to Chapter 46 related to the potential refunding of certain school district debts to be state debt as a mechanism for reducing the bonds outstanding guaranteed by the Permanent School Fund. The bill would require the commissioner to determine whether it is feasible to eligible school district bonds in order to instruct the Texas Public Finance Authority (TPFA) to issue obligations to accomplish a refinancing. The commissioner is required to state the principal amount of bonds to be refunded, the maximum term of the bonds to be refunded, and the amount of state assistance in the IFA or EDA programs supporting the debts to be refunded in the request to the TPFA. If the commissioner determines it is feasible to refund bonds, the commissioner is required to periodically identify outstanding bonds and notify the affected school districts. The commissioner would be required to enter into agreements with the TPFA to pledge appropriations of IFA and EDA state aid to support the TPFA's obligations.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. For the purpose of this fiscal note, it is assumed that the agency would be obligated to evaluate in some way the information collected in order to establish the quality of the information and make it useful for districts. TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

The bill specifically notes that evaluation of the practices is not required. If it is assumed that no evaluation takes place, TEA could absorb the cost of a basic web-based presentation of best practices information.

Section 1.05: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative, and it is assumed that the initiative would satisfy the requirements of the bill as substituted. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.08: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public. It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.17: The collection and analysis of information on special education hearing officers is not expected to have a significant fiscal impact on TEA.

Section 1.19: For the purposes of this fiscal note, it is assumed that federal funds would be available to support the development of the workplace literacy and basic skills curriculum, and so there would be no significant fiscal impact to the state.

Section 1.20: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.21: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Section 1.22: It is estimated that the agency would require approximately $50,000 in 2006 only to contract for the development of a safety training course meeting the requirements of the bill.

Sections 1.36 and 1.37: The Texas Public Finance Authority (TPFA) estimates that the agency can fulfill the requirements of the bill using existing resources. Therefore, these sections would have no significant fiscal impact to TPFA.

For TEA, it is estimated that the refunding of certain guaranteed debt will require additional staff support and expertise not readily available inside the agency. It is expected that the agency will need to expend approximately $300,000 to purchase consulting services to thoroughly analyze school district debt data to make the determination of feasibility and identify the relevant debts that could be refinanced in preparation for notifying school districts. There would be ongoing expenses estimated at $150,000 per year after the initial identification. In addition, the agency will need to employ at least

three additional FTEs to both manage contracts for consultants and appropriately modify data concerning the IFA and EDA should debts be refinanced. The agency will also need to notify districts, mediate their responses, answer questions, and provide any supplemental information. In addition to these responsibilities, the commissioner is given certain rights on behalf of school districts that may require the acquisition of outside legal counsel and financial advice; these costs are estimated at about $200,000 for 2006 only.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

It is estimated that the requirement for every school coach, trainer, band director and physician involved in certain extra-curricular activites to complete a safety training course would be approximately $554,000 annually for local school districts statewide.

To the extent that section 1.23 requires the agency to expend additional set-aside funds from the compensatory education allotment, districts would see this allotment decreased accordingly.

It is assumed that the bond refunding and defeasement provisions of the bill would enhance the Permanent School Fund's capacity for school bond guarantee, which would likely lower the costs of bond issuances for districts.

Source Agencies: 116 Sunset Advisory Commission, 320 Texas Workforce Commission, 347 Public Finance Authority, 701 Central Education Agency, UIL University Interscholastic League

LBB Staff: JOB, LB, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, As Introduced: a positive impact of $3,722,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$4,186,000
2007	($464,000)
2008	$7,036,000
2009	$8,386,000
2010	$8,386,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($3,614,000)	$7,800,000	1.0
2007	($464,000)	$0	1.0
2008	($1,964,000)	$9,000,000	1.0
2009	($614,000)	$9,000,000	1.0
2010	($614,000)	$9,000,000	1.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to collect and disseminate best practices information, including the effective use of online courses, and to develop incentives for school districts to implement best practices.

Section 1.04 would require TEA to develop and implement a comprehensive, integrated monitoring

system to address school district performance and compliance under federal and state education laws. The agency would be required to develop a system of performance standards, as well as interventions and sanctions should district fails to meet those standards.

Section 1.07 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year.

Section 1.11 would direct TEA to enter into an interagency contract with the State Office of Administraive Hearings to provide special education due process hearings.

Section 1.13 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.14 (with section 1.19) would make the textbook credit pilot program a permanent and statewide program.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. It is further assumed that TEA would be obligated to evaluate in some way the information collected, in order to establish the quality of the information and make it useful for districts. Because the bill would direct TEA to provide incentives for districts to implement the best practices, it is assumed that the agency would provide the best practices information for free over the internet to maximize availability.

TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

Section 1.04: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative. The section notes that the system be in compliance with other provisions of this title; therefore, it is assumed that the agency's monitoring activities still would be governed by Education Code section 7.027, which limits compliance monitoring on state programs with exceptions for federal law, financial accountability and data integrity. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.07: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public.

It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.11: Special education due process hearings are funded with federal funds, and thus this section is not expected to have a financial impact to the state.

Section 1.13: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook

fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.14: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

Source Agencies: 116 Sunset Advisory Commission, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 701 Central Education Agency

LBB Staff: JOB, LB, UP, JGM

HOUSE COMMITTEE REPORT

05 MAY 20 AM 4:51
HOUSE OF REPRESENTATIVES

1st Printing

By: Jackson (Grusendorf) S.B. No. 422

Substitute the following for S.B. No. 422:

By: Grusendorf C.S.S.B. No. 422

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.

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

ARTICLE 1. TEXAS EDUCATION AGENCY AND REGIONAL EDUCATION SERVICE CENTERS

SECTION 1.01. Section 5.001, Education Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Charter school" means any school or program that is operating under a charter authorized by Chapter 12 or other law, including:

(A) a home-rule school district under Subchapter B, Chapter 12;

(B) a campus or campus program under Subchapter C, Chapter 12;

(C) an open-enrollment charter school under Subchapter D, Chapter 12; and

(D) a college or university charter school under Subchapter E, Chapter 12.

SECTION 1.02. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the

agency is abolished September 1, 2017 [~~2005~~].

SECTION 1.03. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. BEST PRACTICES. (a) The agency and the regional education service centers shall solicit and collect from exemplary or recognized school districts and open-enrollment charter schools, as rated under Section 39.072, best practices information and shall disseminate that information. The agency and the regional education service centers shall enter into a memorandum of understanding that establishes the respective duties of the agency and the regional education service centers in soliciting, collecting, and disseminating the best practices information.

(b) The best practices information may include:

(1) information concerning available programs, products, and policies that have been successfully adopted or developed and used by school districts or open-enrollment charter schools;

(2) specific examples of successful best practices; and

(3) resources available to assist school districts and open-enrollment charter schools in complying with applicable state or federal education laws.

(c) The best practices information must include information collected by the agency or a regional education service center concerning the effective use of online courses, including:

(1) methods for using online courses to provide

curriculum solutions;

(2) information to assist school districts and open-enrollment charter schools in investigating the quality of online courses; and

(3) a list of funding sources available for various types of online courses.

(d) The agency and the regional education service centers are not required to evaluate and may not endorse the best practices information collected under this section.

(e) The agency and the regional education service centers shall develop incentives for school districts and open-enrollment charter schools to implement best practices.

SECTION 1.04. Section 7.027, Education Code, as added by Chapter 201, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Section 7.028, Education Code, and amended to read as follows:

Sec. 7.028 [~~7.027~~]. LIMITATION ON COMPLIANCE MONITORING. (a) Except as provided by Section 29.001(5), 29.010(a), [~~39.074,~~] or 39.075, the agency may monitor compliance with requirements applicable to a process or program provided by a school district, campus, program, or school granted charters under Chapter 12, including the process described by Subchapter F, Chapter 11, or a program described by Subchapter B, C, D, E, F, H, or I, Chapter 29, Subchapter A, Chapter 37, or Section 38.003, and the use of funds provided for such a program under Subchapter C, Chapter 42, only as necessary to ensure:

(1) compliance with federal law and regulations;

(2) financial accountability, including compliance with grant requirements; and

(3) data integrity for purposes of:

(A) the Public Education Information Management System (PEIMS); and

(B) accountability under Chapter 39.

(b) The board of trustees of a school district or the governing body of an open-enrollment charter school has primary responsibility for ensuring that the district or school complies with all applicable requirements of state educational programs.

SECTION 1.05. Subsections (a) and (d), Section 7.057, Education Code, are amended to read as follows:

(a) Except as provided by Subsection (e) <u>or Section 7.0571</u>, a person may appeal in writing to the commissioner if the person is aggrieved by:

(1) the school laws of this state; or

(2) actions or decisions of any school district board of trustees that violate:

(A) the school laws of this state; or

(B) a provision of a written employment contract between the school district and a school district employee, if a violation causes or would cause monetary harm to the employee.

(d) <u>Except as provided by Section 7.0571, a</u> [~~A~~] person aggrieved by an action of the agency or decision of the commissioner may appeal to a district court in Travis County. An appeal must be made by serving the commissioner with citation issued and served in the manner provided by law for civil suits. The petition must state

the action or decision from which the appeal is taken. At trial, the court shall determine all issues of law and fact, except as provided by Section 33.081(g).

SECTION 1.06. Subchapter C, Chapter 7, Education Code, is amended by adding Sections 7.0571 and 7.061 to read as follows:

Sec. 7.0571. INFORMAL REVIEW BY COMMISSIONER. (a) The commissioner shall adopt rules under which a school district, open-enrollment charter school, or other person that wishes to challenge an agency decision made under Chapter 39, 41, 42, or 46 must petition the commissioner for an informal review by the commissioner of the decision.

(b) The commissioner may limit a review under this section to a written submission of any issue identified by the commissioner.

(c) A final decision under this section is final and may not be appealed under Section 7.057 or any other law.

Sec. 7.061. TECHNOLOGY POLICY. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions. The policy must ensure that the public is able to interact with the agency on the Internet.

SECTION 1.07. Chapter 7, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. GRANT PROGRAM ADMINISTRATION

Sec. 7.151. GRANT PROGRAM PROCEDURES. The agency shall ensure that:

(1) the mission, purpose, and objectives of each

agency grant program supports student academic performance or another public education mission, objective, or goal specified under Sections 4.001 and 4.002;

(2) each agency grant program coordinates with other grant programs administered by the agency;

(3) grant programs with similar objectives have common performance measures; and

(4) the most efficient methods for coordinating grant objectives, grant activities, academic performance measures, and funding are used in the agency's grant application and reporting systems.

Sec. 7.152. GRANT ELIGIBILITY NOTIFICATION. The agency may use existing data to identify and notify an eligible school district or charter school of the opportunity to apply for a state-funded discretionary grant.

Sec. 7.153. APPLICATION FOR STATE-FUNDED FORMULA GRANTS. The agency shall develop one or more consolidated applications to be used by school districts and charter schools in applying for any state-funded formula grant administered by the agency.

Sec. 7.154. AVAILABILITY OF GRANT INFORMATION. The agency shall ensure that information relating to grant program administration is available to the legislature and the public.

Sec. 7.155. BEST PRACTICES GRANT INFORMATION. (a) The agency, in coordination with regional education service centers, shall use data relating to grant programs, including grant spending and performance information, to identify successful grant programs. Based on the identification of successful grant

programs, each regional education service center shall provide information concerning those programs to the school districts in the service center's region.

(b) This section applies beginning with the 2009-2010 school year. This subsection expires June 1, 2010.

SECTION 1.08. Subsections (b), (c), and (d), Section 8.051, Education Code, are amended to read as follows:

(b) Each regional education service center shall annually develop and submit to the commissioner for approval a plan for improvement. Each plan must include the purposes and description of the services the center will provide to:

(1) campuses rated academically unacceptable [~~identified as low-performing based on the indicators adopted~~] under Section 39.072 [~~39.051~~];

(2) the lowest-performing campuses in the region; and

(3) other campuses.

(c) Each regional education service center shall provide services that enable school districts to operate more efficiently and economically, including collecting and disseminating:

(1) best practices information as provided by Section 7.010; and

(2) information concerning successful grant programs to school districts as provided by Section 7.155.

(d) Each regional education service center shall maintain core services for purchase by school districts and campuses. The core services are:

(1) training and assistance in teaching each subject

area assessed under Section 39.023;

(2) training and assistance in providing each program that qualifies for a funding allotment under Section 42.151, 42.152, 42.153, or 42.156;

(3) assistance specifically designed for a school district or campus rated academically unacceptable under Section 39.072 [~~39.072(a) or a campus whose performance is considered unacceptable based on the indicators adopted under Section 39.051~~];

(4) training and assistance to teachers, administrators, members of district boards of trustees, and members of site-based decision-making committees;

(5) assistance specifically designed for a school district that is considered out of compliance with state or federal special education requirements, based on the agency's most recent compliance review of the district's special education programs; and

(6) assistance in complying with state laws and rules.

SECTION 1.09. Subsection (b), Section 12.013, Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management

System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~];

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section 33.081;

(O) health and safety under Chapter 38;

(P) public school accountability under Subchapters B, C, D, and G, Chapter 39;

(Q) equalized wealth under Chapter 41;

(R) a bond or other obligation or tax rate under Chapters 42, 43, and 45; and

(S) purchasing under Chapter 44.

SECTION 1.10. Section 12.115, Education Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the school's students, the severity of the violation, [~~and~~] any previous violation the school has committed, and the extent to which the school is in compliance with any state or federal programmatic or financial requirement applicable to the school.

(c) This section may not be construed to limit the commissioner's authority to impose a sanction under Subchapter G, Chapter 39.

SECTION 1.11. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.1151 to read as follows:

Sec. 12.1151. CLOSURE AND REVOCATION OR DENIAL OF RENEWAL BECAUSE OF UNSATISFACTORY PERFORMANCE. (a) The commissioner shall order the closure and shall revoke or deny the renewal of a charter of an open-enrollment charter school under Section 12.115

if:

(1) each campus operated under the charter has been closed under Section 39.1332; or

(2) for two consecutive school years at least half of the campuses operated under the charter have received academically unacceptable or other unsatisfactory performance ratings under Section 39.072 or under an alternative education accountability system for alternative education campuses, unless the charter holder received an academic performance rating of acceptable or higher under Section 39.072 for either of those school years.

(b) A hearing concerning the closure and revocation or denial of renewal of a charter of an open-enrollment charter school under this section:

(1) is limited to the issue of whether the open-enrollment charter school or a campus operated under the charter actually received a particular academic performance rating; and

(2) may not be used to challenge the commissioner's final academic performance rating for the open-enrollment charter school or a campus operated under the charter.

SECTION 1.12. Section 12.116, Education Code, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The procedure adopted under Subsection (a) must provide an opportunity for a hearing to the charter holder and to parents and guardians of students in the school. A hearing under this subsection must be held at:

(1) the facility at which the program is operated;

(2) an alternative facility designated by the commissioner that is located in the same county as the facility at which the program is operated; or

(3) the regional education service center closest to the facility at which the program is operated.

(d) A decision by the commissioner under this section is final and may not be appealed.

SECTION 1.13. Section 21.003, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A person may not be employed as a teacher, teacher intern or teacher trainee, librarian, educational aide, administrator, or counselor by a school district unless the person holds an appropriate certificate or permit issued as provided by Subchapter B as it existed before September 1, 2005, or in accordance with rules adopted by the commissioner under Subsection (a-1).

(a-1) The commissioner shall adopt rules concerning educator certification.

(a-2) A reference in this code or another law to a certificate or permit issued by the State Board for Educator Certification, or to a certificate or permit issued as provided by Subchapter B, includes a certificate or permit issued in accordance with rules adopted by the commissioner under Subsection (a-1).

SECTION 1.14. Subsection (b), Section 21.453, Education Code, is amended to read as follows:

(b) The commissioner may allocate funds from the account to regional education service centers to provide staff development resources to school districts that:

(1) are rated academically unacceptable;

(2) have one or more campuses rated academically unacceptable [~~as low-performing~~]; or

(3) are otherwise in need of assistance as indicated by the academic performance of students, as determined by the commissioner.

SECTION 1.15. Subchapter A, Chapter 29, Education Code, is amended by adding Sections 29.0162 and 29.0163 to read as follows:

Sec. 29.0162. INFORMATION REGARDING SPECIAL EDUCATION DUE PROCESS HEARINGS. (a) The agency shall make available to any interested person and shall place on the agency's Internet website comprehensive, easily understood information concerning the special education due process hearing process.

(b) The information described by Subsection (a) must include:

(1) a description of the steps in the due process hearing process;

(2) the text of any applicable administrative, procedural, or evidentiary rule;

(3) a description of any notice requirements;

(4) an explanation of options for alternative dispute resolution, including mediation;

(5) an explanation of a resolution session;

(6) answers to frequently asked questions; and

(7) other sources of information, including electronic sources of information, such as special education case law available on the Internet.

Sec. 29.0163. SPECIAL EDUCATION HEARING OFFICERS; COMPLAINTS. (a) The agency shall maintain a file on each written complaint regarding the conduct of a special education hearing officer filed with the agency. The file must include:

(1) the name of the person who filed the complaint;

(2) the date the complaint is received by the agency;

(3) the subject matter of the complaint;

(4) the name of each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) an explanation of the reason the file was closed, if the agency closed the file without taking action other than to investigate the complaint.

(b) The agency shall provide to the person filing the complaint and to the special education hearing officer who is the subject of the complaint a copy of the agency's policies and procedures relating to complaint investigation and resolution.

(c) The agency, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and the special education hearing officer who is the subject of the complaint of the status of the investigation.

(d) The agency shall collect and at least biennially analyze any information, including complaint information, relating to the

performance of a special education hearing officer for use in assessing:

(1) the effectiveness of the due process hearing process; and

(2) the performance of a special education hearing officer.

(e) In addition to any other action that the agency may take as a result of an investigation conducted under Subsection (a), the agency shall use the records of the investigation in determining whether to renew a contract with a special education hearing officer.

(f) While employed as a special education hearing officer, a person may not accept employment or compensation from a school district.

SECTION 1.16. Subsection (a), Section 29.202, Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

(1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (c) in any two of the preceding three years; or

(2) that was, at any time in the preceding three years, rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~].

SECTION 1.17. Chapter 29, Education Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. URBAN SCHOOL CHOICE PILOT PROGRAM

Sec. 29.351. DEFINITIONS. In this subchapter:

(1) "Parent" includes a guardian, custodian, or other person with authority to act on behalf of the child.

(2) "Program" means the urban school choice pilot program described by this subchapter.

(3) "Qualifying school" means a nongovernmental community-based educational establishment that exists for the public good and for the general education of elementary and secondary students. The term does not include a school that provides education in a home setting or that limits enrollment to relatives of the school's staff.

Sec. 29.352. PROGRAM. An eligible child under Section 29.354 may, at the option of the child's parent:

(1) attend any public school in the district in which the child resides as provided by Subchapter G;

(2) subject to the limitations of Section 29.203, attend a public school in a district other than the district in which the student resides as provided by Subchapter G; or

(3) receive a scholarship as provided by Section 29.355 to pay the costs of attending a qualifying school.

Sec. 29.353. ELIGIBLE DISTRICT. (a) This subchapter applies only to a school district that is located in a county with a population of 750,000 or more.

(b) A school district subject to this subchapter shall

participate in the program if:

(1) the district is the largest district in the county in which a majority of the students are economically disadvantaged; or

(2) at least 90 percent of the students in the district were economically disadvantaged during the preceding school year.

(c) For purposes of this section, a student is considered economically disadvantaged as determined by agency criteria.

Sec. 29.354. ELIGIBLE CHILD. (a) A child is eligible to participate in the program if the child:

(1) resides in an eligible district and has dropped out of school;

(2) resides in an eligible district and is starting school for the first time; or

(3) resides in an eligible district, attended a public school for the majority of a preceding semester, and satisfies one or more of the following criteria:

(A) is a student at risk of dropping out of school, as defined by Section 29.081;

(B) is the victim or is the sibling of a victim of conduct described by Section 37.006(a)(2)(B) or 37.007(a)(2) that is committed by a student who at the time the conduct occurred was assigned to the same campus as the victim or the sibling of the victim, regardless of whether the conduct occurred on campus;

(C) is in kindergarten through grade 12 and eligible under Section 29.003 to participate in a school district's special education program;

(D) is a student of limited English proficiency, as defined by Section 29.052; or

(E) resides in a household in which the annual household income, according to the most recently filed federal income tax return, did not exceed 200 percent of the qualifying income for a reduced-price lunch under the national free or reduced-price lunch program established under 42 U.S.C. Section 1751 et seq.

(b) A school district shall provide written notice of the program to the parent of a student who is eligible to participate in the program under Subsection (a)(3)(B), (C), or (D).

(c) Notwithstanding any other provision of this subchapter, a child who establishes eligibility under this section may continue participating in the program until the earlier of the date the child graduates from high school or the child's 21st birthday. A child does not become ineligible under this section if the child no longer resides in an eligible district.

Sec. 29.355. FINANCING; SCHOLARSHIP. (a) Except as provided by Subsection (b), a child who attends a qualifying school under this subchapter is entitled to receive an annual scholarship in an amount equal to the lesser of:

(1) 90 percent of the statewide average annual cost per student for the preceding school year as published by the agency not later than June 1 of each year; or

(2) the qualifying school's average actual annual cost per student.

(b) If a child is eligible under Section 29.003(b) to

participate in a school district's special education program or under Section 29.056 to participate in a school district's bilingual education or special language program and receives special education services or bilingual education or special language services at the qualifying school, the amount of the child's scholarship:

(1) includes an amount equal to the amount of funding to which the school district in which the child resides would be entitled under Section 42.151 or 42.153, as applicable, for the child; and

(2) may exceed the maximum scholarship amount provided by Subsection (a).

(c) On application by the parent of an eligible child, the agency shall provide the child's application to a schools of choice resource center selected by the agency under Section 29.363. The schools of choice resource center shall determine whether a child is eligible for participation in the program under Section 29.354. If the schools of choice resource center determines that the child is eligible for participation in the program, the agency shall issue a scholarship certificate to the parent. The parent shall endorse and present the certificate to the qualifying school chosen by the parent. If there is not a schools of choice resource center, the agency shall determine a child's eligibility in accordance with rules adopted under Subsection (h)(2).

(d) The qualifying school the child attends must endorse and present the child's scholarship certificate to the agency to receive payment. The agency shall distribute to the qualifying

school the amount of the child's scholarship under Subsection (a) and any additional funds to which the child is entitled under Subsection (b).

(e) The agency shall direct the distribution of funds to the qualifying school the child attends on a monthly pro rata basis after educational services have been provided. The agency shall require that the qualifying school submit documentation of the child's attendance before the agency directs funds to the qualifying school. The payment shall be made not later than the 30th day after the date on which the agency receives from the qualifying school a request for payment.

(f) The child's scholarship is the entitlement of the child, under the supervision of the child's parent, and not that of any school.

(g) A qualifying school may not share a child's scholarship with or refund or rebate a child's scholarship to the parent or the child in any manner.

(h) The agency shall adopt rules regarding:

(1) the calculation and distribution of payments for qualifying schools; and

(2) application and approval procedures for qualifying school and student participation in the program.

(i) A child's scholarship may not be financed by money appropriated from the available school fund.

Sec. 29.356. PARTICIPATION BY QUALIFYING SCHOOLS. To participate in the program, a qualifying school must:

(1) be accredited by or have filed an application for

accreditation by an accrediting association recognized by the commissioner to accredit nongovernmental schools in this state; and

(2) not advocate or foster unlawful behavior or teach hatred of any person or group on the basis of race, ethnicity, national origin, or religion.

Sec. 29.357. ADMISSIONS. (a) A qualifying school chosen by an eligible child's parent under this subchapter may not deny admission by discriminating on the basis of the child's race, national origin, or ethnicity and must comply with the requirements of:

(1) 42 U.S.C. Section 2000d et seq. with respect to nondiscrimination on the basis of race, color, or national origin; and

(2) Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), with respect to nondiscrimination on the basis of disability.

(b) Except as provided by this subsection, a qualifying school that has more qualified scholarship applicants for attendance under this subchapter than available positions must fill the available scholarship positions by a random selection process. To achieve continuity in education, a school may give preference among scholarship applicants to:

(1) a previously enrolled student and to other children residing in the same household as a previously enrolled student;

(2) a student who is eligible for participation in the program under Section 29.354(a)(3)(B); and

(3) a student from a school considered low-performing under Section 39.132.

(c) A qualifying school may submit a written request for student records from the public school previously attended by an eligible child. On receipt of a request submitted under this subsection the public school shall in a timely manner deliver to the qualifying school a copy of the school's complete student records for that child, including attendance records, disciplinary records, past results of any assessment instruments administered to the child, the child's individualized educational program, and any other comprehensive assessments from each school the child previously attended. A public school that is required to release student records under this subsection shall comply with any applicable provision of the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g).

Sec. 29.358. ACCOUNTABILITY. (a) Each qualifying school that enrolls a child under this subchapter shall annually administer in the spring:

(1) the appropriate assessment instrument required under Section 39.023; or

(2) a nationally norm-referenced assessment instrument approved by the agency.

(b) The school shall provide:

(1) the child's results to the child's parent;

(2) the aggregated results of the assessment instruments to the public; and

(3) individual student results to researchers as

required under Section 29.364, with appropriate safeguards for student privacy.

Sec. 29.359. QUALIFYING SCHOOL AUTONOMY. (a) A qualifying school that accepts a scholarship under this subchapter is not an agent or arm of the state or federal government.

(b) Except as provided by this subchapter, the commissioner, the agency, the State Board of Education, or any other state agency may not regulate the admissions policy or educational program of a qualifying school that accepts a scholarship under this subchapter.

(c) The purpose of this subchapter is to allow maximum freedom to the private sector to respond to and provide for the educational needs of the children of this state without governmental control, and this subchapter shall be liberally construed to achieve that purpose.

Sec. 29.360. LIMITATION ON NUMBER OF PARTICIPATING CHILDREN. (a) Except as provided by Subsection (b), for the 2005-2006, 2006-2007, and 2007-2008 school years, the annual number of new student enrollments in the program from each eligible district is limited to five percent of the number of students in the district as of October 1 of the preceding school year.

(b) This section does not apply to a child who is eligible for participation in the program under Section 29.354(a) who:

(1) has dropped out of school;

(2) is starting school for the first time; or

(3) qualifies under the criteria described by Section 29.354(a)(3)(B).

(c) This section expires September 1, 2008.

Sec. 29.361. RULES. (a) The commissioner shall adopt rules as necessary to implement, administer, and enforce the program.

(b) A rule adopted under this section is binding on any other state or local governmental entity, including a political subdivision, as necessary to implement, administer, and enforce the program.

Sec. 29.362. PROGRAM COMPLIANCE. (a) The agency shall respond to and investigate any complaint or dispute arising under this subchapter.

(b) The agency shall enforce this subchapter and any rule adopted under this subchapter and may withhold funds from any district or qualifying school that violates this subchapter or a rule adopted under this subchapter.

Sec. 29.363. SCHOOLS OF CHOICE RESOURCE CENTERS. (a) The agency shall select one or more independent and privately funded nonprofit organizations to establish and operate schools of choice resource centers in each eligible district.

(b) A schools of choice resource center shall:

(1) assist parents in learning how to be better education consumers;

(2) provide information on educational alternatives;

(3) assist parents, schools, and school districts in implementing and responding to the program; and

(4) accept and approve applications for participation in the program as required by Section 29.355(c) and in accordance with rules adopted under Section 29.355(h)(2).

(c) This section expires September 30, 2013.

Sec. 29.364. EVALUATION OF PROGRAM. (a) Using funds other than state funds, the agency shall contract with one or more researchers experienced in evaluating school choice programs to conduct a study of the program.

(b) The study described by Subsection (a) must assess:

(1) each participating student's performance on annual assessment instruments before and after entering the program;

(2) the level of a participating student's satisfaction with the program;

(3) the level of parent satisfaction with the program;

(4) the overall impact of the program on public school students and on the districts and schools from which the participating students transferred; and

(5) the impact of the program on public and private school capacity, availability, and quality of service.

(c) The study shall incorporate appropriate analytical and behavioral science methodologies to ensure public confidence in the study.

(d) Schools and school districts to and from which students transfer to participate in the program shall cooperate with the research effort by providing student assessment instrument scores and any other data necessary to meet the requirements of this subchapter.

(e) The agency shall provide the legislature with a final copy of the study of the program.

(f) The agency may accept grants to pay the costs of

implementing this section.

(g) This section expires June 1, 2014.

SECTION 1.18. Section 31.025, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) The agency shall recommend to the State Board of Education a limit on the cost that may be paid from the state textbook fund for a textbook placed on the nonconforming list that is prorated in relation to the percentage of elements of the essential knowledge and skills of the subject and grade level that are missing from the textbook.

SECTION 1.19. Subsections (a), (b), and (c), Section 31.1011, Education Code, are amended to read as follows:

(a) The commissioner shall implement a program that allows [~~to study the use of credits for textbooks. The program shall be designed to allow~~] a [~~participating~~] school district or open-enrollment charter school to receive credit for textbooks purchased at a cost below the cost limit established under Section 31.025(a).

(b) The credit is an amount equal to the difference between the price paid for a textbook and the cost limit established under Section 31.025(a) for that textbook multiplied by the number of copies of that textbook the [~~participating~~] school district or open-enrollment charter school purchases.

(c) Fifty percent of the total textbook credit of a [~~participating~~] school district or open-enrollment charter school shall be credited to the state textbook fund, and 50 percent of the credit shall be credited to the [~~participating~~] district or school

to apply toward the requisition of additional textbooks or electronic textbooks on the conforming or nonconforming list.

SECTION 1.20. Chapter 33, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. SAFETY REGULATIONS FOR CERTAIN EXTRACURRICULAR ACTIVITIES

Sec. 33.201. APPLICABILITY. This subchapter applies to each public school in this state and to any other school in this state subject to University Interscholastic League regulations.

Sec. 33.202. SAFETY TRAINING REQUIRED. (a) The commissioner by rule shall develop and adopt a safety training program as provided by this section. In developing the program, the commissioner may use materials available from the American Red Cross or another appropriate entity.

(b) The following persons must satisfactorily complete the safety training program:

(1) a coach, trainer, or sponsor for an extracurricular athletic activity;

(2) except as provided by Subsection (f), a physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity; and

(3) a director responsible for a school marching band.

(c) The safety training program must include:

(1) certification of participants by the American Red Cross, the American Heart Association, or a similar organization or the University Interscholastic League, as determined by the commissioner;

(2) annual training in:

(A) emergency action planning;

(B) cardiopulmonary resuscitation if the person is not required to obtain certification under Section 33.086;

(C) communicating effectively with 9-1-1 emergency service operators and other emergency personnel; and

(D) recognizing symptoms of potentially catastrophic injuries, including head and neck injuries, concussions, injuries related to second impact syndrome, asthma attacks, heatstroke, cardiac arrest, and injuries requiring use of a defibrillator; and

(3) at least once each school year, a safety drill that incorporates the training described by Subdivision (2) and simulates various injuries described by Subdivision (2)(D).

(d) A student participating in an extracurricular athletic activity must receive training related to:

(1) recognizing the symptoms of injuries described by Subsection (c)(2)(D); and

(2) the risks of using supplements designed or marketed to enhance athletic performance.

(e) The safety training program and the training under Subsection (d) may each be conducted by a school or school district or by an organization described by Subsection (c)(1).

(f) A physician who is employed by a school or school district or who volunteers to assist with an extracurricular athletic activity is exempt from the requirements of Subsection (b) if the physician attends a continuing medical education course that

specifically addresses emergency medicine for athletic team physicians.

Sec. 33.203. COMPLETION OF UNIVERSITY INTERSCHOLASTIC LEAGUE MEDICAL HISTORY FORM. (a) Each student participating in an extracurricular athletic activity must complete the University Interscholastic League forms entitled "Preparticipation Physical Evaluation--Medical History" and "Acknowledgment of Rules." Each form must be signed by both the student and the student's parent or guardian.

(b) Each form described by Subsection (a) must clearly state that failure to accurately and truthfully answer all questions on a form required by statute or by the University Interscholastic League as a condition for participation in an extracurricular athletic activity subjects a signer of the form to penalties determined by the University Interscholastic League.

(c) The "Preparticipation Physical Evaluation--Medical History" form described by Subsection (a) must contain the following statement:

> "An individual answering in the affirmative to any question relating to a possible cardiovascular health issue, as identified on the form, should be restricted from further participation until the individual is examined by the individual's primary care physician. Ultimately, the individual may need to be evaluated by a cardiologist and/or undergo cardiac testing (including an echocardiogram and/or other heart-related examination) based on the

assessment by the primary care physician."

Sec. 33.204. CERTAIN UNSAFE ATHLETIC ACTIVITIES PROHIBITED. A coach, trainer, or sponsor for an extracurricular athletic activity may not encourage or permit a student participating in the activity to engage in any unreasonably dangerous athletic technique that unnecessarily endangers the health of a student, including using a helmet or any other sports equipment as a weapon.

Sec. 33.205. CERTAIN SAFETY PRECAUTIONS REQUIRED. (a) A coach, trainer, or sponsor for an extracurricular athletic activity shall at each athletic practice or competition ensure that:

(1) each student participating in the activity is adequately hydrated;

(2) any prescribed asthma medication for a student participating in the activity is readily available to the student;

(3) emergency lanes providing access to the practice or competition area are open and clear; and

(4) heatstroke prevention materials are readily available.

(b) If a student participating in an extracurricular athletic activity, including a practice or competition, is rendered unconscious during the activity, the student may not:

(1) return to the practice or competition during which the student was rendered unconscious; or

(2) continue to participate in any extracurricular athletic activity until the student receives written authorization from a physician.

Sec. 33.206. COMPLIANCE; ENFORCEMENT. (a) On request, a school shall make available to the public proof of compliance for each person enrolled in, employed by, or volunteering for the school who is required to receive safety training described by Section 33.202.

(b) The superintendent of a school district or the director of a school subject to this subchapter shall maintain complete and accurate records of the district's or school's compliance with Section 33.202.

(c) A school campus that is determined by the school's superintendent or director to not be in compliance with Section 33.202, 33.204, or 33.205 shall discontinue all extracurricular athletic activities offered by the school campus, including all practices and competitions, until the superintendent or director determines that the school campus is in compliance.

Sec. 33.207. CONTACT INFORMATION. (a) The commissioner shall maintain an existing telephone number and an electronic mail address to allow a person to report a violation of this subchapter.

(b) Each school that offers an extracurricular athletic activity shall prominently display at the administrative offices of the school the telephone number and electronic mail address maintained under Subsection (a).

Sec. 33.208. NOTICE REQUIRED. (a) A school that offers an extracurricular athletic activity shall provide to each student participating in an extracurricular athletic activity and to the student's parent or guardian a copy of the text of Sections 33.201-33.207 and a copy of the University Interscholastic League's

parent information manual.

(b) A document required to be provided under this section may be provided in an electronic format unless otherwise requested by a student, parent, or guardian.

Sec. 33.209. INCORPORATION OF SAFETY REGULATIONS. The University Interscholastic League shall incorporate the provisions of Sections 33.203-33.207 into the league's constitution and contest rules.

Sec. 33.210. IMMUNITY FROM LIABILITY. An action taken under this subchapter is not considered to be a ministerial act for purposes of Section 22.0511.

SECTION 1.21. Subchapter D, Chapter 33, Education Code, is amended by adding Section 33.087 to read as follows:

Sec. 33.087. REPORT CONCERNING AUTOMATED EXTERNAL DEFIBRILLATORS. (a) Using existing funds and other resources available for the purpose, the agency and the University Interscholastic League shall jointly investigate the availability of federal, state, local, and private funds for purchasing automated external defibrillators, as defined by Section 779.001, Health and Safety Code, for use by University Interscholastic League member schools, and the possibility of receiving a bulk discount on such purchases.

(b) The agency and the University Interscholastic League shall submit a report describing the findings of the investigation to the legislature not later than June 1, 2006.

(c) This section expires July 1, 2006.

SECTION 1.22. Subchapter B, Chapter 39, Education Code, is

amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. SECURITY IN ADMINISTRATION OF ASSESSMENT INSTRUMENTS. The agency shall make every effort to ensure the appropriate administration of assessment instruments under Section 39.023 and to protect the integrity of the assessment program established under this subchapter.

SECTION 1.23. Subsection (a), Section 39.053, Education Code, is amended to read as follows:

(a) Each board of trustees shall publish an annual report describing the educational performance of the district and of each campus in the district that includes uniform student performance and descriptive information as determined under rules adopted by the commissioner. The annual report must also include:

(1) campus performance objectives established under Section 11.253 and the progress of each campus toward those objectives, which shall be available to the public;

(2) the academic performance rating for the district and each campus in the district as provided under Section 39.072 [~~39.072(a) and the performance rating of each campus in the district as provided under Section 39.072(c)~~];

(3) the district's current special education compliance status with the agency;

(4) a statement of the number, rate, and type of violent or criminal incidents that occurred on each district campus, to the extent permitted under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g);

(5) information concerning school violence prevention

and violence intervention policies and procedures that the district is using to protect students; [~~and~~]

(6) the findings that result from evaluations conducted under the Safe and Drug-Free Schools and Communities Act of 1994 (20 U.S.C. Section 7101 et seq.) [~~and its subsequent amendments~~]; and

(7) information received under Section 51.403(e) for each high school campus in the district, presented in a form determined by the commissioner.

SECTION 1.24. Section 39.055, Education Code, is amended to read as follows:

Sec. 39.055. [~~ANNUAL~~] AUDIT OF DROPOUT RECORDS; REPORT. (a) The commissioner shall develop a process for auditing school district dropout records electronically. The commissioner shall also develop a system and standards for review of the audit or use systems already available at the agency. The system must be designed to identify districts that are at high risk of having inaccurate dropout records and that, as a result, may be subject to a special accreditation investigation under Section 39.075 [~~require on-site monitoring of dropout records. If the electronic audit of a district's dropout records indicates that a district is not at high risk of having inaccurate dropout records, the district may not be subject to on-site monitoring under this subsection. If the risk-based system indicates that a district is at high risk of having inaccurate dropout records, the district is entitled to an opportunity to respond to the commissioner's determination before on-site monitoring may be conducted. The district must respond not~~

~~later than the 30th day after the date the commissioner notifies the district of the commissioner's determination. If the district's response does not change the commissioner's determination that the district is at high risk of having inaccurate dropout records or if the district does not respond in a timely manner, the commissioner shall order agency staff to conduct on-site monitoring of the district's dropout records~~].

(b) [~~(e)~~] The commissioner shall notify the superintendent [~~board of trustees~~] of a school district of any objection the commissioner has to the district's dropout data, any violation of sound accounting practices or of a law or rule revealed by the data, or any recommendation by the commissioner concerning the data. If the data reflect that a penal law has been violated, the commissioner shall notify the county attorney, district attorney, or criminal district attorney, as appropriate, and the attorney general. The commissioner is entitled to access to all district records the commissioner considers necessary or appropriate for the review, analysis, or approval of district dropout data.

SECTION 1.25. Sections 39.071 and 39.072, Education Code, are amended to read as follows:

Sec. 39.071. ACCREDITATION. (a) Accreditation of a school district is determined in accordance with this section [~~subchapter~~].

(b) Each year, the commissioner shall determine the accreditation status of each school district. In determining accreditation status, the commissioner:

(1) shall evaluate and consider the performance of the

district under:

(A) the academic accountability system under Section 39.072; and

(B) the financial accountability system under Subchapter I;

(2) shall evaluate and consider:

(A) the results of any special accreditation investigation under Section 39.075; and

(B) the district's current special education monitoring or compliance status with the agency; and

(3) may consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

(c) Based on a school district's performance under

Subsection (b), the commissioner shall:

(1) assign a district an accreditation status of:

(A) accredited;

(B) accredited-warned; or

(C) accredited-probation; or

(2) revoke the accreditation of the district and order closure of the district under Section 39.1332.

(d) The commissioner shall notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. The commissioner shall require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) A school district that is not accredited may not receive funds from the agency or hold itself out as operating a public school of this state.

(f) This chapter may not be construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

Sec. 39.072. ACADEMIC ACCOUNTABILITY SYSTEM [~~ACCREDITATION STANDARDS~~]. (a) The commissioner [~~State Board of Education~~] shall adopt rules for assigning [~~to evaluate the performance of school districts and to assign~~] to each school district and campus a performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement or [~~and~~] within 10 percent of state exemplary standards);

(3) academically acceptable (below the exemplary and recognized standards but exceeds the academically unacceptable standards); or

(4) academically unacceptable (below the state clearly unacceptable performance standard and does not meet required improvement).

(b) The academic excellence indicators adopted under Section 39.051(b) [~~Sections 39.051(b)(1) through (7) and the district's current special education compliance status with the agency~~] shall be the main considerations of the agency in the rating of a school [~~the~~] district or campus under this section. [~~Additional criteria in the rules may include consideration of:~~

[~~(1) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under specific statutory authority that relate to:~~

[~~(A) reporting data through the Public Education Information Management System (PEIMS);~~

[~~(B) the high school graduation requirements under Section 28.025; or~~

[~~(C) an item listed in Sections 7.056(e)(3)(C)-(I) that applies to the district;~~

[~~(2) the effectiveness of the district's programs for special populations; and~~

[~~(3) the effectiveness of the district's career and technology programs.~~]

(c) The agency shall evaluate [~~against state standards~~] and [~~shall~~], not later than August 15 [~~1~~] of each year, report the performance of each school [~~campus in a~~] district and campus [~~each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (7). Consideration of the effectiveness of district programs under Subsection (b)(2) or (3) must be based on data collected through the Public Education Information Management System for purposes of accountability under this chapter and include the results of assessments required under Section 39.023~~].

(d) The agency shall annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. The commissioner may determine how the indicators adopted under Section 39.051(b) may be used to determine academic performance ratings and to select districts and campuses for acknowledgment.

(e) Each annual review shall include an analysis of the indicators under Section 39.051(b) to determine district and campus performance in relation to:

(1) state standards established for each indicator;

(2) required improvement as defined under Section 39.051(c); and

(3) comparable improvement as determined under Section 39.051(c).

(f) The academic performance rating of a school district may

be raised or lowered based on the district's performance or may be lowered based on the unacceptable performance of one or more campuses in the district. The academic performance rating of a school district may also be lowered based on a determination that data provided to the agency by the district that is necessary for conducting an annual review under this section is unreliable.

(g) The commissioner shall notify a school district if the performance of the district or a campus in the district is below a standard required under this section. The commissioner shall require the school district to notify the parents of students who are enrolled in the district and property owners in the district of the academic performance rating and the implications of that rating.

(h) Notwithstanding any other provision of this code, for purposes of determining the performance of a school district or open-enrollment charter school under this chapter, including the academic performance rating [~~accreditation status~~] of the district or school, a student attending a campus that is a [~~confined by court order in a residential program or~~] facility operated by or under contract with the Texas Youth Commission, a pre-adjudication secure detention facility or a post-adjudication secure correctional facility that is registered with the Texas Juvenile Probation Commission, or a residential facility is not considered to be a student of the school district or open-enrollment charter school serving the student [~~in which the program or facility is physically located~~]. The performance of a student who attends such a campus [~~student~~] on an assessment instrument or other academic excellence

indicator adopted under Section 39.051 shall be determined and[~~,~~] reported, but may not be used to determine the rating of the school district or open-enrollment charter school unless the campus is the only campus operated by the district or school [~~and considered separately from the performance of students attending a school of the district in which the program or facility is physically located~~].

SECTION 1.26. Subsection (a), Section 39.075, Education Code, is amended to read as follows:

(a) The commissioner may [~~shall~~] authorize special accreditation investigations to be conducted:

(1) when excessive numbers of absences of students eligible to be tested on state assessment instruments are determined;

(2) when excessive numbers of allowable exemptions from the required state assessment instrument are determined;

(3) in response to complaints submitted to the agency with respect to alleged violations of civil rights or other requirements imposed on the state by federal law or court order;

(4) in response to established monitoring or compliance reviews of the district's financial accounting practices and state and federal program requirements;

(5) when extraordinary numbers of student placements in disciplinary alternative education programs, other than placements under Sections 37.006 and 37.007, are determined;

(6) in response to an allegation involving a conflict between members of the board of trustees or between the board and

the district administration if it appears that the conflict involves a violation of a role or duty of the board members or the administration clearly defined by this code;

(7) when excessive numbers of students in special education programs under Subchapter A, Chapter 29, are assessed through assessment instruments developed or adopted under Section 39.023(b); [~~or~~]

(8) in response to questions concerning a program, including special education, required by federal law or for which the district receives federal funds;

(9) when an annual review indicates the academically unacceptable performance under Section 39.072 of one or more campuses in a district, except that the resulting investigation is limited to those campuses;

(10) in response to concerns regarding the integrity of data submitted to the agency;

(11) in response to allegations of a violation of student assessment procedures for assessment instruments adopted under Section 39.023; or

(12) as the commissioner otherwise determines necessary.

SECTION 1.27. Subsection (c), Section 39.075, Education Code, as amended by Chapters 396 and 931, Acts of the 76th Legislature, Regular Session, 1999, is reenacted and amended to read as follows:

(c) Based on the results of a special accreditation investigation, the commissioner may:

(1) take appropriate action under Subchapter G;

(2) raise or lower the district's accreditation status [~~rating~~]; or

(3) take action under both Subdivisions (1) and (2).

SECTION 1.28. Section 39.076, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (c) to read as follows:

(a) The agency shall adopt written procedures for conducting [~~on-site~~] investigations under this subchapter. The agency shall make the procedures available to the complainant, the alleged violator, and the public. Agency staff must be trained in the procedures and must follow the procedures in conducting the investigation.

(a-1) An investigation conducted under this subchapter may be an on-site, desk, or data-based investigation as determined by the commissioner.

(a-2) If conducting an on-site investigation, the investigators may obtain information from administrators, teachers, or parents of students enrolled in the school district. The commissioner 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 a campus or district from screening the information.

(a-3) The agency may give written notice of any impending on-site investigation to the superintendent and the board of trustees of a school district.

(c) The investigators conducting an on-site investigation shall report the results of the investigation orally and in writing to the board of trustees of the district and, as appropriate, to campus administrators, and shall make recommendations concerning any necessary improvements or sources of aid, such as regional education service centers.

SECTION 1.29. Subchapter D, Chapter 39, Education Code, is amended by adding Sections 39.077 and 39.078 to read as follows:

Sec. 39.077. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to assign or lower an accreditation status, an academic performance rating, or a financial accountability rating following a review under Section 7.0571 is final and may not be appealed.

Sec. 39.078. RULES. The commissioner may adopt rules as necessary to administer this subchapter.

SECTION 1.30. Sections 39.131, 39.132, and 39.133, Education Code, are amended to read as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following

actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve;

(3) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the district's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;

(5) arrange an on-site investigation of the district;

(6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;

(7) appoint a conservator to oversee the operations of the district;

(8) appoint a management team to direct the operations of the district in areas of unacceptable performance or require the

district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is [~~been~~] rated [~~as~~] academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule [~~for a period of one year or more~~], appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and [~~been rated as academically unacceptable for a period of two years or more~~]:

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has been rated [~~as~~] academically unacceptable for [~~a period of~~] two consecutive school years, including the current school year, [~~or more~~] due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout

prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

(b) This subsection applies regardless of whether a district has satisfied the accreditation criteria. If for two consecutive school years, including the current school year, [~~a period of one year or more~~] a district has had a conservator or management team assigned, the commissioner may appoint a board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

Sec. 39.132. SANCTIONS FOR CAMPUSES. (a) If a campus receives an academic performance rating of academically unacceptable under Section 39.072 [~~is below any standard under Section 39.073(b)~~], the [~~campus is considered a low-performing campus. The~~] commissioner may permit the campus to participate in an innovative redesign of the campus to improve campus performance or may take any of the other following actions[~~, listed in order of severity,~~] to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees at the campus for the purpose of:

(A) notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve within a designated period of time; and

(B) soliciting public comment on the initial steps being taken to improve performance;

(3) order the preparation of a report regarding the parental involvement program at the campus and a plan describing strategies for improving parental involvement at the campus;

(4) order the preparation of a report regarding the effectiveness of the district- and campus-level planning and decision-making committees established under Subchapter F, Chapter 11, and a plan describing strategies for improving the effectiveness of those committees;

(5) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the campus's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(6) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees, the superintendent, and the campus principal shall appear and explain the campus's low performance, lack of improvement, and plans for improvement;

(7) appoint a special campus intervention team to:

(A) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;

(B) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;

(C) assist in the development of a campus plan for student achievement; and

(D) assist the commissioner in monitoring the progress of the campus in implementing the campus plan for improvement of student achievement; [~~or~~]

(8) appoint an agency monitor to participate in and report to the agency on activities relating to operation of the campus; or

(9) if a campus is currently rated academically unacceptable [~~has been a low-performing campus for a period of one year or more~~], appoint a board of managers composed of residents of the district to exercise the powers and duties of the board of trustees of the district in relation to the campus.

(b) If a campus has been rated academically unacceptable [~~a low-performing campus~~] for [~~a period of~~] two or more consecutive school years, including the current school year [~~or more~~], the commissioner shall order the closure of the district or charter

program on the campus or reconstitute the campus. In reconstituting the campus, a special campus intervention team shall be assembled for the purpose of deciding which educators may be retained at that campus. If an educator is not retained, the educator may be assigned to another position in the district.

Sec. 39.133. ANNUAL REVIEW. (a) The commissioner shall review annually the performance of a district or campus subject to a sanction under this subchapter to determine the appropriate actions to be implemented under this subchapter. The determination shall take into account the number, severity, and duration of the problems identified [~~The commissioner must review at least annually the performance of a district for which the accreditation rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance~~]. If the review reveals a lack of improvement, the commissioner shall increase the level of state intervention and sanction unless the commissioner finds good cause for maintaining the current status.

(b) The commissioner shall review at least annually the performance of a school district for which the academic performance rating has been lowered due to unacceptable student performance and may not raise the rating until the district has demonstrated improved student performance.

SECTION 1.31. Subchapter G, Chapter 39, Education Code, is amended by adding Sections 39.1331, 39.1332, and 39.1333 to read as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In

addition to other sanctions authorized under Sections 39.131 and 39.132, the commissioner may order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. The commissioner's order may require the district or campus to:

(1) select an external auditor, data quality expert, professional authorized to monitor district assessment instrument administration, or curriculum or program expert; or

(2) provide for the appropriate training of district staff or board of trustees members in the case of a district, or campus staff, in the case of a campus.

Sec. 39.1332. CLOSURE OF SCHOOL DISTRICT OR CAMPUS. (a) The commissioner may revoke the accreditation of a school district and order the closure of the district or a campus, as appropriate, under the following circumstances:

(1) the commissioner is authorized to close the district or campus under Section 39.131(a)(10) or 39.132(b);

(2) the commissioner determines that the district is insolvent and unable to complete the school year; or

(3) the commissioner determines that the district has ceased operations for 11 or more instructional days during the current or most recent scheduled school year without the commissioner's authorization.

(b) The commissioner shall issue an order of closure under this section that includes provisions necessary for the continuation of the education of students enrolled in the district

or campus, including annexation to one or more adjoining districts as provided by Section 13.054. An order of closure may:

(1) establish an effective date for accreditation revocation and closure that is not later than the first anniversary of the date of the order;

(2) provide for an interim board of managers to exercise the duties of the board of trustees of the district as designated by the commissioner;

(3) require enrollment or student services to be provided by another district as necessary to allow students enrolled in the closed district to complete a school year, and make adjustments in the state and federal funding to which the district would otherwise be entitled as determined by the commissioner; and

(4) require the preservation, transfer, or surrender of all student records and other records required for an audit of any state and federal funding provided to the district.

(c) A person who intentionally destroys, conceals, or tampers with a record that is required to be preserved, transferred, or surrendered under Subsection (b)(4) commits an offense punishable under Section 37.10(c)(2), Penal Code.

(d) A board of managers exercising authority under Subsection (b)(2) may exercise the authority of the board of trustees with regard to financial management of the district and personnel actions. The board of managers is not required to be composed of residents of the district.

(e) An open-enrollment charter school ordered closed under this section is not entitled to a separate hearing concerning the

revocation or nonrenewal of the charter under Section 12.116.

Sec. 39.1333. FINALITY OF DECISION BY COMMISSIONER. (a) A school district, open-enrollment charter school, or other person that wishes to challenge a decision to impose a sanction under this subchapter, including a decision to close a district, school, or campus under Section 39.1332, must petition for an informal review as provided by Section 7.0571.

(b) A final decision by the commissioner to impose a sanction under this subchapter, including a decision to close a school district or a campus under Section 39.1332, following a review under Section 7.0571 is final and may not be appealed.

(c) A school district may not collaterally contest an academic performance rating or other accreditation standard as part of the review of a sanction under this subchapter if a review opportunity has already been provided for the academic performance rating.

SECTION 1.32. Section 39.134, Education Code, is amended to read as follows:

Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing a monitor, conservator, management team, [~~or~~] special campus intervention team, or service provider under Section 39.1331 shall be paid by the district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under

Section 42.258.

SECTION 1.33. Section 39.182, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The report must include a summary of:

(1) investigations authorized by the agency into inappropriate administrations of assessment instruments under Section 39.023; and

(2) the efforts the agency has made under Section 39.0232 to ensure the appropriate administration of assessment instruments and to protect the integrity of the assessment program established under Subchapter B.

SECTION 1.34. Subsection (c), Section 2175.304, Government Code, is amended to read as follows:

(c) The procedures established under Subsection (b) must give preference to transferring the property directly to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school or school district or assistance organization seeks to acquire the same property on substantially the same terms, the system, institution, or agency shall give preference to a public school that is rated academically unacceptable under Section 39.072, Education Code, [~~considered low-performing by the commissioner of education~~] or to a school district that has a taxable wealth per student that entitles the district to an allotment of state funds under Subchapter F, Chapter 42, Education Code, or to the assistance organization designated by such a school district.

SECTION 1.35. Subsection (c), Section 302.006, Labor Code, is amended to read as follows:

(c) To be eligible to receive a scholarship awarded under this section, a person must:

(1) be employed in a child-care facility, as defined by Section 42.002, Human Resources Code;

(2) intend to obtain a credential, certificate, or degree specified in Subsection (b);

(3) agree to work for at least 18 additional months in a child-care facility, as defined by Section 42.002, Human Resources Code, that accepts federal Child Care Development Fund subsidies and that, at the time the person begins to fulfill the work requirement imposed by this subdivision, is located:

(A) within the attendance zone of a public school campus that is rated academically unacceptable [~~considered low-performing~~] under Section 39.072 [~~39.132~~], Education Code; or

(B) in an economically disadvantaged community, as determined by the commission; and

(4) satisfy any other requirements adopted by the commission.

SECTION 1.36. Section 8.010, Subsections (d) and (e), Section 31.1011, Subsection (d), Section 39.051, and Sections 39.073 and 39.074, Education Code, are repealed.

SECTION 1.37. (a) The Texas Education Agency shall make the urban school choice pilot program as provided by Subchapter J, Chapter 29, Education Code, as added by this article, available for participation beginning with the 2005-2006 academic school year.

(b) As soon as practicable, the commissioner of education shall adopt and implement rules necessary for the administration of the program.

SECTION 1.38. (a) The constitutionality and other validity under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this article, may be determined in an action for declaratory judgment in a district court in Travis County under Chapter 37, Civil Practice and Remedies Code.

(b) An appeal of a declaratory judgment or order, however characterized, of a district court, including an appeal of the judgment of an appellate court, holding or otherwise determining that all or any part of Subchapter J, Chapter 29, Education Code, as added by this article, is constitutional or unconstitutional, or otherwise valid or invalid, under the state or federal constitution is an accelerated appeal.

(c) If the judgment or order is interlocutory, an interlocutory appeal may be taken from the judgment or order and is an accelerated appeal.

(d) A district court in Travis County may grant or deny a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this article.

(e) There is a direct appeal to the supreme court from an order, however characterized, of a trial court granting or denying

a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Subchapter J, Chapter 29, Education Code, as added by this article.

(f) The direct appeal is an accelerated appeal.

(g) This section exercises the authority granted by Section 3-b, Article V, Texas Constitution.

(h) The filing of a direct appeal under this section will automatically stay any temporary or otherwise interlocutory injunction or permanent injunction granted in accordance with this section pending final determination by the supreme court, unless the supreme court makes specific findings that the applicant seeking such injunctive relief has pleaded and proved that:

(1) the applicant has a probable right to the relief it seeks on final hearing; and

(2) the applicant will suffer a probable injury that is imminent and irreparable, and that the applicant has no other adequate legal remedy.

(i) An appeal under this section, including an interlocutory, accelerated, or direct appeal, is governed, as applicable, by the Texas Rules of Appellate Procedure, including Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1), 38.6(a) and (b), 40.1(b), and 49.4.

SECTION 1.39. (a) Except as otherwise provided by this section, this article applies beginning with the 2005-2006 school year.

(b) Subchapter F, Chapter 33, Education Code, as added by this article, applies beginning with the 2006-2007 school year.

ARTICLE 2. DRIVER AND TRAFFIC SAFETY EDUCATION

SECTION 2.01. Section 1001.001, Education Code, is amended by amending Subdivisions (2) through (5) and adding Subdivision (13-a) to read as follows:

(2) "Approved driving safety course" means a driving safety course approved by the department [~~commissioner~~].

(3) "Commission" [~~"Commissioner"~~] means the Texas Commission of Licensing and Regulation [~~commissioner of education~~].

(4) "Course provider" means an enterprise that:

(A) maintains a place of business or solicits business in this state;

(B) is operated by an individual, association, partnership, or corporation; and

(C) has received an approval for a driving safety course from the department [~~commissioner~~] or has been designated by a person who has received that approval to conduct business and represent the person in this state.

(5) "Department" means the Texas Department of Licensing and Regulation [~~Public Safety~~].

(13-a) "Executive director" means the executive director of the department.

SECTION 2.02. Subsection (c), Section 1001.002, Education Code, is amended to read as follows:

(c) A driver education course is exempt from this chapter,

other than Section 1001.055, if the course is:

(1) conducted by a vocational driver training school operated to train or prepare a person for a field of endeavor in a business, trade, technical, or industrial occupation;

(2) conducted by a school or training program that offers only instruction of purely avocational or recreational subjects as determined by the department [~~commissioner~~];

(3) sponsored by an employer to train its own employees without charging tuition;

(4) sponsored by a recognized trade, business, or professional organization with a closed membership to instruct the members of the organization; or

(5) conducted by a school regulated and approved under another law of this state.

SECTION 2.03. Sections 1001.003 and 1001.004, Education Code, are amended to read as follows:

Sec. 1001.003. LEGISLATIVE INTENT REGARDING SMALL BUSINESSES. It is the intent of the legislature that commission [~~agency~~] rules that affect driver training schools that qualify as small businesses be adopted and administered so as to have the least possible adverse economic effect on the schools.

Sec. 1001.004. COST OF ADMINISTERING CHAPTER. The cost of administering this chapter shall be included in the state budget allowance for the department [~~agency~~].

SECTION 2.04. Sections 1001.051 and 1001.052, Education Code, are amended to read as follows:

Sec. 1001.051. JURISDICTION OVER SCHOOLS. The department

[~~agency~~] has jurisdiction over and control of driver training schools regulated under this chapter.

Sec. 1001.052. RULES. The commission [~~agency~~] shall adopt [~~and administer~~] comprehensive rules governing driving safety courses, including rules to ensure the integrity of approved driving safety courses and enhance program quality.

SECTION 2.05. The heading to Section 1001.053, Education Code, is amended to read as follows:

Sec. 1001.053. POWERS AND DUTIES OF DEPARTMENT [~~COMMISSIONER~~].

SECTION 2.06. Subsection (a), Section 1001.053, Education Code, is amended to read as follows:

(a) The department [~~commissioner~~] shall:

(1) administer [~~the policies of~~] this chapter;

(2) enforce minimum standards for driver training schools under this chapter;

(3) [~~adopt and~~] enforce rules adopted by the commission necessary to administer this chapter; and

(4) inspect [~~visit~~] a driver training school or course provider and reexamine the school or course provider for compliance with this chapter.

SECTION 2.07. The heading to Section 1001.054, Education Code, is amended to read as follows:

Sec. 1001.054. RULES RESTRICTING ADVERTISING [~~OR COMPETITIVE BIDDING~~].

SECTION 2.08. Subsection (c), Section 1001.054, Education Code, is amended to read as follows:

(c) The commission [~~commissioner~~] by rule may restrict advertising by a branch location of a driver training school so that the location adequately identifies the primary location of the school in a solicitation.

SECTION 2.09. Section 1001.055, Education Code, is amended to read as follows:

Sec. 1001.055. DRIVER EDUCATION CERTIFICATES. (a) The department [~~agency~~] shall print and supply to each licensed or exempt driver education school driver education certificates to be used for certifying completion of an approved driver education course to satisfy the requirements of Section 521.204(a)(2), Transportation Code. The certificates must be numbered serially.

(b) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized reproduction or misuse of the certificates.

(c) The department [~~agency~~] may charge a fee of not more than $4 for each certificate.

SECTION 2.10. Subsections (b) through (e) and (g), Section 1001.056, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall print and supply to each licensed course provider uniform certificates of course completion. The certificates must be numbered serially.

(c) The commission [~~agency~~] by rule shall provide for the design and distribution of the certificates in a manner that, to the greatest extent possible, prevents the unauthorized production or misuse of the certificates.

(d) A certificate under this section must:

(1) be in a form required by the department [~~agency~~]; and

(2) include an identifying number by which the department [~~agency~~], a court, or the Department of Public Safety [~~department~~] may verify its authenticity with the course provider.

(e) The department [~~agency~~] may charge a fee of not more than $4 for each certificate. A course provider shall charge an operator a fee equal to the amount of the fee paid to the department [~~agency~~] for a certificate.

(g) The department [~~agency~~] shall issue duplicate certificates. The commission [~~commissioner~~] by rule shall determine the amount of the fee for issuance of a duplicate certificate.

SECTION 2.11. Section 1001.057, Education Code, is amended to read as follows:

Sec. 1001.057. ELECTRONIC TRANSMISSION OF DRIVING SAFETY COURSE INFORMATION. The department [~~agency~~] shall investigate options to develop and implement procedures to electronically transmit information relating to driving safety courses to municipal and justice courts.

SECTION 2.12. Subchapter B, Chapter 1001, Education Code, is amended by adding Section 1001.058 to read as follows:

Sec. 1001.058. DESIGNATION OF PERSON TO ADMINISTER CHAPTER. The executive director may designate a person knowledgeable in the administration of regulating driver training schools to administer this chapter for the department.

SECTION 2.13. Sections 1001.101 and 1001.102, Education Code, are amended to read as follows:

Sec. 1001.101. DRIVER EDUCATION COURSE CURRICULUM AND TEXTBOOKS. The commission [~~commissioner~~] by rule shall establish the curriculum and designate the textbooks to be used in a driver education course.

Sec. 1001.102. ALCOHOL AWARENESS INFORMATION. (a) The commission [~~agency~~] by rule shall require that information relating to alcohol awareness and the effect of alcohol on the effective operation of a motor vehicle be included in the curriculum of any driver education course or driving safety course.

(b) In developing rules under this section, the commission [~~agency~~] shall consult with the Department of Public Safety [~~department~~].

SECTION 2.14. Subsections (b), (d), and (e), Section 1001.103, Education Code, are amended to read as follows:

(b) The department [~~agency~~] shall develop standards for a separate school certification and approve curricula for drug and alcohol driving awareness programs that include one or more courses. Except as provided by commission [~~agency~~] rule, a program must be offered in the same manner as a driving safety course.

(d) In accordance with Section 461.013(b), Health and Safety Code, the department [~~agency~~] and the Texas Commission on Alcohol and Drug Abuse shall enter into a memorandum of understanding for the interagency approval of the required curricula.

(e) The commission [~~Notwithstanding Section 1001.056,~~

~~Subchapter D, and Sections 1001.213 and 1001.303, the commissioner~~] may establish fees in connection with the programs under this section. The fees must be in amounts reasonable and necessary to administer the department's [~~agency's~~] duties under this section.

SECTION 2.15. Sections 1001.104 and 1001.105, Education Code, are amended to read as follows:

Sec. 1001.104. HOSPITAL AND REHABILITATION FACILITIES. (a) The department [~~agency~~] shall enter into a memorandum of understanding with the Texas Rehabilitation Commission and the Department of Public Safety [~~department~~] for the interagency development of curricula and licensing criteria for hospital and rehabilitation facilities that teach driver education.

(b) The department [~~agency~~] shall administer comprehensive rules governing driver education courses adopted by mutual agreement among the commission [~~agency~~], the Texas Rehabilitation Commission, and the Department of Public Safety [~~department~~].

Sec. 1001.105. TEXAS DEPARTMENT OF INSURANCE. The commission [~~agency~~] shall enter into a memorandum of understanding with the Texas Department of Insurance for the interagency development of a curriculum for driving safety courses.

SECTION 2.16. Subsections (b), (c), and (d), Section 1001.106, Education Code, are amended to read as follows:

(b) The commission [~~commissioner~~] by rule shall provide minimum standards of curriculum relating to operation of vehicles at railroad and highway grade crossings.

(c) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~]

1001.456 of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(d) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.17. Section 1001.107, Education Code, is amended to read as follows:

Sec. 1001.107. INFORMATION RELATING TO LITTER PREVENTION. (a) The commission [~~commissioner~~] by rule shall require that information relating to litter prevention be included in the curriculum of each driver education and driving safety course.

(b) In developing rules under this section, the commission [~~commissioner~~] shall consult the Department of Public Safety [~~department~~].

SECTION 2.18. Subsections (a) and (c), Section 1001.108, Education Code, are amended to read as follows:

(a) The commission [~~commissioner~~] by rule shall require that information relating to anatomical gifts be included in the curriculum of each driver education course and driving safety course.

(c) In developing rules under this section, the commission [~~commissioner~~] shall consult with the Department of Public Safety [~~department~~] and the [~~Texas~~] Department of State Health Services.

SECTION 2.19. Section 1001.151, Education Code, is amended to read as follows:

Sec. 1001.151. APPLICATION, LICENSE, AND REGISTRATION FEES. (a) The commission [~~commissioner~~] shall establish

[~~collect~~] application, license, and registration fees. The fees must be in amounts sufficient to cover administrative costs and are nonrefundable. The department shall collect the application, license, and registration fees.

(b) The commission shall establish a fee for:

(1) an initial driver education school license and [~~is $1,000 plus $850~~] for each branch location; [~~.~~]

(2) [~~(c) The fee for~~] an initial driving safety school license; [~~is an appropriate amount established by the commissioner not to exceed $200.~~]

(3) [~~(d) The fee for~~] an initial course provider license [~~is an appropriate amount established by the commissioner not to exceed $2,000~~], except that the commission [~~agency~~] may waive the fee if revenue received from the course provider is sufficient to cover the cost of licensing the course provider; [~~.~~]

(4) the [~~(e) The~~] annual renewal [~~fee~~] for a course provider, driving safety school, driver education school, or branch location [~~is an appropriate amount established by the commissioner not to exceed $200~~], except that the commission [~~agency~~] may waive the fee if revenue generated by the issuance of uniform certificates of course completion and driver education certificates is sufficient to cover the cost of administering this chapter and Article 45.0511, Code of Criminal Procedure; [~~.~~]

(5) [~~(f) The fee for~~] a change of address of [~~:~~

[~~(1)~~] a driver education school, [~~is $180; and~~

[~~(2)~~] a driving safety school, or course provider; [~~is $50.~~]

(6) [~~(g) The fee for~~] a change of name of:

(A) [~~(1)~~] a driver education school or course provider or an owner of a driver education school or course provider [~~is $100~~]; or [~~and~~]

(B) [~~(2)~~] a driving safety school or owner of a driving safety school; [~~is $50.~~]

(7) [~~(h) The application fee for~~] each additional driver education or driving safety course at a driver training school; [~~is $25.~~]

(8) an [~~(i) The~~] application of a [~~fee for:~~

[~~(1) each~~] director, [~~is $30; and~~

[~~(2) each~~] assistant director, or administrative staff member; and [~~is $15.~~]

(9) an [~~(j) Each~~] application for approval of a driving safety course that has not been evaluated by the department [~~commissioner must be accompanied by a nonrefundable fee of $9,000~~].

(c) [~~(k)~~] An application for an original driver education or driving safety instructor license must be accompanied by a processing fee [~~of $50~~] and an annual license fee [~~of $25~~], except that the department [~~commissioner~~] may not collect the processing fee from an applicant for a driver education instructor license who is currently teaching a driver education course in a public school in this state.

(d) [~~(l)~~] The commission [~~commissioner~~] shall establish the amount of the fee for a duplicate license.

SECTION 2.20. Section 1001.153, Education Code, is amended

to read as follows:

Sec. 1001.153. COMPLAINT INVESTIGATION FEE. (a) The commission [~~commissioner~~] shall establish the amount of the fee to investigate a driver training school or course provider to resolve a complaint against the school or course provider.

(b) The fee may be charged only if:

(1) the complaint could not have been resolved solely by telephone or in writing;

(2) a representative of the department [~~agency~~] visited the school or course provider as a part of the complaint resolution process; and

(3) the school or course provider was found to be at fault.

SECTION 2.21. Subsection (b), Section 1001.202, Education Code, is amended to read as follows:

(b) A driving safety school may use multiple classroom locations to teach a driving safety course if each location:

(1) is approved by the parent school and the department [~~agency~~];

(2) has the same name as the parent school; and

(3) has the same ownership as the parent school.

SECTION 2.22. Sections 1001.203 through 1001.206, Education Code, are amended to read as follows:

Sec. 1001.203. APPLICATION. To operate or do business in this state, a driver training school must apply to the department [~~commissioner~~] for the appropriate license. The application must:

(1) be in writing;

(2) be in the form prescribed by the department [~~commissioner~~];

(3) include all required information; and

(4) be verified.

Sec. 1001.204. REQUIREMENTS FOR DRIVER EDUCATION SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driver education school license if, on investigation of the premises of the school, it is determined that the school:

(1) has courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the courses, curricula, and instruction are offered;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality in the classroom and behind the wheel;

(3) has directors, instructors, and administrators who have adequate educational qualifications and experience;

(4) provides to each student before enrollment:

(A) a copy of:

(i) the refund policy;

(ii) the schedule of tuition, fees, and other charges; and

(iii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the~~

~~agency~~] for the purpose of directing complaints to the department [~~agency~~];

(5) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(6) on completion of training, issues each student a certificate indicating the course name and satisfactory completion;

(7) complies with all county, municipal, state, and federal regulations, including fire, building, and sanitation codes and assumed name registration;

(8) is financially sound and capable of fulfilling its commitments for training;

(9) has administrators, directors, owners, and instructors who are of good reputation and character;

(10) maintains and publishes as part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive

director [~~commissioner~~];

(13) submits to the department [~~agency~~] for approval the applicable course hour lengths and curriculum content for each course offered by the school;

(14) does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(15) meets any additional criteria required by the department [~~agency~~].

Sec. 1001.205. REQUIREMENTS FOR DRIVING SAFETY SCHOOL LICENSE. The department [~~commissioner~~] shall approve an application for a driving safety school license if on investigation the department [~~agency~~] determines that the school:

(1) has driving safety courses, curricula, and instruction of a quality, content, and length that reasonably and adequately achieve the stated objective for which the course, curricula, and instruction are developed by the course provider;

(2) has adequate space, equipment, instructional material, and instructors to provide training of good quality;

(3) has instructors and administrators who have adequate educational qualifications and experience;

(4) maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(5) complies with all county, municipal, state, and federal laws, including fire, building, and sanitation codes and assumed name registration;

(6) has administrators, owners, and instructors who are of good reputation and character;

(7) does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(8) does not use a name similar to the name of another existing school or tax-supported educational establishment in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(9) maintains and uses the approved contract and policies developed by the course provider;

(10) does not owe an administrative penalty for a violation of [~~under~~] this chapter;

(11) will not provide a driving safety course to a person for less than $25; and

(12) meets additional criteria required by the department [~~commissioner~~].

Sec. 1001.206. REQUIREMENTS FOR COURSE PROVIDER LICENSE. The department [~~commissioner~~] shall approve an application for a course provider license if on investigation the department [~~agency~~] determines that:

(1) the course provider has an approved course that at least one licensed driving safety school is willing to offer;

(2) the course provider has adequate educational qualifications and experience;

(3) the course provider will:

(A) develop and provide to each driving safety

school that offers the approved course a copy of:

(i) the refund policy; and

(ii) the regulations relating to absence, grading policy, and rules of operation and conduct; and

(B) provide to the driving safety school the department's name, mailing address, [~~and~~] telephone number, and Internet website address [~~of the agency~~] for the purpose of directing complaints to the department [~~agency~~];

(4) a copy of the information provided to each driving safety school under Subdivision (3) will be provided to each student by the school before enrollment;

(5) not later than the 15th working day after the date the person successfully completes the course, the course provider will mail a uniform certificate of course completion to the person indicating the course name and successful completion;

(6) the course provider maintains adequate records as prescribed by the department [~~commissioner~~] to show attendance and progress or grades and enforces satisfactory standards relating to attendance, progress, and conduct;

(7) the course provider complies with all county, municipal, state, and federal laws, including assumed name registration and other applicable requirements;

(8) the course provider is financially sound and capable of fulfilling its commitments for training;

(9) the course provider is of good reputation and character;

(10) the course provider maintains and publishes as a

part of its student enrollment contract the proper policy for the refund of the unused portion of tuition, fees, and other charges if a student fails to take the course or withdraws or is discontinued from the school at any time before completion;

(11) the course provider does not use erroneous or misleading advertising, either by actual statement, omission, or intimation, as determined by the department [~~commissioner~~];

(12) the course provider does not use a name similar to the name of another existing school or tax-supported educational institution in this state, unless specifically approved in writing by the executive director [~~commissioner~~];

(13) the course provider does not owe an administrative penalty for a violation of [~~under~~] this chapter; and

(14) the course provider meets additional criteria required by the department [~~commissioner~~].

SECTION 2.23. Subsections (a) and (b), Section 1001.207, Education Code, are amended to read as follows:

(a) Before a driver education school may be issued a license, the school must file a corporate surety bond with the department [~~commissioner~~] in the amount of:

(1) $10,000 for the primary location of the school; and

(2) $5,000 for each branch location.

(b) A bond issued under Subsection (a) must be:

(1) issued in a form approved by the department [~~commissioner~~];

(2) issued by a company authorized to do business in

this state;

(3) payable to the state to be used only for payment of a refund due to a student or potential student;

(4) conditioned on the compliance of the school and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(5) issued for a period corresponding to the term of the license.

SECTION 2.24. Subsection (b), Section 1001.209, Education Code, is amended to read as follows:

(b) A bond issued under Subsection (a) must be:

(1) issued by a company authorized to do business in this state;

(2) payable to the state to be used:

(A) for payment of a refund due a student of the course provider's approved course;

(B) to cover the payment of unpaid fees or penalties assessed by the department [~~agency~~]; or

(C) to recover the cost of uniform certificates of course completion the department [~~agency~~] demands be returned or any cost associated with the certificates;

(3) conditioned on the compliance of the course provider and its officers, agents, and employees with this chapter and rules adopted under this chapter; and

(4) issued for a period corresponding to the term of the license.

SECTION 2.25. Section 1001.210, Education Code, is amended

to read as follows:

Sec. 1001.210. ALTERNATE FORM OF SECURITY. Instead of the bond required by Section 1001.207 or 1001.209, a driver education school or course provider may provide another form of security that is:

(1) [~~(A)~~] approved by the department [~~commissioner~~]; and

(2) [~~(B)~~] in the amount required for a comparable bond under Section 1001.207 or 1001.209.

SECTION 2.26. Subsections (a) and (b), Section 1001.211, Education Code, are amended to read as follows:

(a) The department [~~commissioner~~] shall issue a license to an applicant for a license under this subchapter if:

(1) the application is submitted in accordance with this subchapter; and

(2) the applicant meets the requirements of this chapter.

(b) A license must be in a form determined by the department [~~commissioner~~] and must show in a clear and conspicuous manner:

(1) the date of issuance, effective date, and term of the license;

(2) the name and address of the driver training school or course provider;

(3) the authority for and conditions of approval;

(4) the executive director's [~~commissioner's~~] signature; and

(5) any other fair and reasonable representation that

is consistent with this chapter and that the department [~~commissioner~~] considers necessary.

SECTION 2.27. Section 1001.212, Education Code, is amended to read as follows:

Sec. 1001.212. NOTICE OF DENIAL OF LICENSE. The department [~~commissioner~~] shall provide a person whose application for a license under this subchapter is denied a written statement of the reasons for the denial.

SECTION 2.28. Subsections (c) and (d), Section 1001.213, Education Code, are amended to read as follows:

(c) The commission may establish [~~Instead of the~~] fees [~~required by Section 1001.151, the fee~~] for a new driver education school or course provider license under Subsection (b) and [~~is $500, plus $200~~] for each branch location that are different from the amounts established under Section 1001.151[~~,~~] if:

(1) the new owner is substantially similar to the previous owner; and

(2) there is no significant change in the management or control of the driver education school or course provider.

(d) The department [~~commissioner~~] is not required to reinspect a school or a branch location after a change of ownership.

SECTION 2.29. Section 1001.214, Education Code, is amended to read as follows:

Sec. 1001.214. DUPLICATE LICENSE. A duplicate license may be issued to a driver training school or course provider if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the

department [~~agency~~].

SECTION 2.30. Sections 1001.251, 1001.252, and 1001.253, Education Code, are amended to read as follows:

Sec. 1001.251. LICENSE REQUIRED FOR INSTRUCTOR. (a) A person may not teach or provide driver education, either as an individual or in a driver education school, or conduct any phase of driver education, unless the person holds a driver education instructor license issued by the department [~~agency~~].

(b) A person may not teach or provide driving safety training, either as an individual or in a driving safety school, or conduct any phase of driving safety education, unless the person holds a driving safety instructor license issued by the department [~~agency~~]. This subsection does not apply to an instructor of a driving safety course that does not provide a uniform certificate of course completion to its graduates.

Sec. 1001.252. SIGNATURE AND SEAL ON LICENSE REQUIRED. A license under this subchapter must be signed by the executive director [~~commissioner~~].

Sec. 1001.253. DRIVER EDUCATION INSTRUCTOR TRAINING. (a) The department [~~commissioner~~] shall establish standards for certification of professional and paraprofessional personnel who conduct driver education programs in driver education schools.

(b) A driver education instructor license authorizing a person to teach or provide behind-the-wheel training may not be issued unless the person has successfully completed six semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from

an approved driver education school.

(c) A person who holds a driver education instructor license authorizing behind-the-wheel training may not be approved to assist a classroom instructor in the classroom phase of driver education unless the person has successfully completed the three additional semester hours of training required for a classroom instructor or a program of study in driver education approved by the department [~~commissioner~~].

(d) Except as provided by Section 1001.254, a driver education instructor license authorizing a person to teach or provide classroom training may not be issued unless the person:

(1) has completed nine semester hours of driver and traffic safety education or a program of study in driver education approved by the department [~~commissioner~~] from an approved driver education school; and

(2) holds a teaching certificate and any additional certification required to teach driver education.

(e) A driver education instructor who has completed the educational requirements prescribed by Subsection (d)(1) may not teach instructor training classes unless the instructor has successfully completed a supervising instructor development program consisting of at least six additional semester hours or a program of study in driver education approved by the department [~~commissioner~~] that includes administering driver education programs and supervising and administering traffic safety education.

(f) A driver education school may submit for department

[~~agency~~] approval a curriculum for an instructor development program for driver education instructors. The program must:

(1) be taught by a person who has completed a supervising instructor development program under Subsection (e); and

(2) satisfy the requirements of this section for the particular program or type of training to be provided.

SECTION 2.31. Subsection (a), Section 1001.254, Education Code, is amended to read as follows:

(a) A temporary driver education instructor license may be issued authorizing a person to teach or provide classroom driver education training if the person:

(1) has completed the educational requirements prescribed by Section 1001.253(d)(1);

(2) holds a Texas teaching certificate with an effective date before February 1, 1986;

(3) meets all license requirements, other than successful completion of the examination required under rules adopted by the State Board for Educator Certification to revalidate the teaching certificate; and

(4) demonstrates, in a manner prescribed by the department [~~commissioner~~], the intention to comply with the examination requirement at the first available opportunity.

SECTION 2.32. Subsections (a), (b), and (c), Section 1001.255, Education Code, are amended to read as follows:

(a) The department [~~agency~~] shall regulate as a driver education school a driver education instructor who:

(1) teaches driver education courses in a county having a population of 50,000 or less; and

(2) does not teach more than 200 students annually.

(b) An instructor described by Subsection (a) must submit to the department [~~agency~~] an application for an initial or renewal driver education school license, together with all required documentation and information.

(c) The department [~~commissioner~~] may waive initial or renewal driver education school license fees or the fee for a director or administrative staff member.

SECTION 2.33. Section 1001.256, Education Code, is amended to read as follows:

Sec. 1001.256. DUPLICATE LICENSE. A duplicate license may be issued to a driver education instructor or driving safety instructor if:

(1) the original license is lost or destroyed; and

(2) an affidavit of that fact is filed with the department [~~agency~~].

SECTION 2.34. The heading to Subchapter G, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER G. LICENSE EXPIRATION [~~AND RENEWAL~~]

SECTION 2.35. Subsection (b), Section 1001.351, Education Code, is amended to read as follows:

(b) A course provider shall electronically submit to the department [~~agency~~] in the manner established by the department [~~agency~~] data identified by the department [~~agency~~] relating to uniform certificates of course completion.

SECTION 2.36. Subsections (a) and (b), Section 1001.354, Education Code, are amended to read as follows:

(a) A driving safety course may be taught at a driving safety school if the school is approved by the department [~~agency~~].

(b) A driving safety school may teach an approved driving safety course by an alternative method that does not require students to be present in a classroom if the department [~~commissioner~~] approves the alternative method. The department [~~commissioner~~] may approve the alternative method if:

(1) the department [~~commissioner~~] determines that the approved driving safety course can be taught by the alternative method; and

(2) the alternative method includes testing and security measures that are at least as secure as the measures available in the usual classroom setting.

SECTION 2.37. Subsections (b) and (c), Section 1001.404, Education Code, are amended to read as follows:

(b) The department [~~commissioner~~] shall establish annually the rate of interest for a refund at a rate sufficient to provide a deterrent to the retention of student money.

(c) The department [~~agency~~] may except a driver education school or course provider from the payment of interest if the school or course provider makes a good-faith effort to refund tuition, fees, and other charges but is unable to locate the student to whom the refund is owed. On request of the department [~~agency~~], the school or course provider shall document the effort to locate a student.

SECTION 2.38. Sections 1001.451 and 1001.452, Education Code, are amended to read as follows:

Sec. 1001.451. PROHIBITED PRACTICES. A person may not:

(1) use advertising designed to mislead or deceive a prospective student;

(2) fail to notify the department [~~commissioner~~] of the discontinuance of the operation of a driver training school before the fourth working day after the date of cessation of classes and make available accurate records as required by this chapter;

(3) issue, sell, trade, or transfer:

(A) a uniform certificate of course completion or driver education certificate to a person or driver training school not authorized to possess the certificate;

(B) a uniform certificate of course completion to a person who has not successfully completed an approved, six-hour driving safety course; or

(C) a driver education certificate to a person who has not successfully completed a department-approved [~~commissioner-approved~~] driver education course;

(4) negotiate a promissory instrument received as payment of tuition or another charge before the student completes 75 percent of the course, except that before that time the instrument may be assigned to a purchaser who becomes subject to any defense available against the school named as payee; or

(5) conduct any part of an approved driver education course or driving safety course without having an instructor physically present in appropriate proximity to the student for the

type of instruction being given.

Sec. 1001.452. COURSE OF INSTRUCTION. A driver training school may not maintain, advertise, solicit for, or conduct a course of instruction in this state before the later of:

(1) the 30th day after the date the school applies for a driver training school license; or

(2) the date the school receives a driver training school license from the department [~~commissioner~~].

SECTION 2.39. Subsections (d) and (e), Section 1001.453, Education Code, are amended to read as follows:

(d) Subchapter F, Chapter 51, Occupations Code, Section 51.353, Occupations Code, and Section [~~Sections 1001.454,~~] 1001.456(a) of this code[~~, and 1001.553~~] do not apply to a violation of this section or a rule adopted under this section.

(e) Section 51.352, Occupations Code, and Sections [~~1001.455(a)(6),~~] 1001.501[~~, 1001.551, 1001.552,~~] and 1001.554 of this code do not apply to a violation of this section.

SECTION 2.40. Section 1001.456, Education Code, is amended to read as follows:

Sec. 1001.456. OTHER DISCIPLINARY ACTIONS. (a) If the department [~~agency~~] believes that a driver education school or instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase driver education certificates.

(b) If the department [~~agency~~] believes that a course provider, driving safety school, or driving safety instructor has violated this chapter or a rule or order of the commission or executive director [~~adopted under this chapter~~], the department [~~agency~~] may, without notice:

(1) order a peer review of the course provider, driving safety school, or driving safety instructor;

(2) suspend the enrollment of students in the school or the offering of instruction by the instructor; or

(3) suspend the right to purchase uniform certificates of course completion.

(c) A peer review ordered under this section must be conducted by a team of knowledgeable persons selected by the department [~~agency~~]. The team shall provide the department [~~agency~~] with an objective assessment of the content of the school's or course provider's curriculum and its application. The school or course provider shall pay the costs of the peer review.

(d) A suspension of enrollment under Subsection (a)(2) or (b)(2) means a ruling by the executive director [~~commissioner~~] that restricts a school from:

(1) accepting enrollments or reenrollments;

(2) advertising;

(3) soliciting; or

(4) directly or indirectly advising prospective students of its program or course offerings.

SECTION 2.41. The heading to Subchapter L, Chapter 1001, Education Code, is amended to read as follows:

SUBCHAPTER L. PENALTIES [~~AND ENFORCEMENT PROVISIONS~~]

SECTION 2.42. Subsection (b), Section 1001.555, Education Code, is amended to read as follows:

(b) The department [~~agency~~] shall contract with the Department of Public Safety [~~department~~] to provide undercover and investigative assistance in the enforcement of Subsection (a).

SECTION 2.43. Subsection (b), Article 45.0511, Code of Criminal Procedure, is amended to read as follows:

(b) The judge shall require the defendant to successfully complete a driving safety course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~] or a course under the motorcycle operator training and safety program approved by the designated state agency under Chapter 662, Transportation Code, if:

(1) the defendant elects driving safety course or motorcycle operator training course dismissal under this article;

(2) the defendant has not completed an approved driving safety course or motorcycle operator training course, as appropriate, within the 12 months preceding the date of the offense;

(3) the defendant enters a plea under Article 45.021 in person or in writing of no contest or guilty on or before the answer date on the notice to appear and:

(A) presents in person or by counsel to the court a request to take a course; or

(B) sends to the court by certified mail, return

receipt requested, postmarked on or before the answer date on the notice to appear, a written request to take a course;

(4) the defendant has a valid Texas driver's license or permit;

(5) the defendant is charged with an offense to which this article applies, other than speeding 25 miles per hour or more over the posted speed limit; and

(6) the defendant provides evidence of financial responsibility as required by Chapter 601, Transportation Code.

SECTION 2.44. Section 51.308, Education Code, is amended to read as follows:

Sec. 51.308. DRIVER EDUCATION. A driver education course for the purpose of preparing students to obtain a driver's license may be offered by an institution of higher education, as defined by Section 61.003, with the approval of the Texas Department of Licensing and Regulation [~~Central Education Agency~~].

SECTION 2.45. Subsection (a), Section 521.1655, Transportation Code, is amended to read as follows:

(a) A driver education school licensed under Chapter 1001, Education Code, [~~the Texas Driver and Traffic Safety Education Act (Article 4413(29c), Vernon's Texas Civil Statutes)~~] may administer to a student of that school the vision, highway sign, and traffic law parts of the examination required by Section 521.161.

SECTION 2.46. Section 521.203, Transportation Code, is amended to read as follows:

Sec. 521.203. RESTRICTIONS ON CLASS A AND B LICENSES. The department may not issue a Class A or Class B driver's license to a

person who:

(1) is under 17 years of age;

(2) is under 18 years of age unless the person has completed a driver training course approved by the Texas Department of Licensing and Regulation [~~Central Education Agency~~]; or

(3) has not provided the department with an affidavit, on a form prescribed by the department, that states that no vehicle that the person will drive that requires a Class A or Class B license is a commercial motor vehicle as defined by Section 522.003.

SECTION 2.47. Subsections (b) and (d), Section 521.205, Transportation Code, are amended to read as follows:

(b) The department may not approve a course unless it determines that the course materials are at least equal to those required in a course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~], except that the department may not require that:

(1) the classroom instruction be provided in a room with particular characteristics or equipment; or

(2) the vehicle used for the behind-the-wheel instruction have equipment other than the equipment otherwise required by law for operation of the vehicle on a highway while the vehicle is not being used for driver training.

(d) Completion of a driver education course approved under this section has the same effect under this chapter as completion of a driver education course approved by the Texas Department of Licensing and Regulation [~~Education Agency~~].

SECTION 2.48. Subdivision (1), Section 1001.001, Subsections (b) and (c), Section 1001.053, Subsections (a) and (b), Section 1001.054, and Sections 1001.152, 1001.303, 1001.304, 1001.454, 1001.455, 1001.457, 1001.458, 1001.459, 1001.460, 1001.461, 1001.551, 1001.552, and 1001.553, Education Code, and Subchapter B, Chapter 543, Transportation Code, are repealed.

SECTION 2.49. (a) As soon as practicable after the effective date of this Act, the Texas Education Agency and the Texas Department of Licensing and Regulation shall develop a transition plan for transferring the functions performed by the Texas Education Agency under Chapter 1001, Education Code, to the Texas Department of Licensing and Regulation. The transition plan must include a timetable with specific steps and deadlines needed to complete the transfer.

(b) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1, 2005:

(1) all functions and activities relating to Chapter 1001, Education Code, performed by the Texas Education Agency immediately before that date are transferred to the Texas Department of Licensing and Regulation;

(2) a rule or form adopted by the commissioner of education that relates to Chapter 1001, Education Code, is a rule or form of the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable, and remains in effect until amended or replaced by that commission or

department;

(3) a reference in law to or an administrative rule of the Texas Education Agency that relates to Chapter 1001, Education Code, means the Texas Commission of Licensing and Regulation or the Texas Department of Licensing and Regulation, as applicable;

(4) a complaint, investigation, or other proceeding before the Texas Education Agency that is related to Chapter 1001, Education Code, is transferred without change in status to the Texas Department of Licensing and Regulation, and the Texas Department of Licensing and Regulation assumes, as appropriate and without a change in status, the position of the Texas Education Agency in an action or proceeding to which the Texas Education Agency is a party;

(5) all money, contracts, leases, property, and obligations of the Texas Education Agency related to Chapter 1001, Education Code, are transferred to the Texas Department of Licensing and Regulation;

(6) all property in the custody of the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation; and

(7) the unexpended and unobligated balance of any money appropriated by the legislature for the Texas Education Agency related to Chapter 1001, Education Code, is transferred to the Texas Department of Licensing and Regulation.

(c) In accordance with the transition plan developed by the Texas Education Agency and the Texas Department of Licensing and Regulation under Subsection (a) of this section, on September 1,

2005, all full-time equivalent employee positions at the Texas Education Agency that primarily concern the administration of Chapter 1001, Education Code, become positions at the Texas Department of Licensing and Regulation. When filling the positions, the Texas Department of Licensing and Regulation shall give first consideration to an applicant who, as of August 31, 2005, was a full-time employee at the Texas Education Agency primarily involved in administering Chapter 1001, Education Code.

(d) Before September 1, 2005, the Texas Education Agency may agree with the Texas Department of Licensing and Regulation to transfer any property of the Texas Education Agency to the Texas Department of Licensing and Regulation to implement the transfer required by this Act.

(e) In the period beginning with the effective date of this Act and ending on September 1, 2005, the Texas Education Agency shall continue to perform functions and activities under Chapter 1001, Education Code, as if that chapter had not been amended by this Act, and the former law is continued in effect for that purpose.

(f) If this Act does not take effect immediately, an action required to be taken under this section on or before September 1, 2005, by the Texas Education Agency or the Texas Department of Licensing and Regulation shall be taken as soon as practicable after the effective date of this Act, but not later than November 1, 2005.

SECTION 2.50. The changes in law made by this article apply only to a fee charged on or after September 1, 2005. A fee charged

before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION 2.51. The changes in law made by this article apply only to a license issued or renewed on or after September 1, 2005. An issuance or renewal that occurs before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

COMMITTEE REPORT

5-18-05
(date)

The Honorable Tom Craddick
Speaker of the House of Representatives

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION

to whom was referred SB 422 have had the same under consideration and beg to report back with the recommendation that it

( ) do pass, without amendment.
( ) do pass, with amendment(s).
(✓) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

(✓) yes ( ) no A fiscal note was requested.

( ) yes (✓) no A criminal justice policy impact statement was requested.

(✓) yes ( ) no An equalized educational funding impact statement was requested.

( ) yes (✓) no An actuarial analysis was requested.

( ) yes (✓) no A water development policy impact statement was requested.

( ) yes (✓) no A tax equity note was requested.

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor Grusendorf

Joint Sponsors: / / /

Co-Sponsors:

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Grusendorf, Chair	✓			
Oliveira, Vice-chair				✓
Branch	✓			
Delisi	✓			
Dutton		✓		
Eissler	✓			
Hochberg		✓		
Keffer, W.	✓			
Mowery	✓			

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

CHAIR

BILL ANALYSIS

C.S.S.B. 422
By: Jackson, Mike
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Texas public education system serves more than four million students at about 1,037 school districts and 204 charter schools. The 20 Regional Education Service Centers (ESCs) provide training, technical support, and other services to meet the needs of local school districts and charter schools.

TEA and ESCs are subject to the Sunset Act and will be abolished on September 1, 2005, unless continued by the Legislature. While the Sunset review found that TEA and ESCs are critical to the public education system, the review also identified several areas needing improvement.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of Education in SECTION 1.06, SECTION 1.13, SECTION 1.17, SECTION 1.20, SECTION 1.25, SECTION 1.28, SECTION 1.29, SECTION 1.30, and SECTION 1.37, the Texas Education Agency in SECTION 1.17. Rulemaking authority previously granted to the Texas Education Agency is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.03, SECTION 2.04, SECTION 2.09, SECTION 2.10, SECTION 2.13, and SECTION 2.14. Rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTION 2.06. Rulemaking authority previously granted to the Commissioner of Education is transferred to the Texas Commission of Licensing and Regulation in SECTION 2.08, SECTION 2.10, SECTION 2.13, SECTION 2.16, SECTION 2.17, and SECTION 2.18. Rulemaking authority previously granted to the Texas Education Agency is transferred to the Texas Department of Licensing and Regulation in SECTION 2.15 in agreement with the Texas Commission of Licensing and Regulation, Texas Rehabilitation Commission and the Department of Public Safety.

ANALYSIS

CSSB 422 establishes a definition of charter school. The bill continues the Texas Education Agency until 2017. This bill requires TEA and regional education service centers (ESCs) to solicit and disseminate best practices information from exemplary and recognized school districts and open-enrollment charter schools. The agency and ESCs must develop incentives for the implementation of best practices.

CSSB 422 eliminates on-site investigations from the list of exceptions for compliance monitoring. It requires the commissioner to adopt rules by which a school district, open-enrollment charter school, or other person wishing to challenge an agency decision made under Chapters 39, 41, 42, or 46 must petition for an informal review. The commissioner shall implement a policy requiring the agency to use appropriate technological solutions to improve the agency's ability to perform its functions.

The bill establishes specific guidelines for the administration of agency grants and requires the agency in coordination with regional education service centers to use best practices grant information. CSSB 422 outlines the procedure by which the commissioner shall close, revoke, or deny the renewal of an open-enrollment charter school and makes conforming changes.

The bill requires the commissioner to adopt rules concerning educator certification. The bill ensures that any educator certificate issued in accordance with Subchapter B, Chapter 21 of the Education Code as it existed before September 1, 2005 or issued in accordance with the rules adopted by the commissioner will be valid.

CSSB 422 requires the agency to provide more information to persons interested in special education due process hearings, collect information on complaints regarding the conduct of hearing officers, and analyze the performance of hearing officers. An individual employed as a hearing officer is prohibited from accepting employment or compensation from school districts.

CSSB 422 establishes an urban school choice pilot program and sets forth criteria for an eligible district, an eligible child who can participate in the program, and designates other definitions. A child attending a qualifying school is entitled to receive an annual scholarship. A qualifying school must meet criteria including being accredited or having filed an application for accreditation. A qualifying school with more scholarship applicants than available positions must fill the scholarship positions by a random selection process but may give preference to scholarship applicants as specifically designated. Each qualifying school enrolling a child must administer the appropriate assessment tests or a nationally norm-referenced assessment test annually and results shall be provided to designated parties. The bill specifies limitations on the number of participating children. The program shall be made available for participation beginning with the 2005 - 2006 school year. Judicial guidelines for review or challenge of the urban school choice pilot program are described in Subchapter J, Chapter 29 of the Education Code. Other components of this program including evaluation are specified by this legislation.

CSSB 422 requires the agency to recommend to the State Board of Education a limit on the cost that may be paid for a textbook on the nonconforming list related to the percentage of essential knowledge and skills that are missing from the textbook. This bill also requires TEA to establish a statewide textbook credit system.

CSSB 422 requires the commissioner to develop and adopt a safety training program. Individuals as designated by this bill such as coaches and trainers must complete the safety training program. Students must complete and sign the medical and safety forms. A student's parent or guardian must also sign the forms. This bill includes other safety precautions and measures for full implementation of this section and requires school compliance and enforcement of the safety training program. The agency and UIL shall investigate the availability of funds for purchasing an automated external defibrillators.

The agency is required to make every effort to ensure assessment instruments are properly administered and to protect the integrity of the assessment program.

CSSB 422 revises method by which the commissioner conducts audits of dropout records.

CSSB 422 requires the Texas Education Agency to develop a comprehensive, integrated accreditation system thereby establishing a coordinated approach to pull together information from all TEA sources to quickly identify problems and assist schools in resolving them. The agency shall annually review the performance of each school district and campus and determine if a change in the academic performance rating of the district or campus is warranted. For accountability purposes a student attending a campus that is a facility operated by a contract with the Texas Youth Commission or registered with the Texas Juvenile Probation Commission is not considered to be a student of the school the student. This bill makes special accreditation investigations by the commissioner permissive under certain conditions. This bill provides guidelines for conducting special accreditation investigations including on-site investigations. A board of managers can be appointed if a district fails to satisfy financial accountability standards as determined by commissioner rule. The commissioner's decisions are final. The bill provides for revocation of district accreditation if for two consecutive school years the district demonstrates poor performance and campus intervention if for two consecutive years the campus is rated academically unacceptable. The bill requires the commissioner to review at least annually districts for which the academic rating has been lowered due to student performance. The commissioner may require a school district or campus to acquire professional services to address a deficiency. The commissioner may revoke the accreditation of a district and order closure of a district or campus under certain circumstances as designated by the bill including a determination by the commissioner that the district is insolvent and cannot complete the school year. A decision regarding the imposition of sanctions by the commissioner is final and may not be appealed.

Article 2 of CSSB 422 transfers the driver training program from the Texas Education Agency to the Texas Commission of Licensing and Regulation and Texas Department of Licensing and Regulation. The executive director of TDLR may designate a person to administer Chapter 1001, Education Code. The commission may establish fees for a new driver education school or course provider license. In developing rules under the section on Alcohol Awareness Information and Information Relating to Litter Prevention, the commission is required to consult with the Department of Public Safety. The bill establishes definitions and conforming changes throughout Article 2.

CSSB 422 changes references from low performing to rated academically unacceptable and makes conforming changes throughout.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies provisions within the section on special education hearing officers and complaints. The substitute requires the commissioner to adopt rules concerning educator certification and ensures that any certificate issued in accordance with Subchapter B, Chapter 21 of the Education Code as it existed before September 1, 2005 or issued in accordance with the rules adopted by the commissioner will be valid. The substitute sets forth language for an urban school choice pilot program. The substitute states the TEA shall make the urban school choice pilot program available for participation beginning with the 2005-2006 academic school year and sets forth judicial guidelines for Subchapter J, Chapter 29 of the Education Code.

The substitute removes the sections on records of complaints and comprehensive monitoring system. The substitute removes the section on collecting and reporting grant performance and spending information and removes the sections on the development of grant system, grant administration during certain school years, and training for members of board of directors. The substitute also removes the sections dealing with the monitoring of certain charter schools and financial accountability for charter schools and any rulemaking authority created by that section. The substitute removes the section on the development of workplace literacy and basic skill curriculum. The substitute amends language within the section on comprehensive annual report. The substitute removes language as to the priority for certain bonds and the proposed Subchapter D within Chapter 46 of the Education Code.

The substitute makes conforming changes throughout the bill.

SUMMARY OF COMMITTEE ACTION

SB 422

May 18, 2005 upon lunch recess

Considered in formal meeting
Committee substitute considered in committee
Reported favorably as substituted

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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 19, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and funtions of the Texas Education Agency and regional service centers; providing a penalty.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, Committee Report 2nd House, Substituted: a positive impact of $6,136,222 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$6,218,111
2007	($81,889)
2008	$4,418,111
2009	$18,111
2010	($4,381,889)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *STATE TEXTBOOK FUND* 3	Probable Savings/ (Cost) from *FOUNDATION SCHOOL FUND* 193	Change in Number of State Employees from FY 2005
2006	($4,481,889)	$7,800,000	$2,900,000	8.0
2007	($781,889)	$0	$700,000	8.0
2008	($781,889)	$9,000,000	($3,800,000)	8.0
2009	($781,889)	$9,000,000	($8,200,000)	8.0
2010	($781,889)	$9,000,000	($12,600,000)	8.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) until September 1, 2017, and repeal the sunset provision for Regional Education Service Centers (RESCs). The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to solicit, collect and disseminate best practices information from districts and charters rated exemplary and recognized, including the effective use of online courses, and to develop incentives for school districts and charter schools to implement best practices.

Section 1.13 would authorize the Commissioner of Education to adopt rules concerning educator certification.

Section 1.15 would require that TEA make available information concerning the special education due process hearing process, and place the information on their website. TEA also would be required to collect and analyze at least biennially information on the performance of special education hearing officers.

Section 1.17 would establish a pilot scholarship program for eligible students in certain school districts located in the five largest counties of the state. Eligible districts must be in a county with at least 750,000 population, be the largest district in the county with more than 50 percent low income students, or have more than 90 percent low income students. Participation would be limited to 5 percent of an eligible district's prior year enrollment (excluding certain groups of students) through the 2007-08 school year.

Students residing in eligible districts must meet one of the following criteria to participate: (1) has dropped out of school; (2) be starting school for the first time; (3) is identified as at-risk of dropping out; (4) is a victim or sibling of a victim of assault by another student; (5) eligible for special education or bilingual services; (6) have a household income less than 200 percent of the threshold for free or reduced-price lunch.

Eligible students may receive a scholarship to attend a qualifying school. A qualifying school must hold a commissioner-recognized accreditation or have applied to be accredited, and must not foster unlawful behavior. A qualifying school accepting a scholarship must administer the appropriate Texas Assessment of Knowledge and Skills (TAKS) exams or an approved national, norm-referenced assessment.

An eligible student attending a qualifying school would receive a scholarship in an amount equal to the lesser of 90 percent of the previous year's statewide average annual cost per student or the qualifying school's average actual annual cost per student; students receiving special education or bilingual education receive additional funding.

After an application review process by a schools of choice resource center, TEA would issue scholarship certificates to the parent of an eligible student. The parent would then endorse it to the selected school, and the agency would be directed to pay the scholarship to the school on a monthly pro rata basis upon receipt of documentation of the child's attendance. The agency is directed to conduct a program evaluation from a funding source other than state funds.

Section 1.18 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.19 (with the repealing provisions of section 1.36) would make the textbook credit pilot program a permanent and statewide program.

Section 1.20 would require the commissioner of education to develop and adopt a safety training program, and require of school districts training for certain staff and students.

Provisions in Article 2 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. For the purpose of this fiscal note, it is assumed that the agency would be obligated to evaluate in some way the information collected in order to establish the quality of the information and make it useful for districts. TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include

the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

The bill specifically notes that evaluation of the practices is not required. If it is assumed that no evaluation takes place, TEA could absorb the cost of a basic web-based presentation of best practices information.

Section 1.13: The provision authorizing the Commissioner of Education to adopt rules concerning educator certification would make no other changes to the structure or authority of the State Board for Educator Certification, so it is assumed this provision would have no significant fiscal implications. The authority to adopt rules does not apparently authorize the collection of fees for certification, further supporting the interpretation that the commissioner's authority is not a replacement for existing SBEC authority.

Section 1.15: The collection and analysis of information on special education hearing officers is not expected to have a significant fiscal impact on TEA.

Section 1.17: Regarding the pilot scholarship program, based on the most recent data, there are five counties with at least 750,000 population: Bexar, Dallas, Harris, Tarrant and Travis. The largest districts in each county with more than 50 percent low income students are San Antonio, Dallas, Houston, Ft. Worth, and Austin. In addition, Edgewood in Bexar County and North Forest in Harris County each have more than 90 percent low income. These districts have a combined enrollment of 605,899 for 2004-05. Largely due to the income criterion, the number of students eligible for the scholarship program from these districts would be likely in excess of 70 percent of the total enrollment, however, the 5 percent cap on student participation would limit scholarships to approximately 30,000 for 2006 through 2008.

The bill is somewhat ambiguous as to what expenditures are to be included in determining the "statewide average annual cost per student." For the purposes of this fiscal note, it is assumed that the amount would be the state and local M&O revenue in the Foundation School Program per student in only the regular program. Ninety percent of that figure yields an estimated scholarship amount of $4,434 per student enrolled. Special education and bilingual education students would realize amounts in excess of this amount. Given agency analysis of qualifying school tuition ranging from $3,000 to more than $10,000, it is assumed that the actual annual cost per student in qualifying schools in the counties affected by the bill does not differ significantly, on average, from the 90 percent assumption.

In determining the cost or savings to the state, two types of eligible students must be considered. First, there are students who would leave public school for a private school; these students would represent a savings to the state, given the bill's provision that the scholarship be 90 percent of the statewide average cost. Second, there are students in kindergarten or first grade who would have enrolled in private school anyway, but are eligible through the household income criterion and would participate in the scholarship program. These students represent a new and additional cost to the state.

The portion of the private school population that is in kindergarten is approximately 10,000. For purposes of this fiscal note, it is assumed that 5 percent of this cohort would be eligible and request a scholarship in 2006 and 2007, with the percentage increasing to 10 percent for 2008 and thereafter. This translates to 500 students in 2006, 1000 in 2007 (two years of 500), and increasing by 1000 each year for several subsequent years. The state cost that would not have been expected for the Foundation School Program for these students is approximately $2.2 million in 2006, $4.4 million in 2007, $8.9 million in 2008, $13.3 million in 2009 and $17.7 million in 2010.

It should be noted that there exists the potential for larger state costs than estimated in this fiscal note. It is possible that an undetermined number of students -- across all grades -- who otherwise would be enrolled in private school anyway would enroll for one semester in public school to qualify for a scholarship for the rest of their school careers, and then return to private school. To the extent this behavior takes place, it would represent a significant cost to the state not included in this fiscal note's estimates.

As noted earlier, the 5 percent limitation would restrict participating students to a maximum of 30,000 through 2008. However, the availability and interest of private schools in accepting these students also would be a limiting factor. The total private school enrollment is estimated to be about 148,000 at accredited schools in the five counties in which the six largest districts are located. If these schools are operating at 85% of maximum capacity, there would be room for only about 26,000 new students. The acceptability of the scholarship amount to the school, and location of the school to the student's home are also likely to be factors limiting participation. For purposes of this fiscal note, it is assumed that approximately 15,000 students currently in public schools would choose and be accepted to enroll in a private school. For these students, the state would save the difference between their actual district per pupil funding level and 90 percent of the statewide average; because the actual funding in urban districts is generally somewhat less than the statewide average, the difference is estimated to be approximately $340 per student. For 15,000 students, this yields a state savings of $5.1 million annually.

The agency would face some administrative expenses due to the provisions of the bill. The agency anticipates the need for 3 additional full-time equivalent (FTE) positions, with $162,021 in supporting administrative costs, to handle the processing of scholarship applications, which could exceed 20,000. The agency also would be responsible for making monthly payments to private schools and verifying their services; based on similar work done for charter schools, the agency estimates that it would need 5 FTEs for payment processing, with $269,868 in supporting administrative costs, as well as a one-time amount of $500,000 to develop an electronic payment processing system.

Section 1.18: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.19: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Section 1.20: It is estimated that the agency would require approximately $50,000 in 2006 only to contract for the development of a safety training course meeting the requirements of the bill.

Article 2: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. If it is assumed that no evaluation of best practices information takes place, then this provision would have no significant technology impact.

The bill would require a modification to the agency's electronic payment system, at a one-time cost of $500,000.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

It is estimated that the requirement for every school coach, trainer, band director and physician involved in certain extra-curricular activites to complete a safety training course would be approximately $554,000 annually for local school districts statewide.

To the extent that section 1.22 requires the agency to expend additional set-aside funds from the compensatory education allotment, districts would see this allotment decreased accordingly.

School districts would be expected to lose funding as a result of transfers to private schools as a result of the scholarship program. At an estimated 15,000 students transferring, it is estimated that the seven districts will lose about $69.3 million per year in revenue. It is unclear whether school districts would be able to reduce costs by a comparable amount of money given the small numbers of students estimated to leave each district, although some savings are likely.

Source Agencies: 116 Sunset Advisory Commission, 452 Department of Licensing and Regulation, 701 Central Education Agency

LBB Staff: JOB, CT, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, As Engrossed: a positive impact of $3,288,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$3,944,000
2007	($656,000)
2008	$6,844,000
2009	$8,194,000
2010	$8,194,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($3,856,000)	$7,800,000	4.0
2007	($656,000)	$0	4.0
2008	($2,156,000)	$9,000,000	4.0
2009	($806,000)	$9,000,000	4.0
2010	($806,000)	$9,000,000	4.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to solicit, collect and disseminate best practices information from districts and charters rated exemplary and recognized, including the effective use of online courses, and to develop incentives for school districts and charter schools to implement best practices.

Section 1.05 would require TEA to develop and implement a comprehensive, integrated monitoring system to address school district performance and compliance under federal and state education laws.

Section 1.08 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year. The agency also is required to identify successful grant programs.

Section 1.17 would require that TEA make available information concerning the special education due process hearing process, and place the information on their website. The agency also would be required to collect and analyze at least biennially information on the performance of special education hearing officers.

Section 1.19 directs TEA, with resources provided by the Texas Workforce Commission, to develop a demand-driven workplace literacy and basic skills curriculum.

Section 1.20 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.21 (with the repealing provisions of section 1.40) would make the textbook credit pilot program a permanent and statewide program.

Section 1.22 would require the commissioner of education to develop and adopt a safety training program, and require of school districts training for certain staff and students.

Section 1.26-1.34 would revise the methods by which the agency assigns districts an accreditation status, conducts performance reviews and investigations, implements sanctions for low-performing districts, and orders the closure of a district or campus.

Section 1.36 would require the commissioner to give priority, under the Permanent School Fund bond guarantee program, to districts that have had bonds refunded and defeased, under the bill's provisions in section 1.37.

Section 1.37 would add new provisions to Chapter 46 related to the potential refunding of certain school district debts to be state debt as a mechanism for reducing the bonds outstanding guaranteed by the Permanent School Fund. The bill would require the commissioner to determine whether it is feasible to eligible school district bonds in order to instruct the Texas Public Facility Authority (TPFA) to issue obligations to accomplish a refinancing. The commissioner is required to state the principal amount of bonds to be refunded, the maximum term of the bonds to be refunded, and the amount of state assistance in the IFA or EDA programs supporting the debts to be refunded in the request to the TPFA. If the commissioner determines it is feasible to refund bonds, the commissioner is required to periodically identify outstanding bonds and notify the affected school districts. The commissioner would be required to enter into agreements with the TPFA to pledge appropriations of IFA and EDA state aid to support the TPFA's obligations.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. For the purpose of this fiscal note, it is assumed that the agency would be obligated to evaluate in some way the information collected in order to establish the quality of the information and make it useful for districts. TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

The bill specifically notes that evaluation of the practices is not required. If it is assumed that no evaluation takes place, TEA could absorb the cost of a basic web-based presentation of best practices information.

Section 1.05: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative, and it is assumed that the initiative would satisfy the requirements of the bill as substituted. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.08: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public. It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.17: The collection and analysis of information on special education hearing officers is not expected to have a significant fiscal impact on TEA.

Section 1.19: For the purposes of this fiscal note, it is assumed that federal funds would be available to support the development of the workplace literacy and basic skills curriculum, and so there would be no significant fiscal impact to the state.

Section 1.20: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.21: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Section 1.22: It is estimated that the agency would require approximately $50,000 in 2006 only to contract for the development of a safety training course meeting the requirements of the bill.

Sections 1.36 and 1.37: The Texas Public Finance Authority (TPFA) estimates that the agency can fulfill the requirements of the bill using existing resources. Therefore, these sections would have no significant fiscal impact to TPFA.

Regarding the commissioner's role regarding refunding of certain guaranteed debt, the agency estimates that the bill's provisions would require additional staff support and expertise not readily available inside the agency. It is expected that the agency would need to expend approximately $350,000-500,000 annually to purchase consulting services analysis of school district debt data and legal and financial advice. These costs would be considered either costs of issuance or administrative expenses which the bill allows to be funded from bond proceeds. In addition, the agency would need

to employ at least three additional FTEs both to manage contracts for consultants and appropriately modify data concerning the IFA and EDA should debts be refinanced, at an annual cost of approximately $192,000. These ongoing operating costs are assumed to come from direct appropriations of general revenue, since no clear mechanism exists to fund ongoing operating expenses from bond proceeds.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. If it is assumed that no evaluation of best practices information takes place, then this provision would have no significant technology impact. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs, beginning in 2008.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

It is estimated that the requirement for every school coach, trainer, band director and physician involved in certain extra-curricular activites to complete a safety training course would be approximately $554,000 annually for local school districts statewide.

To the extent that section 1.23 requires the agency to expend additional set-aside funds from the compensatory education allotment, districts would see this allotment decreased accordingly.

It is assumed that the bond refunding and defeasement provisions of the bill would enhance the Permanent School Fund's capacity for school bond guarantee, which would likely lower the costs of bond issuances for districts. However, allowing the state to refinance school district bonds may negatively impact districts' ability to structure and restructure their own debt.

Source Agencies: 116 Sunset Advisory Commission, 320 Texas Workforce Commission, 347 Public Finance Authority, 701 Central Education Agency

LBB Staff: JOB, CT, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, Committee Report 1st House, Substituted: a positive impact of $3,022,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$3,636,000
2007	($614,000)
2008	$6,886,000
2009	$8,236,000
2010	$8,236,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($4,164,000)	$7,800,000	4.0
2007	($614,000)	$0	4.0
2008	($2,114,000)	$9,000,000	4.0
2009	($764,000)	$9,000,000	4.0
2010	($764,000)	$9,000,000	4.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to solicit, collect and disseminate best practices information from districts and charters rated exemplary and recognized, including the effective use of online courses, and to develop incentives for school districts and charter schools to implement best practices.

Section 1.05 would require TEA to develop and implement a comprehensive, integrated monitoring system to address school district performance and compliance under federal and state education laws.

Section 1.08 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year. The agency also is required to identify successful grant programs.

Section 1.17 would require that TEA make available information concerning the special education due process hearing process, and place the information on their website. The agency also would be required to collect and analyze at least biennially information on the performance of special education hearing officers.

Section 1.19 directs TEA, with resources provided by the Texas Workforce Commission, to develop a demand-driven workplace literacy and basic skills curriculum.

Section 1.20 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.21 (with the repealing provisions of section 1.40) would make the textbook credit pilot program a permanent and statewide program.

Section 1.22 would require the commissioner of education to develop and adopt a safety training program, and require of school districts training for certain staff and students.

Section 1.26-1.34 would revise the methods by which the agency assigns districts an accreditation status, conducts performance reviews and investigations, implements sanctions for low-performing districts, and orders the closure of a district or campus.

Section 1.36 would require the commissioner to give priority, under the Permanent School Fund bond guarantee program, to districts that have had bonds refunded and defeased, under the bill's provisions in section 1.37.

Section 1.37 would add new provisions to Chapter 46 related to the potential refunding of certain school district debts to be state debt as a mechanism for reducing the bonds outstanding guaranteed by the Permanent School Fund. The bill would require the commissioner to determine whether it is feasible to eligible school district bonds in order to instruct the Texas Public Finance Authority (TPFA) to issue obligations to accomplish a refinancing. The commissioner is required to state the principal amount of bonds to be refunded, the maximum term of the bonds to be refunded, and the amount of state assistance in the IFA or EDA programs supporting the debts to be refunded in the request to the TPFA. If the commissioner determines it is feasible to refund bonds, the commissioner is required to periodically identify outstanding bonds and notify the affected school districts. The commissioner would be required to enter into agreements with the TPFA to pledge appropriations of IFA and EDA state aid to support the TPFA's obligations.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. For the purpose of this fiscal note, it is assumed that the agency would be obligated to evaluate in some way the information collected in order to establish the quality of the information and make it useful for districts. TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

The bill specifically notes that evaluation of the practices is not required. If it is assumed that no evaluation takes place, TEA could absorb the cost of a basic web-based presentation of best practices information.

Section 1.05: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative, and it is assumed that the initiative would satisfy the requirements of the bill as substituted. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.08: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public. It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.17: The collection and analysis of information on special education hearing officers is not expected to have a significant fiscal impact on TEA.

Section 1.19: For the purposes of this fiscal note, it is assumed that federal funds would be available to support the development of the workplace literacy and basic skills curriculum, and so there would be no significant fiscal impact to the state.

Section 1.20: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.21: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Section 1.22: It is estimated that the agency would require approximately $50,000 in 2006 only to contract for the development of a safety training course meeting the requirements of the bill.

Sections 1.36 and 1.37: The Texas Public Finance Authority (TPFA) estimates that the agency can fulfill the requirements of the bill using existing resources. Therefore, these sections would have no significant fiscal impact to TPFA.

For TEA, it is estimated that the refunding of certain guaranteed debt will require additional staff support and expertise not readily available inside the agency. It is expected that the agency will need to expend approximately $300,000 to purchase consulting services to thoroughly analyze school district debt data to make the determination of feasibility and identify the relevant debts that could be refinanced in preparation for notifying school districts. There would be ongoing expenses estimated at $150,000 per year after the initial identification. In addition, the agency will need to employ at least

three additional FTEs to both manage contracts for consultants and appropriately modify data concerning the IFA and EDA should debts be refinanced. The agency will also need to notify districts, mediate their responses, answer questions, and provide any supplemental information. In addition to these responsibilities, the commissioner is given certain rights on behalf of school districts that may require the acquisition of outside legal counsel and financial advice; these costs are estimated at about $200,000 for 2006 only.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

It is estimated that the requirement for every school coach, trainer, band director and physician involved in certain extra-curricular activites to complete a safety training course would be approximately $554,000 annually for local school districts statewide.

To the extent that section 1.23 requires the agency to expend additional set-aside funds from the compensatory education allotment, districts would see this allotment decreased accordingly.

It is assumed that the bond refunding and defeasement provisions of the bill would enhance the Permanent School Fund's capacity for school bond guarantee, which would likely lower the costs of bond issuances for districts.

Source Agencies: 116 Sunset Advisory Commission, 320 Texas Workforce Commission, 347 Public Finance Authority, 701 Central Education Agency, UIL University Interscholastic League

LBB Staff: JOB, LB, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 2005

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB422, As Introduced: a positive impact of $3,722,000 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	$4,186,000
2007	($464,000)
2008	$7,036,000
2009	$8,386,000
2010	$8,386,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/(Cost) from *STATE TEXTBOOK FUND* 3	Change in Number of State Employees from FY 2005
2006	($3,614,000)	$7,800,000	1.0
2007	($464,000)	$0	1.0
2008	($1,964,000)	$9,000,000	1.0
2009	($614,000)	$9,000,000	1.0
2010	($614,000)	$9,000,000	1.0

Fiscal Analysis

The bill would continue the Texas Education Agency (TEA) and Regional Education Service Centers (RESCs) until September 1, 2017. The following sections would have cost or savings implications for the state:

Section 1.03 would require TEA and RESCs to collect and disseminate best practices information, including the effective use of online courses, and to develop incentives for school districts to implement best practices.

Section 1.04 would require TEA to develop and implement a comprehensive, integrated monitoring

system to address school district performance and compliance under federal and state education laws. The agency would be required to develop a system of performance standards, as well as interventions and sanctions should district fails to meet those standards.

Section 1.07 would require implementation of a comprehensive performance-based grant system, with full implementation by the 2009-2010 school year.

Section 1.11 would direct TEA to enter into an interagency contract with the State Office of Administraive Hearings to provide special education due process hearings.

Section 1.13 would require TEA to recommend that state funding for textbooks placed on the nonconforming list be limited based on the percentage of curriculum elements are missing from the book.

Section 1.14 (with section 1.19) would make the textbook credit pilot program a permanent and statewide program.

Sections 2.01-2.51 would transfer the private driver training program from TEA to the Texas Department of Licensing and Regulation.

Methodology

Section 1.03: It is assumed that the bill would require the collection and dissemination of best practices across all academic subjects and administrative functions. It is further assumed that TEA would be obligated to evaluate in some way the information collected, in order to establish the quality of the information and make it useful for districts. Because the bill would direct TEA to provide incentives for districts to implement the best practices, it is assumed that the agency would provide the best practices information for free over the internet to maximize availability.

TEA has elsewhere estimated the cost of a best practices clearinghouse with online dissemination at $3.5 million in one-time developmental costs and $350,000 in maintenance costs each year thereafter. This would include the contracted cost of the computer database and online presence, contracts with RESCs for online course and other best practice evaluations, and the development of appropriate incentives to encourage district implementation.

Section 1.04: The monitoring system required by this section appears similar to TEA's current performance-based monitoring initiative. The section notes that the system be in compliance with other provisions of this title; therefore, it is assumed that the agency's monitoring activities still would be governed by Education Code section 7.027, which limits compliance monitoring on state programs with exceptions for federal law, financial accountability and data integrity. Under this assumption, this section would have no significant fiscal impact to the agency.

Section 1.07: Although the agency currently is working toward a performance-based grant system, there are several provisions of this section with cost implications. The comprehensiveness of the system appears to require the coordination of the many dozens of state and federal grants administered by the agency, with all of them linked to student performance and evaluated based on that performance. Furthermore, the data must be made available to the RESCs, legislature and the public.

It is estimated that TEA, beginning in 2006, would require one additional management position to direct the implementation of the system, with associated costs of $114,000 annually. Beginning in 2008, it is estimated that the agency would incur a one-time cost for computer systems development and modifications for the comprehensive system of $1.5 million, with $150,000 in maintenance costs thereafter.

Section 1.11: Special education due process hearings are funded with federal funds, and thus this section is not expected to have a financial impact to the state.

Section 1.13: The bill's provision directing TEA to recommend to the State Board of Education to limit state funding of nonconforming textbooks could result in some state savings to the textbook

fund. However, given the uncertainty of (1) whether the State Board of Education would agree to the proposal, (2) publisher behavior in preparing their textbooks for adoption, and (3) district behavior regarding their book selections, the potential savings may be minimal.

Section 1.14: An analysis of the three most recent proclamations suggest that the average publisher price is 3 percent below the maximum cost. For the purposes of this fiscal note, it is assumed that (1) the lowest cost books would be 6 percent below the maximum cost, and (2) the expected expansion of the credit program would cause roughly half of districts (representing half the purchase) to select the lowest cost book. It is also assumed that the entire request for textbook funding in fiscal year 2006, $523 million, will be funded. A six percent savings on half of the $523 million would yield $15.6 million, with $7.8 million going to each the state and districts. There are no textbook purchases planned for 2007. For 2008 and beyond, it is anticipated that financial incentives will drive at least one publisher in each subject area to offer a book at 10 percent less than the maximum price, and that 90 percent of districts will choose the lowest cost book. Assuming a stable $200 million annual textbook purchase, this would yield an annual state savings of $9 million. If textbook appropriations are less than the amount assumed above, state savings also will be reduced commensurately.

Sections 2.01-2.51: The transfer of the private driver training schools program from TEA to the Texas Department of Licensing and Regulation is not expected to have a significant fiscal impact on the state.

Technology

In response to the bill's requirement for best practices data collection and dissemination, it is expected that TEA would develop and maintain an internet-based clearinghouse for this information, at a one-time cost of $3.5 million with annual maintenance costs of $350,000 in subsequent years. The comprehensive performance-based grants system is anticipated to cost $1.5 million in development costs with $150,000 in ongoing maintenance costs.

Local Government Impact

Statewide implementation of a textbook credit program would create the opportunity for districts to earn credits that made be spent on additional instructional materials, including electronic textbooks. These credits could amount to $7.8 million statewide for 2006, and then $9 million annually starting in 2008.

Source Agencies: 116 Sunset Advisory Commission, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 701 Central Education Agency

LBB Staff: JOB, LB, UP, JGM

LEGISLATIVE BUDGET BOARD
Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and funtions of the Texas Education Agency and regional service centers; providing a penalty.), **Committee Report 2nd House, Substituted**

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

Source Agencies:
LBB Staff: JOB, CT

LEGISLATIVE BUDGET BOARD
Austin, Texas

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

79TH LEGISLATIVE REGULAR SESSION

May 16, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **SB422** by Jackson, Mike (Relating to the continuation and functions of the Texas Education Agency and regional education service centers; providing a penalty.), **As Engrossed**

No impact on equalized funding requirements and policies affecting public education is anticipated from any of the provisions of this bill.

Source Agencies:
LBB Staff: JOB, CT

LIST OF HOUSE AMENDMENTS PREVIOUSLY UNDER CONSIDERATION

SB422-Second Reading

AMENDMENT#	AUTHOR	DESCRIPTION	ACTION
1	Grusendorf	Amendment	Adopted
2	Grusendorf	Amd to Amd	Adopted
3	Grusendorf	Amendment	Adopted
4	Grusendorf	Amendment	Withdrawn
5	Grusendorf	Amendment	Adopted
6	Grusendorf	Amendment	Withdrawn
7	Grusendorf	Amendment	Withdrawn
8	Grusendorf	Amendment	Adopted
9	Grusendorf	Amendment	Adopted
10	Grusendorf	Amendment	Adopted
11	Hochberg	Amendment	Tabled
12	Hochberg	Amd to Amd	Adopted
13	Hegar	Amendment	Adopted
14	Hegar	Amd to Amd	Adopted
15	Olivo	Amendment	Tabled
16	Hochberg	Amendment	Withdrawn
17	Coleman	Amendment	Withdrawn
18	Olivo	Amendment	Tabled
19	Casteel	Amendment	Failed
20	Geren	Amendment	Adopted
21	Geren	Amd to Amd	Adopted
22	Geren	Amendment	Adopted

ADOPTED

MAY 23 2005 as amended

05 MAY 22 PM 2:00

HOUSE OF REPRESENTATIVES

Robert Haney
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 1 BY: Grusendorf

Amend C.S.S.B. No. 422 (committee report) as follows:

1) Page 2, Line 6, strike "open-enrollment"

2) Page 2, Line 17, strike "open-enrollment"

3) Page 2, Line 22, strike "open-enrollment"

4) Page 3, Line 3, strike "open-enrollment"

5) Page 3, Line 11, strike "open-enrollment"

6) Page 5, Line 8, strike "open-enrollment"

7) Page 10, Line 27, insert "and university charter school" between "school" and "under."

8) Page 11, Line 15, insert "and university charter school" between "school" and "or."

9) Page 11, Line 20, insert "and university charter school" between "school" and "or."

10) Page 40, Line 16, strike "open-enrollment"

11) Page 40, Line 24, strike "open-enrollment"

12) Page 41, Line 3, strike "open-enrollment"

13) Page 44, Line 10, strike "open-enrollment"

14) Page 52, Line 26, insert "and university charter school" between "school" and "ordered."

15) Page 53, Line 3, strike "open-enrollment"

793063

ADOPTED

MAY 2 3 2005

Robert Haney
Chief Clerk
House of Representatives

AMENDMENT TO AMENDMENT NO. 2 BY: Grusendorf

SB 422

Amend the amendment as follows:

Strike 7) through 15) and insert the following:

7) Page 10, Line 27, insert "or a college or university" between "open-enrollment" and "charter."

8) Page 11, Line 12, insert "or a college or university" between "open-enrollment" and "charter."

9) Page 11, Line 15, insert "or college or university" between "open-enrollment" and "charter."

10) Page 11, Line 19, insert "or college or university" between "open-enrollment" and "charter."

11) Page 40, Line 16, strike "open-enrollment"

12) Page 40, Line 24, strike "open-enrollment"

13) Page 41, Line 3, strike "open-enrollment"

14) Page 44, Line 10, strike "open-enrollment"

15) Page 52, Line 26, insert "or a college or university" between "open-enrollment" and "charter."

16) Page 53, Line 3, strike "open-enrollment"

ADOPTED

MAY 23 2005

Robert Haney
Chief Clerk
House of Representatives

05 MAY 22 PM 1:45
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. 3 BY: Gusenbauf

Amend C.S.S.B. No. 422 (House committee printing) as follows:

(1) Strike SECTION 1.13 of the bill (page 12, lines 9 through 25) and renumber the subsequent SECTIONS of Article 1 accordingly.

(2) In SECTION 2.31 of the bill, in amended Section 1001.254(a), Education Code (page 80, line 19), strike "State Board for Educator Certification" and substitute "commissioner of education [~~State Board for Educator Certification~~]".

(3) Add the following appropriately numbered ARTICLE to the bill and renumber the subsequent ARTICLES accordingly:

ARTICLE __. ABOLISHMENT OF STATE BOARD FOR EDUCATOR CERTIFICATION; TRANSFER OF POWERS AND DUTIES

SECTION __.01. Section 21.0031(a), Education Code, is amended to read as follows:

(a) An employee's probationary, continuing, or term contract under this chapter is void if the employee:

(1) does not hold a certificate or permit issued under Subchapter B [~~by the State Board for Educator Certification~~]; or

(2) fails to fulfill the requirements necessary to extend the employee's temporary or emergency certificate or permit.

SECTION __.02. Sections 21.004(a)-(e), Education Code, are amended to read as follows:

(a) To the extent that funds are available, the agency[~~, the State Board for Educator Certification,~~] and the Texas Higher Education Coordinating Board shall develop and implement programs to identify talented students and recruit those students and persons, including high school and undergraduate students, mid-career and retired professionals, honorably discharged and retired military personnel, and members of underrepresented gender

and ethnic groups, into the teaching profession.

(b) From available funds, the agency[~~, the State Board for Educator Certification,~~] and the Texas Higher Education Coordinating Board shall develop and distribute materials that emphasize the importance of the teaching profession and inform individuals about state-funded loan forgiveness and tuition assistance programs.

(c) The commissioner, in cooperation with the commissioner of higher education [~~and the executive director of the State Board for Educator Certification~~], shall annually identify the need for teachers in specific subject areas and geographic regions and among underrepresented groups. The commissioner shall give priority to developing and implementing recruitment programs to address those needs from the agency's discretionary funds.

(d) The agency[~~, the State Board for Educator Certification,~~] and the Texas Higher Education Coordinating Board shall encourage the business community to cooperate with local schools to develop recruiting programs designed to attract and retain capable teachers, including programs to provide summer employment opportunities for teachers.

(e) The agency[~~, the State Board for Educator Certification,~~] and the Texas Higher Education Coordinating Board shall encourage major education associations to cooperate in developing a long-range program promoting teaching as a career and to assist in identifying local activities and resources that may be used to promote the teaching profession.

SECTION __.03. Sections 21.006(b), (c), (e), (f), and (g), Education Code, are amended to read as follows:

(b) In addition to the reporting requirement under Section 261.101, Family Code, the superintendent or director of a school district, regional education service center, or shared services

arrangement shall notify the commissioner [~~State Board for Educator Certification~~] if the superintendent or director has reasonable cause to believe that:

(1) an educator employed by or seeking employment by the district, service center, or shared services arrangement has a criminal record;

(2) an educator's employment at the district, service center, or shared services arrangement was terminated based on a determination that the educator:

(A) abused or otherwise committed an unlawful act with a student or minor;

(B) possessed, transferred, sold, or distributed a controlled substance, as defined by Chapter 481, Health and Safety Code, or by 21 U.S.C. Section 801 et seq.[~~, and its subsequent amendments~~];

(C) illegally transferred, appropriated, or expended funds or other property of the district, service center, or shared services arrangement;

(D) attempted by fraudulent or unauthorized means to obtain or alter a professional certificate or license for the purpose of promotion or additional compensation; or

(E) committed a criminal offense or any part of a criminal offense on school property or at a school-sponsored event; or

(3) the educator resigned and reasonable evidence supports a recommendation by the superintendent or director to terminate the educator based on a determination that the educator engaged in misconduct described by Subdivision (2).

(c) The superintendent or director must notify the commissioner [~~State Board for Educator Certification~~] by filing a report with the commissioner [~~board~~] not later than the seventh day

after the date the superintendent or director first learns about an alleged incident of misconduct described by Subsection (b). The report must be:

(1) in writing; and

(2) in a form prescribed by the board.

(e) A superintendent or director who in good faith and while acting in an official capacity files a report with the commissioner [~~State Board for Educator Certification~~] under this section is immune from civil or criminal liability that might otherwise be incurred or imposed.

(f) The commissioner [~~State Board for Educator Certification~~] shall determine whether to impose sanctions against a superintendent or director who fails to file a report in violation of Subsection (c).

(g) The commissioner [~~State Board for Educator Certification~~] shall adopt [~~propose~~] rules as necessary to implement this section.

SECTION __.04. Section 21.031, Education Code, is amended to read as follows:

Sec. 21.031. COMMISSIONER REGULATION OF EDUCATOR CERTIFICATION [~~PURPOSE~~]. (a) [~~The State Board for Educator Certification is established to recognize public school educators as professionals and to grant educators the authority to govern the standards of their profession.~~] The commissioner [~~board~~] shall regulate and oversee all aspects of the certification, continuing education, and standards of conduct of public school educators.

(b) The commissioner shall adopt rules governing the certification of educators and continuing education for educators. In adopting [~~In proposing~~] rules under this subchapter, the commissioner [~~board~~] shall ensure that all candidates for certification or renewal of certification demonstrate the

knowledge and skills necessary to improve the performance of the diverse student population of this state.

SECTION __.05. Sections 21.041, 21.044, and 21.045, Education Code, are amended to read as follows:

Sec. 21.041. RULES; FEES. [~~(a) The board may adopt rules as necessary for its own procedures.~~]

(b) The commissioner [~~board~~] shall adopt [~~propose~~] rules that:

(1) provide for the regulation of educators and the general administration of this subchapter in a manner consistent with this subchapter;

(2) specify the classes of educator certificates to be issued, including emergency certificates;

(3) specify the period for which each class of educator certificate is valid;

(4) specify the requirements for the issuance and renewal of an educator certificate;

(5) provide for the issuance of an educator certificate to a person who holds a similar certificate issued by another state or foreign country, subject to Section 21.052;

(6) provide for special or restricted certification of educators, including certification of instructors of American Sign Language;

(7) provide for disciplinary proceedings, including the suspension or revocation of an educator certificate, as provided by Chapter 2001, Government Code;

(8) provide for the adoption, amendment, and enforcement of an educator's code of ethics;

(9) provide for continuing education requirements; and

(10) provide for certification of persons performing

appraisals under Subchapter H.

(c) The commissioner by rule [~~board~~] shall set [~~propose a rule adopting~~] a fee for the issuance and maintenance of an educator certificate that is adequate to cover the cost of administration of this subchapter.

Sec. 21.044. EDUCATOR PREPARATION. The commissioner [~~board~~] shall adopt [~~propose~~] rules establishing the training requirements a person must accomplish to obtain a certificate, enter an internship, or enter an induction-year program. The commissioner [~~board~~] shall specify the minimum academic qualifications required for a certificate.

Sec. 21.045. ACCOUNTABILITY SYSTEM FOR EDUCATOR PREPARATION PROGRAMS. (a) The commissioner [~~board~~] shall adopt [~~propose~~] rules establishing standards to govern the approval and continuing accountability of all educator preparation programs based on information that is disaggregated with respect to sex and ethnicity and that includes:

(1) results of the certification examinations prescribed under Section 21.048(a); and

(2) performance based on the appraisal system for beginning teachers adopted by the commissioner [~~board~~].

(b) Each educator preparation program shall submit data elements as required by the commissioner [~~board~~] for an annual performance report to ensure access and equity. At a minimum, the annual report must contain the performance data from Subsection (a) and the following information, disaggregated by sex and ethnicity:

(1) the number of candidates who apply;

(2) the number of candidates admitted;

(3) the number of candidates retained;

(4) the number of candidates completing the program;

(5) the number of candidates employed in the

profession after completing the program; and

(6) the number of candidates retained in the profession.

(c) The commissioner [~~board~~] shall adopt [~~propose~~] rules establishing performance standards for the Accountability System for Educator Preparation for accrediting educator preparation programs. At a minimum, performance standards must be based on Subsection (a). The commissioner [~~board~~] shall adopt [~~propose~~] rules for the sanction of educator preparation programs and shall annually review the accreditation status of each educator preparation program.

(d) The commissioner [~~executive director of the board~~] shall appoint an oversight team of educators to make recommendations and provide assistance to educator preparation programs that do not meet accreditation standards. If, after one year, an educator preparation program has not fulfilled the recommendations of the oversight team, the commissioner [~~executive director~~] shall appoint a person to administer and manage the operations of the program. If the program does not improve after two years, the commissioner [~~board~~] shall revoke the approval of the program to prepare educators for state certification.

SECTION __.06. Sections 21.046(c) and (d), Education Code, are amended to read as follows:

(c) Because an effective principal is essential to school improvement, the commissioner [~~board~~] shall ensure that:

(1) each candidate for certification as a principal is of the highest caliber; and

(2) multi-level screening processes, validated comprehensive assessment programs, and flexible internships with successful mentors exist to determine whether a candidate for certification as a principal possesses the essential knowledge,

skills, and leadership capabilities necessary for success.

(d) In creating the qualifications for certification as a principal, the commissioner [~~board~~] shall consider the knowledge, skills, and proficiencies for principals as developed by relevant national organizations and the State Board of Education.

SECTION __.07. Sections 21.047(a) and (b), Education Code, are amended to read as follows:

(a) The commissioner [~~board~~] may develop the process for the establishment of centers for professional development through institutions of higher education for the purpose of integrating technology and innovative teaching practices in the preservice and staff development training of public school teachers and administrators. An institution of higher education with a teacher education program may develop a center through a collaborative process involving public schools, regional education service centers, and other entities or businesses. A center may contract with other entities to develop materials and provide training.

(b) On application by a center, the commissioner [~~board~~] shall make grants to the center for its programs from funds derived from gifts, grants, and legislative appropriations for that purpose. The commissioner [~~board~~] shall award the grants on a competitive basis according to requirements established by commissioner [~~the board~~] rules.

SECTION __.08. Sections 21.048(a), (b), and (c), Education Code, are amended to read as follows:

(a) The commissioner [~~board~~] shall adopt [~~propose~~] rules prescribing comprehensive examinations for each class of certificate issued by the board.

(b) The commissioner [~~board~~] may not administer a written examination to determine the competence or level of performance of an educator who has a hearing impairment unless the examination has

been field tested to determine its appropriateness, reliability, and validity as applied to, and minimum acceptable performance scores for, persons with hearing impairments.

(c) An educator who has a hearing impairment is exempt from taking a written examination for a period ending on the first anniversary of the date on which the commissioner [~~board~~] determines, on the basis of appropriate field tests, that the examination complies with the standards specified in Subsection (b). On application to the commissioner [~~board~~], the commissioner [~~board~~] shall issue a temporary exemption certificate to a person entitled to an exemption under this subsection.

SECTION __.09. Sections 21.0481, 21.0482, 21.0483, 21.0484, and 21.049, Education Code, are amended to read as follows:

Sec. 21.0481. MASTER READING TEACHER CERTIFICATION. (a) To ensure that there are teachers with special training to work with other teachers and with students in order to improve student reading performance, the commissioner [~~board~~] shall establish a master reading teacher certificate.

(b) The commissioner [~~board~~] shall issue a master reading teacher certificate to each eligible person.

(c) To be eligible for a master reading teacher certificate, a person must:

(1) hold a reading specialist certificate issued under this subchapter and satisfactorily complete a course of instruction as prescribed under Subdivision (2)(B); or

(2) hold a teaching certificate issued under this subchapter and:

(A) have at least three years of teaching experience;

(B) satisfactorily complete a knowledge-based

and skills-based course of instruction on the science of teaching children to read that includes training in:

(i) effective reading instruction techniques, including effective techniques for students whose primary language is a language other than English;

(ii) identification of dyslexia and related reading disorders and effective reading instruction techniques for students with those disorders; and

(iii) effective professional peer mentoring techniques;

(C) perform satisfactorily on the master reading teacher certification examination prescribed by the commissioner [~~board~~]; and

(D) satisfy any other requirements prescribed by the commissioner [~~board~~].

Sec. 21.0482. MASTER MATHEMATICS TEACHER CERTIFICATION. (a) To ensure that there are teachers with special training to work with other teachers and with students in order to improve student mathematics performance, the commissioner [~~board~~] shall establish:

(1) a master mathematics teacher certificate to teach mathematics at elementary school grade levels;

(2) a master mathematics teacher certificate to teach mathematics at middle school grade levels; and

(3) a master mathematics teacher certificate to teach mathematics at high school grade levels.

(b) The commissioner [~~board~~] shall issue the appropriate master mathematics teacher certificate to each eligible person.

(c) To be eligible for a master mathematics teacher certificate, a person must:

(1) hold a teaching certificate issued under this subchapter;

(2) have at least three years of teaching experience;

(3) satisfactorily complete a knowledge-based course of instruction on the science of teaching children mathematics that includes training in mathematics instruction and professional peer mentoring techniques that, through scientific testing, have been proven effective;

(4) perform satisfactorily on the appropriate master mathematics teacher certification examination prescribed by the commissioner [~~board~~]; and

(5) satisfy any other requirements prescribed by the commissioner [~~board~~].

(d) The course of instruction prescribed under Subsection (c)(3) shall be developed by the commissioner [~~board~~] in consultation with mathematics and science faculty members at institutions of higher education.

Sec. 21.0483. MASTER TECHNOLOGY TEACHER CERTIFICATION. (a) To ensure that there are teachers with special training to work with other teachers and with students in order to increase the use of technology in each classroom, the commissioner [~~board~~] shall establish a master technology teacher certificate.

(b) The commissioner [~~board~~] shall issue a master technology teacher certificate to each eligible person.

(c) To be eligible for a master technology teacher certificate, a person must:

(1) hold a technology applications or Technology Education certificate issued under this subchapter, satisfactorily complete the course of instruction prescribed under Subdivision (2)(B), and satisfactorily perform on the examination prescribed under Subdivision (2)(C); or

(2) hold a teaching certificate issued under this subchapter and:

(A) have at least three years of teaching experience;

(B) satisfactorily complete a knowledge-based and skills-based course of instruction on interdisciplinary technology applications and the science of teaching technology that includes training in:

(i) effective technology instruction techniques, including applications designed to meet the educational needs of students with disabilities;

(ii) classroom teaching methodology that engages student learning through the integration of technology;

(iii) digital learning competencies, including Internet research, graphics, animation, website mastering, and video technologies;

(iv) curriculum models designed to prepare teachers to facilitate an active student learning environment; and

(v) effective professional peer mentoring techniques;

(C) satisfactorily perform on an examination developed in cooperation with the Telecommunications Infrastructure Fund Board and administered at the conclusion of the course of instruction prescribed under Paragraph (B); and

(D) satisfy any other requirements prescribed by the commissioner [~~board~~].

(d) The commissioner [~~board~~] may provide technology applications training courses under Subsection (c)(2)(B) in cooperation with:

(1) regional education service centers; and

(2) other public or private entities, including any state council on technology.

Sec. 21.0484. MASTER SCIENCE TEACHER CERTIFICATION. (a)

To ensure that there are teachers with special training to work with other teachers and with students in order to improve student science performance, the commissioner [~~board~~] shall establish:

(1) a master science teacher certificate to teach science at elementary school grade levels;

(2) a master science teacher certificate to teach science at middle school grade levels; and

(3) a master science teacher certificate to teach science at high school grade levels.

(b) The commissioner [~~board~~] shall issue the appropriate master science teacher certificate to each eligible person.

(c) To be eligible for a master science teacher certificate, a person must:

(1) hold a teaching certificate issued under this subchapter;

(2) have at least three years of teaching experience;

(3) satisfactorily complete a knowledge-based course of instruction on the science of teaching children science that includes training in science instruction and professional peer mentoring techniques that, through scientific testing, have been proven effective;

(4) perform satisfactorily on the appropriate master science teacher certification examination prescribed by the commissioner [~~board~~]; and

(5) satisfy any other requirements prescribed by the commissioner [~~board~~].

(d) The course of instruction prescribed under Subsection (c)(3) shall be developed by the commissioner [~~board~~] in consultation with science faculty members at institutions of higher education.

Sec. 21.049. ALTERNATIVE CERTIFICATION. (a) To provide a

continuing additional source of qualified educators, the commissioner [~~board~~] shall adopt [~~propose~~] rules providing for educator certification programs as an alternative to traditional educator preparation programs. The rules may not provide that a person may be certified under this section only if there is a demonstrated shortage of educators in a school district or subject area.

(b) The commissioner [~~board~~] may not require a person employed as a teacher in a disciplinary [~~an~~] alternative education program under Section 37.008 or a juvenile justice alternative education program under Section 37.011 for at least three years to complete an alternative educator certification program adopted under this section before taking the appropriate certification examination.

SECTION __.10. Sections 21.050(a) and (b), Education Code, are amended to read as follows:

(a) A person who applies for a teaching certificate for which commissioner [~~board~~] rules require a bachelor's degree must possess a bachelor's degree received with an academic major or interdisciplinary academic major, including reading, other than education, that is related to the curriculum as prescribed under Subchapter A, Chapter 28.

(b) The commissioner [~~board~~] may not require more than 18 semester credit hours of education courses at the baccalaureate level for the granting of a teaching certificate. The commissioner [~~board~~] shall provide for a minimum number of semester credit hours of internship to be included in the hours needed for certification. The commissioner [~~board~~] may adopt [~~propose~~] rules requiring additional credit hours for certification in bilingual education, English as a second language, early childhood education, or special education.

SECTION __.11. Section 21.051, Education Code, is amended to read as follows:

Sec. 21.051. OPTIONS FOR FIELD EXPERIENCE AND INTERNSHIPS. The commissioner [~~board~~] shall adopt [~~propose~~] rules providing flexible options for persons for any field experience or internship required for certification.

SECTION __.12. Section 21.052(a), Education Code, is amended to read as follows:

(a) The commissioner [~~board~~] may issue a certificate to an educator who:

(1) holds:

(A) a degree issued by an institution accredited by a regional accrediting agency or group that is recognized by a nationally recognized accreditation board; or

(B) a degree issued by an institution located in a foreign country, if the degree is equivalent to a degree described by Paragraph (A);

(2) holds an appropriate certificate or other credential issued by another state or country; and

(3) performs satisfactorily on:

(A) the examination prescribed under Section 21.048; or

(B) if the educator holds a certificate or other credential issued by another state or country, an examination similar to and at least as rigorous as that described by Paragraph (A) administered to the educator under the authority of that state.

SECTION __.13. Section 21.054(a), Education Code, is amended to read as follows:

(a) The commissioner [~~board~~] shall adopt [~~propose~~] rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education

requirements.

SECTION __.14. Section 21.055(a), Education Code, is amended to read as follows:

(a) As provided by this section, a school district may issue a school district teaching permit and employ as a teacher a person who does not hold a teaching certificate issued by the commissioner [~~board~~].

SECTION __.15. Section 21.056, Education Code, is amended to read as follows:

Sec. 21.056. ADDITIONAL CERTIFICATION. The commissioner [~~board~~] by rule shall provide for a certified educator to qualify for additional certification to teach at a grade level or in a subject area not covered by the educator's certificate upon satisfactory completion of an examination or other assessment of the educator's qualification.

SECTION __.16. Section 21.057(d), Education Code, is amended to read as follows:

(d) For purposes of this section, "inappropriately certified or uncertified teacher":

(1) includes:

(A) an individual serving on an emergency certificate issued under Section 21.041(b)(2); or

(B) an individual who does not hold any certificate or permit issued under this chapter and is not employed as specified by Subdivision (2)(E); and

(2) does not include an individual:

(A) who is a certified teacher assigned to teach a class or classes outside his or her area of certification, as determined by rules adopted [~~proposed~~] by the commissioner [~~board~~] in specifying the certificate required for each assignment;

(B) serving on a certificate issued due to a

hearing impairment under Section 21.048;

(C) serving on a certificate issued pursuant to enrollment in an approved alternative certification program under Section 21.049;

(D) certified by another state or country and serving on a certificate issued under Section 21.052;

(E) serving on a school district teaching permit issued under Section 21.055; or

(F) employed under a waiver granted by the commissioner pursuant to Section 7.056.

SECTION __.17. Sections 21.058(b) and (d), Education Code, are amended to read as follows:

(b) Notwithstanding Section 21.041(b)(7), not later than the fifth day after the date the board receives notice under Article 42.018, Code of Criminal Procedure, of the conviction of a person who holds a certificate under this subchapter, the commissioner [~~board~~] shall:

(1) revoke the certificate held by the person; and

(2) provide to the person and to any school district or open-enrollment charter school employing the person at the time of revocation written notice of:

(A) the revocation; and

(B) the basis for the revocation.

(d) A person whose certificate is revoked under Subsection (b) may reapply for a certificate in accordance with commissioner [~~board~~] rules.

SECTION __.18. Section 21.105(c), Education Code, is amended to read as follows:

(c) On written complaint by the employing district, the commissioner [~~State Board for Educator Certification~~] may impose sanctions against a teacher employed under a probationary contract

who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION __.19. Section 21.160(c), Education Code, is amended to read as follows:

(c) On written complaint by the employing district, the commissioner [~~State Board for Educator Certification~~] may impose sanctions against a teacher who is employed under a continuing contract that obligates the district to employ the person for the following school year and who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION __.20. Section 21.210(c), Education Code, is amended to read as follows:

(c) On written complaint by the employing district, the commissioner [~~State Board for Educator Certification~~] may impose sanctions against a teacher who is employed under a term contract that obligates the district to employ the person for the following school year and who:

(1) resigns;

(2) fails without good cause to comply with Subsection (a) or (b); and

(3) fails to perform the contract.

SECTION __.21. Section 21.503, Education Code, is amended to read as follows:

Sec. 21.503. ELIGIBILITY. A person is eligible for the program if the person:

(1) has served in the armed forces of the United States;

(2) is honorably discharged, retired, or released from active duty on or after October 1, 1990, after at least six years of continuous active duty service immediately before the discharge, retirement, or release;

(3) has received a baccalaureate or advanced degree from a public or private institution of higher education accredited by a regional accrediting agency or group that is recognized by a nationally recognized accreditation board; and

(4) satisfies any other criteria for selection [~~jointly~~] prescribed by the agency [~~and the State Board for Educator Certification~~].

SECTION __.22. Section 21.504(b), Education Code, is amended to read as follows:

(b) The agency [~~and the State Board for Educator Certification~~] shall distribute the applications and information regarding the program.

SECTION __.23. Section 21.510(c), Education Code, is amended to read as follows:

(c) For purposes of this section, a participant in the program is not considered to be in violation of an agreement under Section 21.508 during any period in which the participant:

(1) is pursuing a full-time course of study related to the field of teaching at a public or private institution of higher education approved by the agency [~~State Board for Educator Certification~~];

(2) is serving on active duty as a member of the armed forces of the United States;

(3) is temporarily totally disabled for a period not to exceed three years as established by sworn affidavit of a

qualified physician;

(4) is unable to secure employment for a period not to exceed one year because of care required by a disabled spouse;

(5) is seeking and unable to find full-time employment as a teacher in a public elementary or secondary school for a single period not to exceed 27 months; or

(6) satisfies the provisions of any additional reimbursement exception adopted by the agency.

SECTION __.24. Sections 21.551, 21.552, and 21.553, Education Code, are amended to read as follows:

Sec. 21.551. PURPOSES. The purposes of the alternative certification Teach for Texas Pilot Program are to:

(1) attract to the teaching profession persons who have expressed interest in teaching and to support the certification of those persons as teachers;

(2) recognize the importance of the certification process governed by the commissioner [~~State Board for Educator Certification~~] under Subchapter B, which requires verification of competence in subject area and professional knowledge and skills;

(3) encourage the creation and expansion of educator preparation programs that recognize the knowledge and skills gained through previous educational and work-related experiences and that are delivered in a manner that recognizes individual circumstances, including the need to remain employed full-time while enrolled in the Teach for Texas Pilot Program; and

(4) provide annual stipends to postbaccalaureate teacher certification candidates.

Sec. 21.552. PROGRAM ESTABLISHED. The commissioner [~~State Board for Educator Certification~~] by rule shall establish the Teach for Texas Pilot Program consistent with the purposes provided by Section 21.551.

Sec. 21.553. FINANCIAL INCENTIVES. (a) The pilot program must offer to participants financial incentives, including tuition assistance and loan forgiveness. In offering a financial incentive, the commissioner [~~State Board for Educator Certification~~] shall:

(1) require a contract between each participant who accepts a financial incentive and the agency [~~State Board for Educator Certification~~] under which the participant is obligated to teach in a public school in this state for a stated period after certification;

(2) provide financial incentives in proportion to the length of the period the participant is obligated by contract to teach after certification; and

(3) give special financial incentives to a participant who agrees in the contract to teach in an underserved area.

(b) Financial incentives may be paid only from funds appropriated specifically for that purpose and from gifts, grants, and donations solicited or accepted by the commissioner [~~State Board for Educator Certification~~] for that purpose.

(c) The commissioner [~~State Board for Educator Certification~~] shall adopt [~~propose~~] rules establishing criteria for awarding financial incentives under this section, including criteria for awarding financial incentives if there are more participants than funds available to provide the financial incentives.

SECTION __.25. Section 21.604(b), Education Code, is amended to read as follows:

(b) The agency [~~and the State Board for Educator Certification~~] shall distribute the applications and information regarding the program.

SECTION __.26. Section 21.609(c), Education Code, is

amended to read as follows:

(c) For purposes of this section, a participant in the program is not considered to be in violation of an agreement under Section 21.607 during any period in which the participant:

(1) is pursuing a full-time course of study related to the field of teaching at an institution of higher education approved by the agency [~~State Board for Educator Certification~~];

(2) is serving on active duty as a member of the armed forces of the United States;

(3) is temporarily totally disabled for a period not to exceed three years as established by affidavit of a qualified physician;

(4) is unable to secure employment for a period not to exceed one year because of care required by a disabled spouse;

(5) is seeking and unable to find full-time employment as a teacher in a public elementary or secondary school for a single period not to exceed 27 months; or

(6) satisfies the provisions of any additional reimbursement exception adopted by the agency.

SECTION __.27. Section 22.0512(b), Education Code, is amended to read as follows:

(b) In this section, "disciplinary proceeding" means:

(1) an action brought by the school district employing a professional employee of a school district to discharge or suspend the employee or terminate or not renew the employee's term contract; or

(2) an action brought by the agency [~~State Board for Educator Certification~~] to enforce the educator's code of ethics adopted under Section 21.041(b)(8).

SECTION __.28. Section 22.082, Education Code, is amended to read as follows:

Sec. 22.082. ACCESS TO CRIMINAL HISTORY RECORDS BY AGENCY [~~STATE BOARD FOR EDUCATOR CERTIFICATION~~]. The agency [~~State Board for Educator Certification~~] shall obtain from any law enforcement or criminal justice agency all criminal history record information that relates to an applicant for or holder of a certificate issued under Subchapter B, Chapter 21.

SECTION __.29. Section 22.083(d), Education Code, is amended to read as follows:

(d) The superintendent of a district or the director of an open-enrollment charter school, private school, regional education service center, or shared services arrangement shall promptly notify the commissioner [~~State Board for Educator Certification~~] in writing if the person obtains or has knowledge of information showing that an applicant for or holder of a certificate issued under Subchapter B, Chapter 21, has a reported criminal history.

SECTION __.30. Sections 22.085 and 22.086, Education Code, are amended to read as follows:

Sec. 22.085. DISCHARGE OF EMPLOYEES CONVICTED OF OFFENSES. A school district, open-enrollment charter school, private school, regional education service center, or shared services arrangement may discharge an employee if the district or school obtains information of the employee's conviction of a felony or of a misdemeanor involving moral turpitude that the employee did not disclose to the agency [~~State Board for Educator Certification~~] or the district, school, service center, or shared services arrangement. An employee discharged under this section is considered to have been discharged for misconduct for purposes of Section 207.044, Labor Code.

Sec. 22.086. LIABILITY FOR REPORTING OFFENSES. The agency [~~State Board for Educator Certification~~], a school district, an open-enrollment charter school, a private school, a regional

education service center, a shared services arrangement, or an employee of the agency [~~board~~], district, school, service center, or shared services arrangement is not civilly or criminally liable for making a report required under this subchapter.

SECTION __.31. Sections 29.061(a)-(c) and (e), Education Code, are amended to read as follows:

(a) The commissioner [~~State Board for Educator Certification~~] shall provide for the issuance of teaching certificates appropriate for bilingual education instruction to teachers who possess a speaking, reading, and writing ability in a language other than English in which bilingual education programs are offered and who meet the general requirements of Chapter 21. The commissioner [~~board~~] shall also provide for the issuance of teaching certificates appropriate for teaching English as a second language. The commissioner [~~board~~] may issue emergency endorsements in bilingual education and in teaching English as a second language.

(b) A teacher assigned to a bilingual education program must be appropriately certified under Subchapter B, Chapter 21, for bilingual education [~~by the board~~].

(c) A teacher assigned to an English as a second language or other special language program must be appropriately certified under Subchapter B, Chapter 21, for English as a second language [~~by the board~~].

(e) The agency [~~State Board for Educator Certification~~] and the Texas Higher Education Coordinating Board shall develop a comprehensive plan for meeting the teacher supply needs created by the programs outlined in this subchapter.

SECTION __.32. Sections 33.002(b) and (c), Education Code, are amended to read as follows:

(b) A school district with 500 or more students enrolled in

elementary school grades shall employ a counselor certified under the rules of the commissioner [~~State Board for Educator Certification~~] for each elementary school in the district. A school district shall employ at least one counselor for every 500 elementary school students in the district.

(c) A school district with fewer than 500 students enrolled in elementary school grades shall provide guidance and counseling services to elementary school students by:

(1) employing a part-time counselor certified under the rules of the commissioner [~~State Board for Educator Certification~~];

(2) employing a part-time teacher certified as a counselor under the rules of the commissioner [~~State Board for Educator Certification~~]; or

(3) entering into a shared services arrangement agreement with one or more school districts to share a counselor certified under the rules of the commissioner [~~State Board for Educator Certification~~].

SECTION __.33. Section 37.007(g), Education Code, is amended to read as follows:

(g) A school district shall inform each teacher who has regular contact with a student through a classroom assignment of the conduct of a student who has engaged in any violation listed in this section. A teacher shall keep the information received in this subsection confidential. The commissioner [~~State Board for Educator Certification~~] may revoke or suspend the certification of a teacher who intentionally violates this subsection.

SECTION __.34. Section 61.0514, Education Code, is amended to read as follows:

Sec. 61.0514. INTEGRATED COURSEWORK. The board, with the cooperation and advice of the commissioner of education [~~State~~

~~Board for Educator Certification~~], shall adopt educator preparation coursework guidelines that promote, to the greatest extent practicable, the integration of subject matter knowledge with classroom teaching strategies and techniques in order to maximize the effectiveness and efficiency of coursework required for certification under Subchapter B, Chapter 21.

SECTION __.35. Section 61.077, Education Code, as amended by Chapters 61, 818, and 820, Acts of the 78th Legislature, Regular Session, 2003, is reenacted and amended to read as follows:

Sec. 61.077. P-16 COUNCIL. (a) The P-16 Council shall advise the Texas Higher Education Coordinating Board and the State Board of Education in coordinating postsecondary career and technology activities, career and technology teacher education programs offered or proposed to be offered in the colleges and universities of this state, and other relevant matters, including those listed in Section 61.076.

(b) The council is composed of the commissioner of education, the commissioner of higher education, <u>and</u> the executive director of the Texas Workforce Commission[~~, and the executive director of the State Board for Educator Certification~~]. Existing members of the council may appoint additional members as the members consider necessary. The position of presiding officer rotates among the members of the council in the order the members are listed in this subsection, with each member serving as the presiding officer for one two-year term.

(c) The council shall meet at least once each calendar quarter and may hold other meetings as necessary at the call of the presiding officer. Each member of the council or the member's designee shall make a report of the council's activities at least twice annually to the governing body of the member's agency or, in the case of the commissioner of education, to the State Board of

Education.

(d) The purposes of this council shall include the following:

(1) to advise the two boards on the coordination of postsecondary career and technology education and the articulation between postsecondary career and technology education and secondary career and technology education;

(2) to facilitate the transfer of responsibilities for the administration of postsecondary career and technology education from the State Board of Education to the board in accordance with Section 111(a)(I) of the Carl D. Perkins Vocational Education Act, Public Law 98-524;

(3) to cooperate with the commissioner of higher education and the State Board of Education, when it acts as the State Board for Career and Technology Education, on the following:

(A) the transfer of federal funds to the board for allotment to eligible public postsecondary institutions of higher education;

(B) the career and technology education funding for projects and institutions as determined by the board when the State Board for Career and Technology Education is required by federal law to endorse such determinations;

(C) the development and updating of the state plan for career and technology education and the evaluation of programs, services, and activities of postsecondary career and technology education and such amendments to the state plan for career and technology education as may relate to postsecondary education;

(D) other matters related to postsecondary career and technology education; and

(E) the coordination of curricula, instructional

programs, research, and other functions as appropriate, including areas listed in Section 61.076, school-to-work and school-to-college transition programs, and professional development activities;

(4) to advise the Texas Workforce Investment Council on educational policy issues related to workforce preparation; and

(5) to examine and make recommendations regarding the alignment of secondary and postsecondary education:

(A) curricula; and

(B) testing and assessment.

(e) Subsection (d)(5) does not require the council to establish curriculum or testing or assessment standards.

SECTION __.36. Article 15.27(a), Code of Criminal Procedure, is amended to read as follows:

(a) A law enforcement agency that arrests any person or refers a child to the office or official designated by the juvenile board who the agency believes is enrolled as a student in a public primary or secondary school, for an offense listed in Subsection (h), shall attempt to ascertain whether the person is so enrolled. If the law enforcement agency ascertains that the individual is enrolled as a student in a public primary or secondary school, the agency shall orally notify the superintendent or a person designated by the superintendent in the school district in which the student is enrolled of that arrest or referral within 24 hours after the arrest or referral is made, or on the next school day. If the law enforcement agency cannot ascertain whether the individual is enrolled as a student, the agency shall orally notify the superintendent or a person designated by the superintendent in the school district in which the student is believed to be enrolled of that arrest or detention within 24 hours after the arrest or detention, or on the next school day. If the individual is a

student, the superintendent shall promptly notify all instructional and support personnel who have responsibility for supervision of the student. All personnel shall keep the information received in this subsection confidential. The commissioner of education [~~State Board for Educator Certification~~] may revoke or suspend the certification of personnel who intentionally violate this subsection. Within seven days after the date the oral notice is given, the law enforcement agency shall mail written notification, marked "PERSONAL and CONFIDENTIAL" on the mailing envelope, to the superintendent or the person designated by the superintendent. Both the oral and written notice shall contain sufficient details of the arrest or referral and the acts allegedly committed by the student to enable the superintendent or the superintendent's designee to determine whether there is a reasonable belief that the student has engaged in conduct defined as a felony offense by the Penal Code. The information contained in the notice may be considered by the superintendent or the superintendent's designee in making such a determination.

SECTION __.37. Article 42.018(b), Code of Criminal Procedure, is amended to read as follows:

(b) Not later than the fifth day after the date a person who holds a certificate issued under Subchapter B, Chapter 21, Education Code, is convicted or granted deferred adjudication on the basis of an offense, the clerk of the court in which the conviction or deferred adjudication is entered shall provide to the Texas Education Agency [~~State Board for Educator Certification~~] written notice of the person's conviction or deferred adjudication, including the offense on which the conviction or deferred adjudication was based.

SECTION __.38. Section 411.090, Government Code, is amended to read as follows:

Sec. 411.090. ACCESS TO CRIMINAL HISTORY RECORD INFORMATION: TEXAS EDUCATION AGENCY [~~STATE BOARD FOR EDUCATOR CERTIFICATION~~]. (a) The Texas Education Agency [~~State Board for Educator Certification~~] is entitled to obtain from the department any criminal history record information maintained by the department about a person who has applied to the commissioner of education [~~board~~] for a certificate or holds a certificate under Subchapter B, Chapter 21, Education Code.

(b) Criminal history record information obtained by the agency [~~board~~] under Subsection (a):

(1) may be used for any purpose related to the issuance, denial, suspension, or cancellation of a certificate issued under Subchapter B, Chapter 21, Education Code [~~by the board~~];

(2) may not be released to any other person except on court order or with the consent of the applicant for a certificate; and

(3) shall be destroyed by the agency [~~board~~] after the information is used for the authorized purposes.

SECTION __.39. Section 411.097(d), Government Code, is amended to read as follows:

(d) Criminal history record information obtained by a school district, charter school, private school, service center, commercial transportation company, or shared services arrangement under Subsection (a), (b), or (c) may not be released or disclosed to any person, other than the individual who is the subject of the information, the Texas Education Agency, [~~the State Board for Educator Certification,~~] or the chief personnel officer of the transportation company, if the information is obtained under Subsection (a)(2).

SECTION __.40. Section 654.011(a), Government Code, is

amended to read as follows:

(a) The position classification plan and the salary rates and provisions in the General Appropriations Act apply to all hourly, part-time, temporary, and regular, full-time salaried employments in the state departments, agencies, or judicial entities specified in the articles of the General Appropriations Act that appropriate money to:

(1) general government agencies;

(2) health and human services agencies;

(3) the judiciary, except for judges, district attorneys, and assistant district attorneys;

(4) public safety and criminal justice agencies;

(5) natural resources agencies;

(6) business and economic development agencies;

(7) regulatory agencies; and

(8) agencies of public education, but only the Texas Education Agency, the Texas School for the Blind and Visually Impaired, [~~the State Board for Educator Certification,~~] the Telecommunications Infrastructure Fund, and the Texas School for the Deaf.

SECTION __.41. Section 821.001(7), Government Code, is amended to read as follows:

(7) "Employer" means any agents or agencies in the state responsible for public education, including the governing board of any school district created under the laws of this state, any county school board, the board of trustees, the board of regents of any college or university, or any other legally constituted board or agency of any public school, but excluding the State Board of Education <u>and</u>[~~,~~] the Texas Education Agency[~~, and the State Board for Educator Certification~~].

SECTION __.42. Section 821.103, Government Code, is amended

to read as follows:

Sec. 821.103. REVOCATION [~~CANCELLATION~~] OF TEACHER CERTIFICATE. (a) After receiving notice from the board of trustees of an offense under Section 821.101 and after complying with Chapter 2001 and rules adopted by the commissioner of education [~~State Board for Educator Certification~~], the commissioner [~~State Board for Educator Certification~~] may revoke [~~cancel~~] the teacher certificate of a person if the commissioner [~~State Board for Educator Certification~~] determines that the person committed the offense.

(b) The commissioner of education [~~executive director of the State Board for Educator Certification~~] may enter into an agreed sanction.

(c) A criminal prosecution of an offender under Section 821.101 is not a prerequisite to action by the commissioner of education [~~State Board for Educator Certification or its executive director~~].

SECTION __.43. Section 2054.352(a), Government Code, is reenacted and amended to conform to Chapters 553, 1216, and 1275, Acts of the 78th Legislature, Regular Session, 2003, and further amended to read as follows:

(a) The following licensing entities shall participate in the system established under Section 2054.353[~~, as added by Chapter 353, Acts of the 77th Legislature, Regular Session, 2001~~]:

(1) State Board of Barber Examiners;

(2) Texas Board of Chiropractic Examiners;

(3) Texas Cosmetology Commission;

(4) Court Reporters Certification Board;

(5) State Board of Dental Examiners;

(6) Texas Funeral Service Commission;

(7) Texas Board of Professional Land Surveying;

(8) Texas State Board of Medical Examiners;

(9) Board of Nurse Examiners;

(10) Texas Optometry Board;

(11) Texas Structural Pest Control Board;

(12) Texas State Board of Pharmacy;

(13) Executive Council of Physical Therapy and Occupational Therapy Examiners;

(14) Texas State Board of Plumbing Examiners;

(15) Texas State Board of Podiatric Medical Examiners;

(16) Board of Tax Professional Examiners;

(17) Polygraph Examiners Board;

(18) Texas State Board of Examiners of Psychologists;

(19) State Board of Veterinary Medical Examiners;

(20) Texas Real Estate Commission;

(21) Texas Appraiser Licensing and Certification Board;

(22) Texas Department of Licensing and Regulation;

(24) Texas State Board of Public Accountancy;

(25) Texas Education Agency [~~State Board for Educator Certification~~];

(26) Texas Board of Professional Engineers;

(27) Texas Department of Health;

(28) Texas Board of Architectural Examiners;

(29) Texas Racing Commission;

(30) Commission on Law Enforcement Officer Standards and Education; and

(31) Texas Commission on Private Security.

SECTION __.44. Section 2165.104(c), Government Code, is amended to read as follows:

(c) To the extent possible without sacrificing critical public or client services, the commission may not allocate usable

office space, as defined by the commission, to a state agency under Article I, II, V, VI, VII, or VIII of the General Appropriations Act or to the Texas Higher Education Coordinating Board, the Texas Education Agency, [~~the State Board for Educator Certification,~~] the Telecommunications Infrastructure Fund Board, or the Office of Court Administration of the Texas Judicial System in an amount that exceeds an average of 135 square feet per agency employee for each agency site. To the extent that any of those agencies allocates its own usable office space, as defined by the commission, the agency shall allocate the space to achieve the required ratio. This subsection does not apply to:

(1) an agency site at which there are so few employees that it is not practical to apply this subsection to that site, as determined by the commission; and

(2) an agency site at which it is not practical to apply this subsection because of the site's type of space or use of space, as determined by the commission.

SECTION __.45. Section 504.002(b), Occupations Code, is amended to read as follows:

(b) This chapter does not apply to an activity or service of a person who:

(1) is employed as a counselor by a federal institution and is providing chemical dependency counseling within the scope of the person's employment;

(2) except as provided by Section 504.057, is a student, intern, or trainee pursuing a supervised course of study in counseling at a regionally accredited institution of higher education or training institution, if the person:

(A) is designated as a "counselor intern"; and

(B) is engaging in the activity or providing the service as part of the course of study;

(3) is not a resident of this state, if the person:

(A) engages in the activity or provides the service in this state for not more than 30 days during any year; and

(B) is authorized to engage in the activity or provide the service under the law of the state of the person's residence;

(4) is a licensed physician, psychologist, professional counselor, or social worker;

(5) is a religious leader of a congregation providing pastoral chemical dependency counseling within the scope of the person's duties;

(6) is working for or providing counseling with a program exempt under Subchapter C, Chapter 464, Health and Safety Code; or

(7) is a school counselor certified under Subchapter B, Chapter 21, Education Code [~~by the State Board for Educator Certification~~].

SECTION __.46. Sections 21.032, 21.033, 21.034, 21.035, 21.036, 21.037, 21.038, 21.039, 21.040, 21.042, and 21.043, Education Code, are repealed.

SECTION __.47. (a) The State Board for Educator Certification is abolished, and all powers, duties, personnel, property, assets, and obligations of the board are transferred to the Texas Education Agency. The validity of a prior action of the State Board for Educator Certification is not affected by the abolishment, and any pending activities of the State Board for Educator Certification shall be deemed to have continued without interruption or material change.

(b) All rules of the State Board for Educator Certification relating to a transferred power or duty remain in effect as rules of the commissioner of education until amended or repealed by the

commissioner.

(c) A contested case, rulemaking procedure, program, test, fee, contract, review, evaluation, sanction, act, or decision of the State Board for Educator Certification that is pending, completed, or in effect on the effective date of this article shall be deemed that of the commissioner of education to the extent authorized by Subchapter B, Chapter 21, Education Code, as amended by this article, or other law, until and unless a change is expressly made by the commissioner.

(d) A person who holds a certificate issued under Subchapter B, Chapter 21, Education Code, as it existed on January 1, 2005, may continue to practice under that certificate until the certificate is renewed or replaced under Subchapter B, Chapter 21, Education Code, as amended by this article.

(e) The code of ethics adopted under Subchapter B, Chapter 21, Education Code, by the State Board for Educator Certification and in effect on the effective date of this article remains in effect until superseded by rules of the commissioner of education.

ADOPTED

MAY 23 2005

Robert Haney
Chief Clerk
House of Representatives

05 MAY 22 PM 9:37

HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. 5 BY: Grusendorf

Amend C.S.S.B. No. 422 (committee report) as follows:

1) Strike SECTION 1.18.

2) Strike SECTION 1.19.

ADOPTED

05 MAY 22 PM 1:54

MAY 23 2005

HOUSE OF REPRESENTATIVES

Robert Haney
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 8 BY: Grusendorf

Amend C.S.S.B. No. 422 (house committee report) in Article 1 of the bill by inserting the following new section, appropriately numbered, and renumbering the subsequent sections of Article 1 of the bill accordingly:

SECTION 1._____. Subchapter A, Chapter 32, Education Code, is amended by adding Section 32.007 to read as follows:

Sec. 32.007. AGREEMENT WITH PUBLIC BROADCASTING STATION. (a) The commissioner may enter into an agreement with a public broadcasting station, or a consortium of public broadcasting stations, under which the station or consortium will provide online instructional content and educational materials.

(b) From funds appropriated to the agency, the commissioner may, under an agreement entered into under Subsection (a), make instructional materials available through public broadcasting stations for purposes of instruction and professional development and for use in providing adult-based education.

(c) An agreement entered into under Subsection (a) must, to the extent practicable, provide access to instructional materials and online content to persons located in all parts of this state.

(d) For purposes of providing high-quality online instructional materials under this section, the commissioner may:

(1) use federal funds that may be used for those purposes; or

(2) use unexpended balances of funds appropriated to the agency for educational purposes, including adult education.

ADOPTED

05 MAY 22 PM 1:53

MAY 23 2005

HOUSE OF REPRESENTATIVES

Robert Haney
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 9 BY: Grusendorf

Amend C.S.S.B. No. 422 (house committee report) in Article 1 of the bill by inserting the following new section, appropriately numbered, and renumbering the subsequent sections of Article 1 of the bill accordingly:

SECTION 1.__. Subchapter B, Chapter 7, Education Code, is amended by adding Section 7.030 to read as follows:

Sec. 7.030. REVIEW OF STATE- AND FEDERALLY-FUNDED GRANT PROGRAMS. (a) The agency shall conduct a review of state- and federally-funded grant programs and incentives designed to improve student academic performance and shall actively determine the full extent to which funds awarded under those programs may be used to enhance or expand the use of technology in public schools. For purposes of removing barriers to and encouraging the use of technology in public schools, the commissioner may, as appropriate, issue a waiver to one or more schools.

(b) Not later than December 1, 2006, the agency shall submit a report regarding the findings of the review conducted under this section to the legislature. The report must include a summary of promising practices for current grant programs that leverage technology. This section expires January 15, 2007.

ADOPTED

MAY 2 . 2005

FLOOR AMENDMENT NO. 10 BY: Gousendorf

05 MAY 2 PM 7:26

HOUSE OF REPRESENTATIVES

Chief Clerk
House of Representatives

Amend C.S.S.B. No. 422 (committee report) by adding the following appropriately numbered SECTIONS to the bill and renumbering the subsequent SECTIONS accordingly:

SECTION __. Section 29.005, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The commissioner by rule may require a school district to include in the individualized education program of a student with autism or another pervasive developmental disorder any information or requirement authorized under the Individuals with Disabilities Education Act (20 U.S.C. Section 1400 et seq.).

SECTION __. Subchapter A, Chapter 29, Education Code, is amended by adding Section 29.0051 to read as follows:

Sec. 29.0051. STUDY OF RULE CONCERNING CONTENT OF INDIVIDUALIZED EDUCATION PROGRAM FOR STUDENT WITH PERVASIVE DEVELOPMENTAL DISORDER. (a) The agency shall establish a committee composed of parents of students with autism or other pervasive developmental disorders, teachers, school administrators, and other interested persons to study the rule concerning the content of an individualized education program for a student with autism or another pervasive developmental disorder (19 T.A.C. Section 89.1055(e)). School district employees or educational consultants or contractors who receive or are employed by entities that receive compensation from a school district may not constitute more than 50 percent of the committee.

(b) In studying the rule, the committee shall consider whether any other considerations, such as applied behavior analysis, communication training, or the use of

inclusive settings, should be included in the rule.

(c) Not later than July 1, 2006, the committee shall recommend to the commissioner any necessary changes to the rule.

(d) This section expires August 1, 2006.

ADOPTED as amended

MAY 2 ? 2005

Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 13 BY: Hager

Amend S.B. No. 422 by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill appropriately:

SECTION _____. Section 8.051(a), Education Code, is amended to read as follows:

(a) Except as provided by Subchapter E, each [~~Each~~] regional education service center shall use funds distributed to the center under Section 8.121 to develop, maintain, and deliver services identified under this section to improve student and school district performance.

SECTION _____. Section 8.103, Education Code, is amended to read as follows:

Sec. 8.103. ANNUAL EVALUATION. Except as provided by Subchapter E, the [~~The~~] commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

(1) an audit of the center's finances;

(2) a review of the center's performance on the indicators adopted under Section 8.101;

(3) a review of client satisfaction with services provided under Subchapter B; and

(4) a review of any other factor the commissioner determines to be appropriate.

SECTION _____. Section 8.121(c), Education Code, is amended to read as follows:

(c) Each regional education service center shall use money distributed to it under this section:

(1) for the provision of core services required under Section 8.051;

(2) [~~or~~] for payment of necessary administrative and operational expenses of the center related to the provision of core [~~those~~] services required under Section 8.051; or

(3) as provided by Section 8.151, if the center is approved to operate under Subchapter E.

SECTION _____. Chapter 8, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. VOLUNTARY PILOT PROGRAM ESTABLISHING ALTERNATIVE METHOD OF PROVIDING SERVICES

Sec. 8.151. DIRECT FUNDING TO DISTRICTS PERMITTED ON APPROVAL; EVALUATION. (a) A regional education service center approved by the commissioner to operate under this subchapter may distribute funds received under Subchapter D directly to school districts in the region served by the center for the purpose of providing the school districts the freedom to purchase curriculum materials, professional development services, and instructional technology from the center or any other service provider.

(b) The commissioner by rule shall establish:

(1) a procedure for regional education service centers to apply for approval to operate under this subchapter;

(2) criteria for approving or denying an application under this subchapter; and

(3) criteria for evaluating each executive director and regional education service center approved to operate under this subchapter.

Sec. 8.152. ANNUAL AUDIT. (a) At least once each year, a regional education service center operating under this subchapter shall have a fiscal audit performed by a certified public accountant.

(b) A regional education service center shall submit a copy of the annual audit to the commissioner for review. The

commissioner may:

(1) examine any working papers from the annual audit; and

(2) conduct a separate audit if, after reviewing the independent audit, the commissioner considers a separate audit necessary.

(c) A regional education service center operating under this subchapter is not subject to the management processes, procedures, and guidelines established by and for regional education service centers that do not operate under this subchapter.

(d) A regional education service center operating under this subchapter may use management processes, procedures, and guidelines that are reasonable and necessary to sustain the center financially.

(e) A regional education service center operating under this subchapter is accountable to the school districts in the region served by the center and the commissioner.

Sec. 8.153. EXPIRATION. This subchapter expires September 1, 2009.

SECTION ____. Effective September 1, 2009, Section 8.051(a), Education Code, is amended to read as follows:

(a) Each regional education service center shall use funds distributed to the center under Section 8.121 to develop, maintain, and deliver services identified under this section to improve student and school district performance.

SECTION ____. Effective September 1, 2009, Section 8.103, Education Code, is amended to read as follows:

Sec. 8.103. ANNUAL EVALUATION. The commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

(1) an audit of the center's finances;

(2) a review of the center's performance on the indicators adopted under Section 8.101;

(3) a review of client satisfaction with services provided under Subchapter B; and

(4) a review of any other factor the commissioner determines to be appropriate.

SECTION _____. Effective September 1, 2009, Section 8.121(c), Education Code, is amended to read as follows:

(c) Each regional education service center shall use money distributed to it under this section:

(1) for the provision of core services required under Section 8.051; or

(2) for payment of necessary administrative and operational expenses of the center related to the provision of core [~~those~~] services required under Section 8.051.

SECTION _____. Not later than January 1, 2006, the commissioner of education shall adopt rules to authorize regional education service centers to operate under Subchapter E, Chapter 8, Education Code, as added by this Act.

SECTION _____. (a) The commissioner of education shall conduct a study to review the performance of regional education service centers operating under Subchapter E, Chapter 8, Education Code, as added by this Act.

(b) Not later than January 1, 2009, the commissioner of education shall report the results of the study to the governor, lieutenant governor, speaker of the house of representatives, and the chairs of the standing committees of each house of the legislature with primary jurisdiction over public education. In the report, the commissioner shall:

(1) state the commissioner's findings and

recommendations; and

(2) identify any opportunities for legislative or administrative actions.

SECTION _____. Sections 8.051(a), 8.103, 8.121(c), Education Code, as amended by this Act, and Subchapter E, Chapter 8, Education Code, as added by this Act, apply beginning with the 2006-2007 school year.

793057

ADOPTED

MAY 23 2005

Robert Haney
Chief Clerk
House of Representatives

FLOOR AMENDMENT NO. 14 BY: Hegar

Amend Amendment No. 13 by Hegar to C.S.S.B. No. 422 as follows:

(1) Strike page 1, lines 11-23, and substitute the following:

SECTION ___. Section 8.103, Education Code, is amended to read as follows:

Sec. 8.103. ANNUAL EVALUATION. (a) Except as provided by Subchapter E, the [~~The~~] commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

(1) an audit of the center's finances;

(2) a review of the center's performance on the indicators adopted under Section 8.101;

(3) a review of client satisfaction with services provided under Subchapter B;

(4) a survey of the center's board of directors concerning the performance of the center's executive director;

(5) a review of:

(A) the number of programs offered by the center to improve student performance on assessment instruments administered under Section 39.023; and

(B) the attendance rate at each program described by Paragraph (A) during each year of the preceding two years;

(6) a review of the center's performance on four goals established by the center for improving the center's performance; and

(7) [~~(4)~~] a review of any other factor the commissioner determines to be appropriate.

(b) The agency shall post the results of an evaluation conducted under this section on the agency's Internet website.

SECTION ___. Subchapter C, Chapter 8, Education Code, is amended by adding Section 8.1031 to read as follows:

Sec. 8.1031. RATING SYSTEM. (a) The commissioner shall establish a system for rating regional education service centers on the basis of the results of evaluations conducted under Section 8.103.

(b) The rating system must include a minimum level of performance that a regional education service center is expected to achieve on each area evaluated under Section 8.103 and on the overall evaluation. A center that does not meet the minimum level of overall performance is considered to be low-performing.

SECTION ___. Section 8.104, Education Code, is amended to read as follows:

Sec. 8.104. SANCTIONS. (a) The commissioner shall develop a system of corrective actions to require of a regional education service center that the commissioner determines to be low-performing [~~deficient in an accountability measure~~] under Section 8.1031 [~~8.103~~].

(b) The actions must include, in increasing order of severity:

(1) conducting an on-site investigation of the center;

(2) requiring the center to send notice [~~of each deficiency~~] to each school district and campus in the center's region or served by the center the previous year concerning any area of performance, including overall performance, that is below the minimum level of performance established for that area under Section 8.1031; and

(3) requiring the center to prepare for the commissioner's approval a plan to address each area of performance that is below the minimum level of performance established for that area under Section 8.1031 [~~deficiency;~~

[~~(4) appointing a master to oversee the operations of the center;~~

[~~(5) replacing the executive director or board of directors; and~~

[~~(6) in the case of deficient performance in two consecutive years, closing the center~~].

(c) In addition to the actions required under Subsection (b), the commissioner shall take the following actions:

(1) for a regional education service center that has been low-performing for one school year, place the center on probation;

(2) for a regional education service center that has been low-performing for two consecutive school years, continue the center's probation and:

(A) withhold any state money to which the center is otherwise entitled; and

(B) distribute the money withheld to school districts in the region that the center serves; and

(3) for a regional education service center that has been low-performing for three consecutive school years:

(A) both:

(i) appoint a master to oversee the operations of the center; and

(ii) replace the executive director or board of directors; or

(B) order the closure of the center.

(2) Strike page 3, line 29, through page 4, line 7, and substitute the following:

Sec. 8.103. ANNUAL EVALUATION. (a) The commissioner shall conduct an annual evaluation of each executive director and regional education service center. Each evaluation must include:

(1) an audit of the center's finances;

(2) a review of the center's performance on the indicators adopted under Section 8.101;

(3) a review of client satisfaction with services provided under Subchapter B;

(4) a survey of the center's board of directors concerning the performance of the center's executive director;

(5) a review of:

(A) the number of programs offered by the center to improve student performance on assessment instruments administered under Section 39.023; and

(B) the attendance rate at each program described by Paragraph (A) during each year of the preceding two years;

(6) a review of the center's performance on four goals established by the center for improving the center's performance; and

(7) [~~(4)~~] a review of any other factor the commissioner determines to be appropriate.

(b) The agency shall post the results of an evaluation conducted under this section on the agency's Internet website.

(3) On page 4, between lines 16 and 17, insert the following:

SECTION ___. (a) As soon as practicable after the effective date of this Act, the commissioner of education shall

establish a rating system for regional education service centers as required by Section 8.1031, Education Code, as added by this Act.

(b) The Texas Education Agency shall begin rating regional education service centers as required by Section 8.1031, Education Code, as added by this Act, beginning with the 2006-2007 school year.

(c) The commissioner of education may not take an action under Section 8.104, Education Code, as amended by this Act, based on the performance of a regional education service center for the 2005-2006 school year or an earlier school year.

FLOOR AMENDMENT NO. 20 BY: Geren

05 MAY 21 PM 7:33

HOUSE OF REPRESENTATIVES

Amend C.S.S.B. No. 422 in SECTION 1.17 of the bill, in added Subchapter J, Chapter 29, Education Code (house committee report), as follows:

(1) On page 16, line 26, strike "750,000" and substitute "one million".

(2) On page 17, line 2, between "is" and "the", insert "not".

(3) On page 17, line 5, strike "90" and substitute "85".

ADOPTED

MAY 23 2005

as amended

Robert Haney
Chief Clerk
House of Representatives

793151

ADOPTED

MAY 23 2005

Robert Haney
Chief Clerk
House of Representatives

#20

FLOOR AMENDMENT NO. 21 BY: Geren

Amend the Geren amendment to C.S.S.B. No. 422 as follows:

(1) On page 1 of the amendment, line 5, strike "one million" and substitute "1.4 million or more that is adjacent to another county with a population of 1.4 million or more".

(2) On page 1 of the amendment, strike lines 6-8 and substitute the following:

(2) On page 17, strike lines 2-4 and substitute the following:

(1) the district is the second largest district in the county in which at least 48 percent of the students are educationally disadvantaged according to the data provided through the Public Education Information Management System for the fall semester of the 2004-2005 school year.

(3) On page 17, strike lines 5-6 and renumber accordingly.

S.B. No. 422 By Mike Jackson

A BILL TO BE ENTITLED

AN ACT:

relating to the continuation and functions of the Texas Education Agency and regional education service centers.

MAR 1 1 2005 Filed with the Secretary of the Senate

MAR 2 1 2005 Read and referred to Committee on GOVERNMENT ORGANIZATION

_____ Reported favorably _____

APR 2 5 2005 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

_____ Ordered not printed

_____ Laid before the Senate

MAY 0 9 2005 Senate and Constitutional Rules to permit consideration suspended by: { BY A VIVA VOCE VOTE ~~unanimous consent.~~ ~~___ yeas, ___ nays~~

MAY 0 9 2005 Read second time, Amended, and ordered engrossed by: { ~~unanimous consent.~~ a viva voce vote ~~___ yeas, ___ nays~~

MAY 0 9 2005 Senate and Constitutional 3 Day Rule suspended by a vote of 30 yeas, 1 nays.

MAY 0 9 2005 Read third time, _____, and passed by: { ~~A viva voce vote~~ 31 yeas, 0 nays

AMEND CAPTION TO CONFORM TO THE BODY OF THE BILL

Patsy Spaw
SECRETARY OF THE SENATE

OTHER ACTION:

May 9, 2005 Engrossed

MAY 2 3 2005 POINT OF ORDER SUSTAINED

May 10, 2005 Sent to House

Engrossing Clerk Mardi Rhyne

MAY 1 0 2005 Received from the Senate

MAY 1 0 2005 Read first time and referred to Committee on Public Education

MAY 1 8 2005 Reported ____ favorably ([redacted]) (as substituted)

MAY 2 0 2005 Sent to Committee on (Calendars) ([redacted]).

MAY 2 3 2005 Read second time (comm. subst.) (amended); [redacted]

_____ Constitutional rule requiring bills to be read on three several days suspended (failed to suspend) by a vote of _____ yeas, _____ nays, _____ present, not voting.

_____ Read third time (amended); finally passed (failed to pass) by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

_____ Returned to Senate.

_____
CHIEF CLERK OF THE HOUSE

_____ 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

05 MAY 20 AM 4: 51
HOUSE OF REPRESENTATIVES